



# sarkuysan

Elektrolitik Bakır Sanayi ve Ticaret A.Ş.

ANNUAL REPORT 2023



**SARKUYSAN PRODUCTS IN EVERY FIELD  
OF LIFE FOR HALF A CENTURY...**

The Ordinary General Assembly Meeting will be held at the company headquarters at 2.30 PM on May 31, 2024. (Emek Mah. Aşıroğlu Cad. No: 147, 41700 Darıca/Kocaeli)

- Opening and establishing the Chairmanship of the Meeting,
- Giving authorization to the Chair of the Meeting to sign the Minutes of Meeting for the General Assembly and the list of attendants,
- Reading and discussing the Annual Report of the Company prepared by the Board of Directors for 2023,
- Reading the Independent Audit Report for the fiscal period of 2023,
- Reading, discussing and approval of the Consolidated Financial statements for 2023,
- Acquitting the Members of the Board for the operations of our Company in 2023,
- Discussing and deciding on how the term profits for 2023 shall be used, the percentages of profits and dividend shares to be distributed and the dates of distribution,
- Providing information to the shareholders on the bonds, securities and mortgages given by the Company in favor of the third parties,
- Increasing our capital ceiling which is on record in our Company's articles of association article 6 titled "Capital" to 2,000,000,000.- TL and reading, discussing and deciding on the amendment of article 6 of the articles of association for the new term in accordance with the permits obtained from the Ministry of Trade,
- Providing information to the shareholders about donations and aids granted by our Company in 2023 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 2024,
- 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,
- 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.
- Providing information to the General Assembly regarding the transactions carried out by the "Associated Parties" as per the regulations of the Capital Markets Board,
- Electing and determining the terms of office for the Independent Members of the Board as per the regulations of the Capital Markets Board,
- Determining the monthly gross salaries and attendance fees for the Members of the Board,
- 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,
- Wishes and closing.

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THE SARKUYSAN IDENTITY

Company Name: Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş. Founded on: 03.05.1972	
Upper Limit of the Registered Capital: 600.000.000 TL	Issued Capital: 500.000.000 TL
Trade Registry Number: 13898	Mersis No: 0751001576100014
Commercial Registry Registered to: Gebze Sicil Memurluğu	Address: Emek Mh. Aşıroğlu Cd. No: 147, 41700 Darıca/Kocaeli
Phone Number: (0262) 676 66 00 (20 lines)	Fax Number: (0262) 676 66 80
E-Mail: info@sarkuysan.com	Website: www.sarkuysan.com

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



## 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

Sarkuysan was established in 1972 under the leadership of goldsmiths and jewelers at Kapalıçarşı (the Grand Bazaar), an important commercial center in Istanbul, Turkey. The name of the company was derived from the Turkish combination of the first three letters of the founders' professions as SARraf (goldsmith) KUYumcu (jeweler) and SANatkar (craftsman).



**Cihan 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 200,000 m<sup>2</sup> in the Gebze, Tuzla and Darıca regions, with an indoor area of approximately 90,000 m<sup>2</sup>, 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-technical, electronics, motor, communication, electricity generation and distribution, solar power, household appliances, measuring devices, defense, automotive, chemicals, construction, heating ventilation and sanitary installation sectors. Sarkuysan is certified with TS EN ISO 9001, IATF 16949 Quality, ISO 14001 Environment, ISO 45001 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 on 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.

SARMAKİNA A.Ş., operating in machinery and spare parts manufacturing and environmental protection technologies field; DEMİSAŞ 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 1,272 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 in all fields. For example;

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 Darıca 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 Türkiye 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 last but not least, Sarkuysan promotes our country by hosting international events.

At a corporation, with approximately 20,000 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.

# 1,272

*In 2023, our employment volume increased compared to the previous year and the number of employees reached **1,272**, while 507 of them are white-collar and 765 of them are blue-collar personnel.*

CHAIRMAN'S MESSAGE

Standing out with its achievements in half a century of operation as the developer of the firsts in the industry in light of the Republic, our Company is at the forefront of the industry as a pioneering corporation with its professional executive structure.

Dear Shareholders,

Welcome to our General Assembly regarding our company activities in 2023. I would like to greet you all with warm and respectful regards.

In this period, we celebrated the 100th Anniversary of our Republic with great enthusiasm and pride. Our Republic's founding values guarantee our democracy, our independence, our freedom, our national unity, and our bright future. We believe that the best way to celebrate the Republic is through working and producing. I would like to take this opportunity to reiterate the following epigrammatic statement of our Founding Father: " He/she who loves his country the most is the one who does his/her duty best."

In line with this approach, I would like to express my belief on behalf of myself as well as all our family members that we will carry the economic and social values and our achievements to many years ahead by multiplying them with the strength we get from you as a leading industrial corporation which brought many significant innovations to life in our industry thanks to the enlightenment of our Republic which enabled us to create a professional management structure filled with successes for fifty years.

Now, I will summarize significant economic developments with regard to the period in question.

In 2023, the global economy showed a relatively better performance compared to the estimations made according to the previous year. However, the main problem that was the focus for all countries remained: to curb inflation created by the abundance of cash introduced into the markets following the Covid period. Central banks of developed countries have been successful in curbing inflation without stopping the economy to some extent. Again in 2024, the economy is expected to continue to make a soft landing for some time under the control of the central banks. Global economic growth was 3.1% in 2023 and this year's projection is 2.9%. Undoubtedly, the political risks and ruptures in supply chains brought about by the wars may also be effective on economic developments.

When it comes to our country, 2023 was a year in which we tried to deal with our domestic problems alongside with the repercussions of the global recession, the ongoing wars in our region, the devastating earthquake as well as the abundance of uncertainties due to an important election. Thanks to the rational implementations which were given a start in the second half of the year following the fruitless labors of the initial economy policies used to bring down the inflation, the inflation is expected to start falling as of the middle of 2024. However, it is obvious that a longer period of time is required to re-establish the economic balances. Urgent solutions are expected for the budget deficits and current account

deficits, which increased for various reasons to rank at the top of the economic agenda. There is no doubt that a lasting and stable solution can be brought to life with structural reforms. In addition to our global and structural economic risks, the costs of the extensive earthquake will also remain to be a large load on the budget balance by extending throughout the years. Moreover, transformations to be made to prepare for the potential earthquakes, particularly in Istanbul, will create a significant need for resources. The consumption-led growth in our country in 2022 was at 5.6% and this rate was 4.5% in 2023. The estimations for 2024 are between 2.5% and 3%. In the meantime, I am more than glad to announce that 2023 results of our domestic companies as well as our companies abroad under the umbrella of our group were also successful.

In conclusion, our company closed 2023 with a balance that can be considered successful under the existing circumstances thanks to its long-established corporate experience despite all challenges, including the economic stagnation developed in parallel to the high interest rates in the European Continent, which is our largest exportation market, causing demands to fall and high interest rates of loans as well as challenges encountered in accessing loans together with the pressures created on our costs by the exchange rate policies developed not in compliance with inflation rate and by labor costs.





## CHAIRMAN'S MESSAGE

We support social and economic development by organizing events and activities in a wide range, from education and healthcare to arts and environment protection, with our social responsibility projects that we carry out in line with our mission of adding value to the society

# 57.35%

In 2023, our year-on-year net term profit reached 1,452,211,394 TL by an increase of 57.35%.

Dear Shareholders,

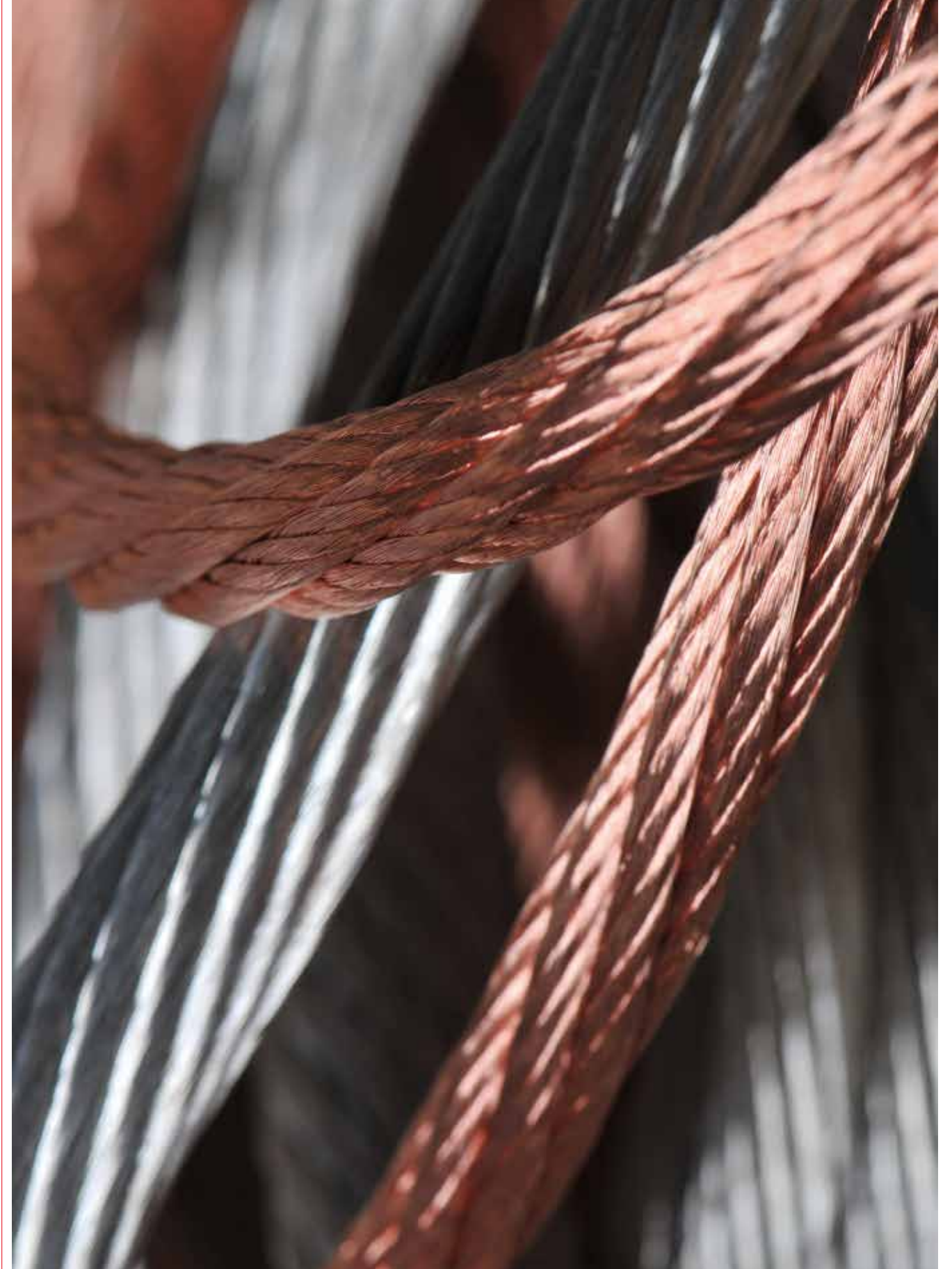
We continue to create social values in education, healthcare, and arts with the awareness of social responsibility. We are proud of the scholarships we provide for our young people. In this context, 707 grantees were included in the professional life. As part of our 30-year-long tradition, we once again transferred our promotions budget to Gebze Fatih State Hospital and Darıca Farabi Hospital for the purchase of devices that are required by these healthcare institutions urgently. We sponsored the rehabilitation of another water well-in addition to the previous ones-in Senegal, one of the disadvantaged countries in Africa, through Sen de Gel Association. We contributed to the activities of several other associations and foundations. Our Turkish Music Choir gave another successful public concert on December 23, 2023, under the theme of "Republic". Our employees took a boat trip on Bosphorus together with their families during our traditional picnic. We organized a circumcision feast for 125 of our employees' children.

As in previous years, we were granted the grand prize by the "Iron and Non-Ferrous Metals Exporters' Association".

As I conclude, I would like to commemorate our Magnificent Leader Atatürk and his brothers in arms with great mercy and gratitude for lighting the torch of the Republic which has been illuminating our road for 100 years. I hope our General Assembly has the best outcome for our company and our country.

I would like to thank all our employees at all levels, particularly our Executive Board Members, for their diligent and successful efforts in this operating period. I hope the new operating period will be full of blessings and achievements for all our organizations and our employees, and I would like to take this opportunity to remember all our friends who passed away, particularly our founding chairperson Cihan Bektaş, with great respect and longing.

**Hayrettin ÇAYCI**  
Chairman of the Board





## BOARD OF DIRECTORS



**Hayrettin ÇAYCI**  
Chairman  
07.04.2023



**Hamit MÜCELLİT**  
Vice Chairman  
07.04.2023



**A. Hamdi BEKTAŞ**  
Member of the Board  
07.04.2023



**Turgay ŞOHOĞLU**  
Member of the Board  
07.04.2023



**Cenap TAŞKIN**  
Member of the Board  
07.04.2023



**Bekir MENETLİOĞLU**  
Member of the Board  
07.04.2023



**F. Burcu CESUR**  
Member of the Board  
07.04.2023



**Diana Manuş URUN**  
Member of the Board  
07.04.2023



**İpek Özcan**  
Member of the Board  
07.04.2023



**Ayhan ZEYTİNOĞLU**  
Independent Member of the Board  
07.04.2023



**Virma SÖKMEN**  
Independent Member of the Board  
07.04.2023



**Mehmet Nazmi ERTEN**  
Independent Member of the Board  
07.04.2023



**İlfeta AKSOY**  
Independent Member of the Board  
07.04.2023



**Mehmet Ali YILDIRIMTÜRK**  
Independent Member of the Board  
07.04.2023

### 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 Duties

In accordance with the decision taken in the Ordinary General Assembly meeting dated 07.04.2023, the term of duty for the members of the Board is 3 (three) years and in accordance with the decision taken in the Ordinary General Assembly meeting dated 07.04.2023, the term of duty for the Independent Members of the Board is 1 (one) year.

## SENIOR MANAGEMENT



**Metin YARAŞ**  
Deputy Managing Director  
(Commercial)

**Tolga EDİZ**  
Deputy Managing Director  
(Technical)

**Sevgür ARSLANPAY**  
Managing Director

**Ümit ULUÇAM**  
Deputy Managing Director  
(Financial)

Name and Surname	Position
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)
Murat DEMİR	End Products Unit 1-Metallurgical 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 SELVİ	Director of the Continuous Casting-Metallurgical Engineer, M.Sc.
Yaşar SÖNMEZ	Constructions Manager-Civil Engineer
Filiz TEKİN SALMANLI	IT Systems Manager-Industrial Engineer
Mete TARHAN	Tube Plant Manager-Mechanical Engineer
Ferhan TURNAGİL	Cost Accounting Manager-Business Administrator (CAFA)
Ercan USER	Domestic Marketing Manager-Marketing Expert
İ. 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)



2023 was an incredibly challenging year due to strict monetary policies implemented to cool off the economy in order to curb the high inflation which was experienced across the world after the pandemic which affected our world as well as the ongoing wars in close proximity to our country which were the results of unfavorable geopolitical developments.

Moreover, the adverse impacts of the devastating earthquake which deeply saddened our country besides the election period made the economic

conditions even more challenging and resulted in our industry struggling with these challenging conditions.

Despite all these unfavorable circumstances, however, we celebrated the 100th anniversary of our Republic in an incredibly special and magnificent way, and we believe that the Veteran Mustafa Kemal Atatürk and all our martyrs are resting in peace thanks to the values of our republic and democracy taking root in our country.

With the pride and motivation of beginning the second century our Republic for a better future, Sarkuysan continues to put all its efforts and enthusiasm into its activities in line with the sustainability goals constituting our main philosophy and also in line with its responsibility to transfer its heritage to future generations.

**Sevgür ARSLANPAY**  
Managing Director



CAPITAL STRUCTURE

The issued capital of 400,000,000 TL of the Company within the registered capital ceiling of 600,000,000 TL, was increased by 25%, which corresponds to 100,000,000 TL, to 500,000,000 TL pursuant to article 6 of our Company's articles of association.

12.67%

Whilst the closing price of our stocks on Borsa Istanbul was listed 25.10 TL on 31.12.2022; as of 31.12.2023, the price was 28.28 TL by an increase of 12.67%.

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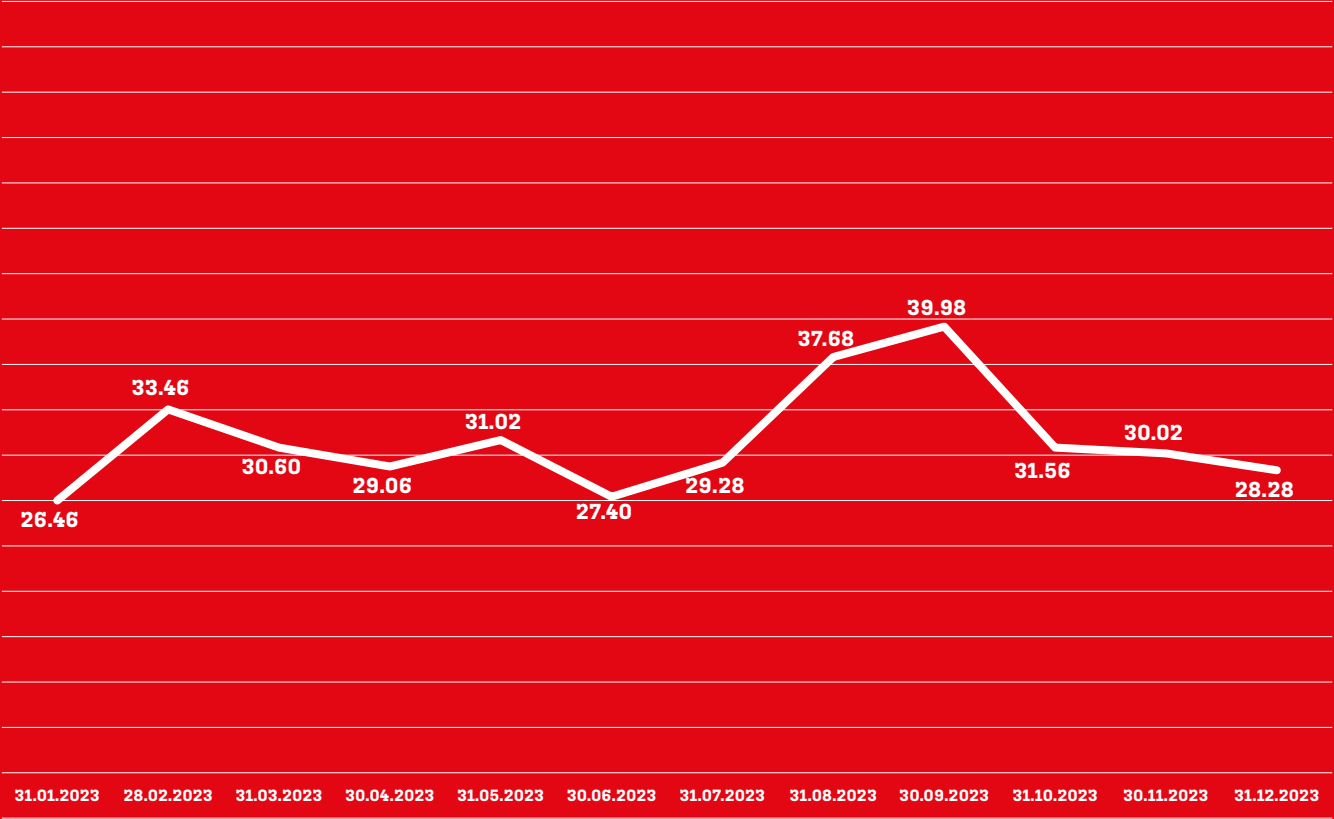
With the resolution of the Board of Directors dated 28.01.2021, and approval of the Capital Markets Board dated 17.02.2021 and numbered E-29833736-110.04.04-1947, the registered capital of our Company was increased by 100% from TL 300,000,000 to TL 600,000,000.

The issued capital of 400,000,000 TL of the Company within the registered capital ceiling of 600,000,000 TL, was increased by 25 %, which corresponds to 100,000,000 TL, to 500,000,000 TL as part of article 6 of our Company's Articles of Association in line with the Dividend Distribution resolution made at the Ordinary General Assembly Meeting of our Company held on 07.04.2023. The related process was completed on 04.07.2023 and announced in the Turkish Trade Registry Gazette dated 10.07.2023 and numbered 10867.

As of 31.12.2023, the shares of our members of the Board in the Company's capital are as follows; Mr. Hayrettin ÇAYCI has 9.57%, Mr. A. Hamdi BEKTAŞ has 3.00%, Mr. Turgay ŞOHOĞLU has 1.30%, Mr. Bekir MENETLİOĞLU has 0.54%, Mr. Cenap TAŞKIN has 2.41% and Mrs Diana Manuş URUN has 3,96%. The shares of other members of the board are less than the aforementioned shares. Mr. Şükrü KILIMCI and Mr. Ibrahim KILIMCI hold the highest number of shares of the company with 7.89% and 5.4% of our capital, respectively.

The percentage of shares of the company in actual circulation was 81.89% on 31.12.2022 and 81.61% on 31.12.2023.

PRICE MOVEMENTS OF SARKUYSAN STOCKS IN THE MARKET IN 2023 (TL)



SHARES REPRESENTING CAPITAL

Type of Share Certificate	Paid-in Capital TRY	Number of Shares	The Portion of Shares in the Capital %
Group A Registered Shares	25.00	2,500	0.000005
Group B Bearer Shares	499,999,975.00	49,999,997,500	99.999995
Total	500,000,000.00	50,000,000,000	100.000000

RESULTS OF 5-YEAR-LONG ACTIVITIES (THOUSAND TL)

	2019	2020	2021	2022	2023
Registered Capital	300,000	300,000	600,000	600,000	600,000
Issued Capital	200,000	300,000	300,000	400,000	500,000
Total Par Value of Shares	4,268	4,268	4,268	4,268	5,335
Total Par Value of Bonus Shares	195,732	295,732	295,732	395,732	494,665
Capital Increase (%)	-	50	-	33.3333334	25
Stock Price (TL) (As of the end of the year)	3.18	8.70	19.80	31.62	28.28
Addition of Fixed Assets Over the Year	16,540	8,956	30,500	47,376	130,574
Total Amount of Dividends Distributed (gross)	50,000	18,900	75,000	100,000	100,000
Total Amount of Dividends Distributed (net)	42,500	16,065	63,750	85,000	90,000
Dividend Rate (gross) (%)	25	9.45	25	30	25
Dividend Rate (net) (%)	21.25	8.0325	21.25	27	22.50



## GENERAL INFORMATION

In the fiscal period of 2023, we distributed 25.00% gross, 22.5% net cash dividend and 25% dividend in the form of shares to our shareholders from the 2022 profit.

This report herein covers the period between 01.01.2023 and 31.12.2023. During this period, important developments related to the Company were disclosed on the Public Disclosure Platform (PDP) as well as to investors through our website.

The Ordinary General Assembly Meeting regarding 2022 activities of the Company was held on 07.04.2023 at the Company Headquarters. In this meeting, shares composing 78.74% 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.

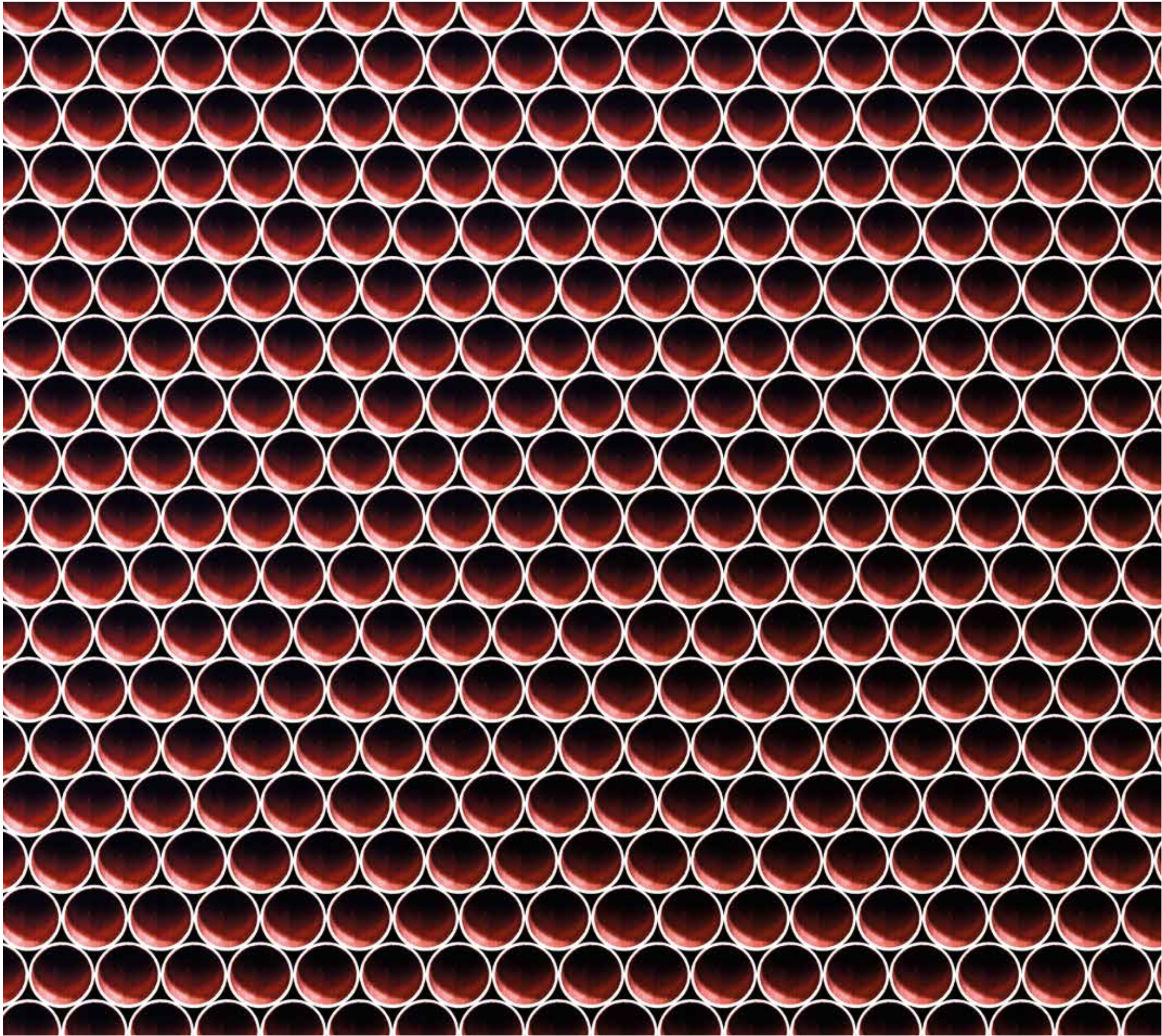
Our application regarding the amendment of Article 8 of the Articles of Association of our Company, titled "Board of Directors", was approved by the Capital Markets Board's letter

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 07.04.2023, Mr. Ayhan ZEYTINOGLU, Mr. Mehmet BAHTİYAR, Ms. Virma SÖKMEN, Ms. Ilfeta AKSOY, Mr. Mehmet Ali YILDIRIMTÜRK and Mr. Mehmet Nazmi ERTEN were elected as independent members of the board to serve for 1 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 07.04.2023.

In the fiscal period of 2023, we distributed 25.00% gross, 22.5% net cash dividend and 25% dividend in the form of shares to our shareholders from the 2022 profit. In this case, the net 0.2250 TL cash dividend was paid to share certificates with a nominal value of 1 TL. The dividend was distributed on 12.06.2023. In addition, the dividend distribution process in the form of shares of TL 100,000,000 at a rate of 25% from the profit of 2022 was completed on 04.07.2023.





FINANCIAL STATUS

Our Company sustained the positive stability trend in financial ratios thanks to its effective and efficient assets management, liability management, working capital and cash management and risk management practices.

FINANCIAL RATIOS

	2022	2023
Liquidity Ratios		
Current Ratio (Current Assets/Short Term Liabilities)	1.37	1.45
Acid Test Ratio (Current Assets–Inventory/Short Term Liabilities)	0.87	0.87
Operational Efficiency Ratios		
Asset Turnover (Net Sales/Total Assets)	3.38	2.76
Account Receivable Turnover (Net Sales/Short-Term Trade Receivables)	9.14	9.20
Inventory Turnover (Cost of Goods Sold/Inventories)	11.73	8.88
Accounts Receivable Collection Period (360/Account Receivables Turnover Rate) (Days)	39	39
Term of Inventory Sales (360/Inventory Turnover) (Days)	31	41
Inventory Collection Period (Days)	70	80
Financial Ratios		
Total Liabilities/Shareholders' Equity	1.93	1.51
Total Liabilities/Total Assets	0.66	0.60
Short-term Liabilities/Total Assets	0.57	0.51
Shareholders' Equity/Total Assets	0.34	0.40
Profitability Ratios (%)		
	01.01.2023–31.12.2023	01.01.2022–31.12.2022
Return on Assets (Income Before Tax/Total Assets)	9.70	10.79
Return on Equity (Income Before Tax/Equity)	28.40	27.03
Operating Profit Margin (Operating Profit/Net Sales)	3.08	6.16
Profit Margin (Income Before Tax/Net Sales)	2.87	3.91

KEY FINANCIAL INDICATORS (THOUSAND TL)

	2022	2023
Total Assets	15,747,043	16,428,438
Shareholders' Equity	5,377,146	6,554,708
Profit for the Period	922,945,401	1,452,211,394

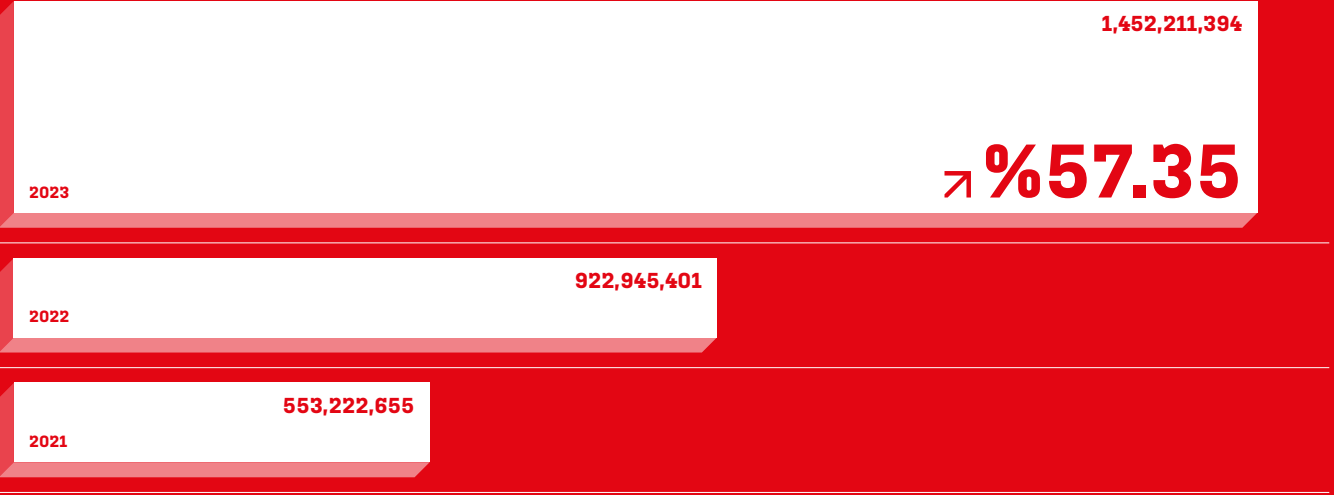
TOTAL ASSETS (THOUSAND TL)



SHAREHOLDERS' EQUITY (THOUSAND TL)



PROFIT FOR THE PERIOD (THOUSAND TL)



## SUBSIDIARIES AND AFFILIATES

Sarkuysan consolidates its leadership in the global market by entering into strategic partnerships with its subsidiaries and affiliates which operate in a wide range of areas.



# 31%

Demisaş A.Ş. As of 31.12.2023, approximately **31%** of the production output is exported particularly to the Western European countries.

### DEMİSAŞ DÖKÜM EMAYE MAMULLERİ SAN. A.Ş.

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

parts, brake safety parts for automotive sector; pump housings for the water system sector; compressor housings and brake safety parts for the heavy vehicle sector, rail junction parts for the railway sector and scaffolding connectors for the construction sector. Annual production capacity is 80,000 tons. As of 31.12.2023, approximately 31% of the production output is exported particularly to the Western European countries. Stocks of our affiliate are listed on Borsa Istanbul. The registered equity ceiling is 200,000,000 TL and its paid-up capital is 100,000,000 TL. 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, as well as Copper, Al Flexible and Solid Busbar and Insulated Conductors used in Electro-mechanic industry (Kraft, Satin, Dennison, Mylar, Mica, Nomex, etc. are used as insulation materials) for the energy sector. Busbar solutions include flexible connection busbar, welded solid busbar, macaron insulated tin/silver coated profiles, pipes, and rods as well as tailor-made busbar processed and produced in line with the requirements of the customers. The capital of 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 the 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 Türkiye'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 Wire Corporation, operating in Albany, New York, the USA, produces electrolytic copper wire and electrolytic copper wire products with high added value at its factory equipped with state-of-the-art machinery and equipment.

90%

Our company has **90%** share and Sarmakina A.Ş. has 10% share in Sark Bulgaria AD., which has a registered capital of 12,000,000 Leva.

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 12,000,000 Leva. The investment process of the Company was completed, and the production period has been initiated.

CRW METAL SANAYİ VE TİC. A.Ş.

We hold 42.50% of the shares in the CRW Metal Sanayi ve Ticaret A.Ş., which was established to operate in any and all kinds of metal production, marketing, and retail activities, with a capital of 300,000,000 TL, in order to evaluate the opportunities that may arise in the near future and to establish collaborations and carry out investments in relevant sectors.

SUBSIDIARIES AND AFFILIATES ACCORDING TO YEARS

	2019	2020	2021	2022	2023
Demisaş Döküm Emaye Mamulleri Sanayi A.Ş. (thousand TL)					
Paid-in Capital	52,500	52,500	52,500	100,000	100,000
Participation Share	23,331	23,331	23,331	44,440	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	30,000	30,000
Participation Share	14,996	14,996	14,996	29,991	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	20,000	20,000	50,000	50,000
Participation Share	9,900	19,800	19,800	49,500	49,500
Participation Rate (%)	99.00	99.00	99.00	99.00	99.00
Sark Wire Corporation (thousand US\$)					
Capital	15,575	15,575	15,575	15,575	15,575
Paid-in Capital	15,575	15,575	15,575	15,575	15,575
Participation Share	11,422	11,422	11,422	11,422	11,422
Participation Rate (%)	73.34	73.34	73.34	73.34	73.34
Sark Bulgaria AD. (thousand Leva)					
Capital	8,000	8,000	8,000	8,000	12,000
Paid-in Capital	8,000	8,000	8,000	8,000	9,000
Participation Share	7,200	7,200	7,200	7,200	8,100
Participation Rate (%)	90	90	90	90	90
Bemka Kupferlackdraht Gmbh (thousand Eur)					
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
CRW Metal Sanayi ve Ticaret A.Ş. (thousand TL)					
Capital					300,000
Paid-in Capital					75,000
Participation Share					31,875
Participation Rate (%)					42.50

ACTIVITIES IN 2023

Leading the industrialization process in our country since its establishment in 1972 and playing a pioneering role in the copper industry, Sarkuysan carries out activities not only in the financial area, but also in social and environmental sustainability areas.

200,000

*Sarkuysan continues its production operations in Gebze, Tuzla and Darica region on an area of approximately 200,000 m².*

INVESTMENTS

Our Company continued its investment activities in 2023. 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. The utmost care was given so that the machinery and plants commissioned during the year possess the latest technologies. Thanks to these investments, the product range was broadened contributing positively to meeting 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 over 200,000 sq. meters in Gebze/Osmangazi, Tuzla and Darica, which are around 45 km away from Istanbul. Sarkuysan, which has an annual production capacity of over 220,000 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 20,000 shareholders and social responsibility projects. In 2023, the Sarkuysan Group reached a retail amount of 186,312 tons of products.

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.





## ACTIVITIES IN 2023

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.

### 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 the 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.

### Contiroad Contiroad/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 an 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 is 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.

### GENERATION

### 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 the electronics industry are included in our product range. Moreover, our Company also undertakes the





ACTIVITIES IN 2023

Established on 200,000 m<sup>2</sup> of land owned by the company in Gebze/Osmangazi, Tuzla and Darıca locations, Sarkuysan sustains its production operations with an annual production capacity of over 220,000 tons in an approach that respects the environment at its facilities which are equipped with state-of-the-art environmental protection technologies.

**Offering environmentally friendly production processes together with quality and sustainability, Sarkuysan manufactures pioneering copper products in its sector thanks to the innovative technologies and continuous development principle. Furthermore, the company invests in technology and innovation at its high-standard facilities in order to be able to offer the best service to its customers.**

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

**Mono Wire Production**

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

**Bundled Conductor Production**

**Multi-Wire Bundled Conductors**

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

**Bunched Conductors**

0.05-300 mm<sup>2</sup> conductors are manufactured in conformance with international standards on bunching machines

**Special Stranded Conductors**

0.05-300 mm<sup>2</sup> 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 mm<sup>2</sup> 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, Plating: 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 mm<sup>2</sup>, 120 mm<sup>2</sup> or 150 mm<sup>2</sup> 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 high-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**

The 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 2023

Sarkuysan produces general and specific-purpose conductors for the electronic industry as well as special conductors to be used in aviation and defense industries and provides highly conductive wires resistant to high temperatures for the aerospace industry.

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 mm<sup>2</sup> cross section in flat copper and aluminum enamel winding wires are produced on enameling machines at world standards.

**CTC (Continuously Transposed 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.

**PRODUCTS**

- › Copper Cathode
- › Produced from electrolytic copper;
- › Wire rod
- › Rods
- › Wires in various diameters
- › Flat wires (bare and insulated)
- › Overhead Catenary Wires (contact wires, dropper wires, porter wires, feeder wires, Y rope insulated/non-insulated earth wires)
- › Tin-Plated Wires
- › Nickel-Plated Wires
- › Bunched and Stranded Wires
- › Rope Stranded Wires
- › Profiles
- › Copper Tubes (LWC, pancake, plain, grooved, insulated)
- › Copper Busbars (bare or tin-plated)
- › Copper Nuggets (Cu-OF and Cu-DXP)
- › PV Ribbon Wires
- › Round Enameled Winding Wire (copper or aluminum)
- › Flat Enameled Winding Wire (copper or aluminum)
- › CTC (Continuously Transposed Conductor)





ACTIVITIES IN 2023





## ACTIVITIES IN 2023

As our Company has an extensive exportation network of over 600 active customers in more than 70 countries on 5 continents, our exportation figures reached US\$ 1 billion in 2023.



# 21.90%

Our shareholders' equity sustained its increasing trend for the last five-year period and reached 6,554,708 TL, increasing **21.90%**.

### SALES

The total sales figure in 2023 reached 45,302,003,551 TL. Effective teamwork, Corporate Risk Management, high quality, and our customers regarding Sarkuysan as a long-term solution partner played a key role in achieving the subject sales figures.

### EXPORT

2023 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 600 active customers in more than 70 countries on 5 continents, Sarkuysan experienced limited impacts of curfews due to Covid-19 pandemic. In 2023, we achieved export figures of USD 225,269,344; EUR 499,967,101; and GBP 35,246,417.

## FAIRS PARTICIPATED IN 2023

### Fairs Abroad

- › March 7-9, 2023, MEE Dubai-Dubai/ UAE
- › March 14-16, 2023, Cabex-Moscow/ Russia
- › May 9-11, 2023, Interwire-Atlanta/ USA
- › May 20-25, 2023, Cwieme-Berlin/ Germany
- › September 20-21, 2023, Coiltech-Pordenone/Italy

### Yurt İçi Fuarlar

- › June 21-23, 2023, Eurasia Rail 2023

### EXPECTATIONS IN THE MARKET AND THE COPPER MARKET IN 2024

The year 2023 has been a year that witnessed substantial dispersal of the destruction caused by Covid pandemic thanks to monetary expansion policies adopted by the leading economies and Central Banks in the world, however this destruction was replaced with the ruthless struggle against high inflation. In 2023, the global growth was projected to be 3.1%, while the USA was expected to grow by 2.5%, Europe by 0.5%, China by 5.2% and Türkiye by 4.5%. And in 2024, the global growth is projected to be 3.1% and in 2025 3.2% depending on the positive developments in the USA's economy and in some developing economies (Source: IMF, World Bank, TurkSTAT)

The growth in the Euro region is observed to remain at a low level such as 0.5% due to the negative impacts of European economies and the ongoing war in Ukraine. Nevertheless, the growth rates in Europe are expected to rise to 0.9% in 2024 and to 1.7% in 2025, thus enabling a recovery. The developing countries group, which also includes our country, is expected to grow by 4.1% in 2024. (Source: IMF, World Bank)

Türkiye's economy experienced a growth rate of 4.0% in the last quarter of 2023. In this period, the services sector grew by 3.6%, the industry sector by 1.9% and the agriculture sector by 0.5%. Combined with these





ACTIVITIES IN 2023

R&D at SARKUYSAN continues its activities as the center of innovation and pioneering technologies by consolidating our leadership in the industry thanks to the development of innovative solutions, solutions with sustainable technological development, and world-class original projects.

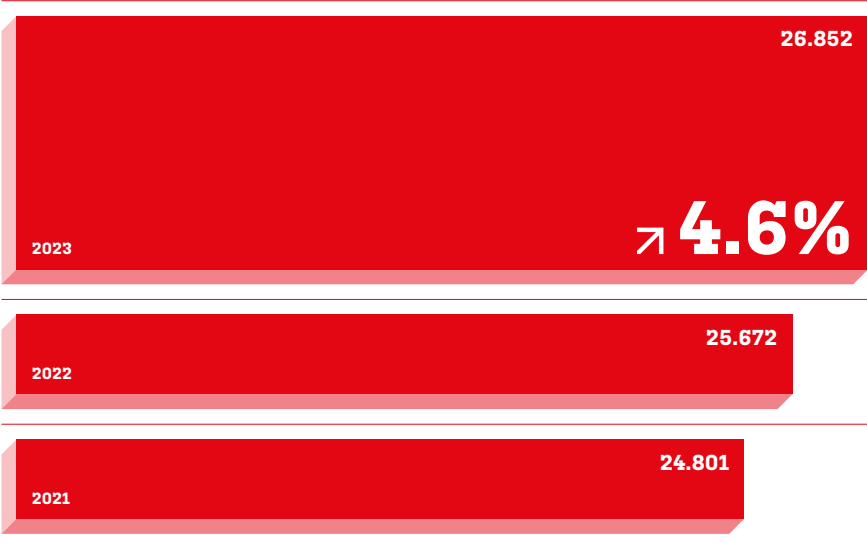
results, Türkiye's economy grew by 4.5% in general in 2023.

The global refined copper usage is expected to increase by 2% in 2023 and by 2.7% in 2024. The increase rate of 2% in global usage in 2023 is fundamentally due to the increase in usage in China by 4.3% which seems strong.

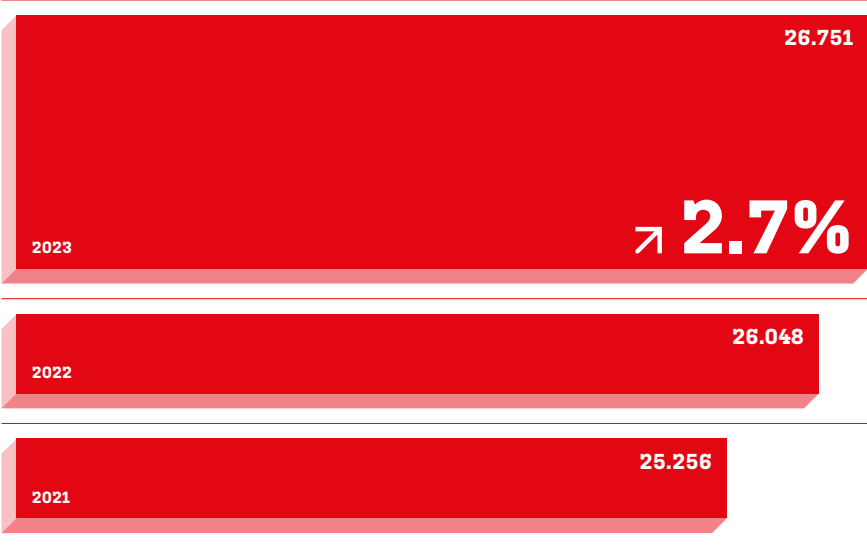
In the same period, the global refined copper usage is expected to increase by 2% in 2023 and by 2.7% in 2024. Although the global economic landscape seems challenging, expected improvement in manufacturing activities, ongoing energy transition and development of new semi-manufactured product production capacities in various countries support a higher growth in global refined usage in 2024. In general, the growth in global refined usage is projected to be 2.7% for 2024. (Source: ICSG).

In 2023, the refined copper consumption in our country was around 555,000 tons. Despite the uncertainties due to the pandemic and the war, a year-on-year increase of 3% was achieved in the Turkish copper market in 2023. And in 2024, Türkiye refined market size is expected to increase by 3%, thus reaching 572,000 tons. The market size in question may vary depending on the contractionary steps to be taken by the current economy management as part of the fight against inflation.

GLOBAL REFINERY COPPER PRODUCTION (KT CU)



GLOBAL REFINERY COPPER CONSUMPTION (KT CU)



R&D ACTIVITIES

R&D at SARKUYSAN continues its activities as the center of innovation and pioneering technologies by consolidating our leadership in the industry thanks to the development of innovative solutions, solutions with sustainable technological development, and world-class original projects.

At Sarkuysan R&D center certified by the Ministry of Industry and Technology;

We continuously improve our products with tests and analyses conducted by a wide range of skilled professionals who are experts in their fields at our laboratories equipped with innovative technologies.

The priorities include maximizing customer satisfaction by offering sustainable and high-quality technological solutions which are sensitive to the needs of the industry, green transformation, and the environment. We closely follow the current sectoral trends in frame of close collaborations and stakeholder relations with universities, techno parks and industry leaders.

Our R&D Center will continue to shape not only our products and services, but also all our industrial processes through innovation.

MANAGEMENT SYSTEMS AND QUALITY CONTROL ACTIVITIES

High quality of our products and our business understanding focused on continuous improvement have a vital 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





ACTIVITIES IN 2023

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.

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 operations with the awareness on undertaking the Energy Management System responsibility.

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 in equipment and services to be purchased for new investments,

- › Integrating the documented Energy Management System into corporate management 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 Management Systems and train our employees to raise awareness.
- › Our policy is accessible to all stakeholders and the public.
- › We are committed to putting our efforts to achieve these principles with the participation of all our employees.

**HUMAN RESOURCES**

Our company celebrated the 51<sup>st</sup> anniversary of its establishment and the 48<sup>th</sup> anniversary of its launching production in 2023. 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 2023, our employment volume increased compared to the previous year and the number of employees reached 1,272, while 507 of them are white-collar and 765 of them are blue-collar personnel.

**EMPLOYEE NUMBER**

2016	984
2017	1,047
2018	1,090
2019	1,095
2020	1,110
2021	1,129
2022	1,218
2023	1,272



ACTIVITIES IN 2023

As a company with a mission of contributing to society, Sarkuysan builds a sustainable future with its social responsibility projects in a wide range, from education to environmental protection.

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

Attendance fees, salaries, bonuses, premiums, and dividends	43,869,472
Allowances, travel, accommodation, insurance, and representation expenses	1,603,479
<b>Total</b>	<b>45,472,951</b>

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.

Remuneration to 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

As part of the Earthquake Disaster which occurred in our Country on 06.02.2023 and affected 11 of our provinces, we supported TÜRKİYE Tek Yürek (One Heart) Campaign with a donation of 200,000 TL, Kocaeli

Chamber of Industry Earthquake Donation campaign with a donation of 100,000 TL, El verin Ev yapalım (Help Us Build Houses) Campaign with a donation of 250,000 TL, and the Earthquake Region with a donation of 155,850 TL.

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 were included in the professional life. Furthermore, our employees established a scholarship fund 28 years ago by contributing certain amounts of deduction from their salaries. So far, 335 students have benefited from this scholarship and finished their schools. In the meantime, 106 students are still continuing 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. As part of our traditional practices of 30 years in the Health Care Industry, we donated several computers and monitors required for the patient tracking system of Gebze Fatih State

Hospital, besides ozone sets and PRP kits demanded by Darıca Farabi Training and Research Hospital to be used in their conventional medicine practices.

We sponsored the rehabilitation of a water well in Senegal, one of the disadvantaged countries in Africa, through Sen de Gel Association.

Our Turkish Music Choir gave another successful concert on December 23, 2023, as part of Müz dak's "30th Istanbul Turkish Music Festival".

Our employees took a boat trip on Bosphorus together with their families during our traditional picnic. Moreover, we organized a circumcision feast for the children of our employees working in scope of our family

We organize Pilates and Turkish Music activities which can be attended by our personnel who want to participate. We also contribute by meeting the needs of various associations, foundations, and schools.

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 "29<sup>th</sup> Istanbul Turkish Music Festival".



DONATIONS AND GRANTS

In this period, donations, and grants in an amount of 1,431,650 TL in total were provided to various organizations.

We donated 104,000 TL to Sarkuysan Sports Club for the material and equipment expenses of our table tennis team competing in the Super League; 705,850 TL to the Earthquake Regions for shelter and accommodation support, a total of 169,401 TL to various health care institutions and associations, 106,399 to support education, 275,000 TL to support Municipalities and District Governorships, and 11,000 TL to other foundations and institutions.

Dear shareholders,

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

Sincerely,

Board of Directors

ŞİRKETİMİZİN YAPMIŞ OLDUĞU BAĞIŞ VE YARDIMLAR (TL)

Grants to Municipalities	275,000
El Verin Ev Yapalım (Help Us Build Houses) Campaign	250,000
Türkiye Tek Yürek Campaign	200,000
The Earthquake Zone	155,850
SKS Sports Club	104,000
Kocaeli Chamber of Industry for the Earthquake	100,000
Sosyal Ekonomik Yaşam Derneği (Social Economic Life Association) (Water Well in Africa)	76,651
Turkish Ministry of National Education for Schools	71,399
The US Embassy	60,000
Fiziksel Engelliler Derneği (Association for Physically Disabled)-Ereğli Branch	48,750
Gebze Technical University-Meal Scholarship	30,000
Altınokta Körler Derneği (Six Points Association for Blinds)	20,000
Türkiye Alzheimer Derneği (Türkiye Alzheimer Association)	20,000
Kilis Magazine	8,000
Mak. Türk Eğitim Vakfı (Turkish Education Foundation)	4,200
Türkiye Sağırılar ve Tesanüt Derneği (Deaf and Solidarity Association)	4,000
Halıcı Meryemana Vakfı (Halıcı Meryemana Foundation)	3,000
Türk Eğitim Vakfı (Turkish Education Foundation)	800
<b>Total</b>	<b>1,431,650</b>



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.

The internal audit system is regularly subjected to periodic evaluation by the Quality Assurance Department and the 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 2023 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 with 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.

**Receivable 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 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 for in 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 foreign exchange. In addition, derivative financial instruments are used for protection against 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 the 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 the 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, 2023, 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 fully comply with the aforementioned principles. We will continue with our projects in education, innovation, and environment, which are already priority projects of the Company, with the goal of fostering a more conscious society today and in the future. For a sustainable future, we will continue to contribute to the environment, people, economy, society and to develop; and fulfil the expectations of our stakeholders.

CORPORATE GOVERNANCE COMPLIANCE REPORT

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



CORPORATE GOVERNANCE COMPLIANCE REPORT

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					
	Yes	Partial	No	Exempted	N/A	Description
1.5. Minority Shareholder Rights						
1.5.1-The Company pays utmost attention for the minority shareholders to use their rights.	x					
1.5.2-Minority rights are granted to those who are in possession of less than one twentieth of the capital by the Articles of Association, and the scope of the minority rights was revised and extended in the Articles of Association.			x			The Company agrees that the related legislation in terms of the use of minority shareholder rights is sufficient. No extension was included in the Articles of Association regarding the minority shareholder rights.
1.6. Dividend Right						
1.6.1-Profit distribution policy approved by the General Assembly is disclosed to the public on the partnership's corporate website.	x					
1.6.2-Profit distribution policy includes minimum information to clearly ensure the shareholders to project the procedures and principles of profit 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 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 annual report reflects company activities completely and correctly.	x					

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					
	Yes	Partial	No	Exempted	N/A	Description
2.2.2-The annual report includes all elements listed under the principle no. 2.2.2.	x					
3.1. Company Policy Regarding Stakeholders						
3.1.1-Revisions regarding the rights of the stakeholders are protected as part of agreements and principles of goodwill.	x					
3.1.3-Policies and procedures regarding the rights of stakeholders are disclosed on the corporate website of the Company.	x					
3.1.4-Required mechanisms for the stakeholders to inform about any acts against the legislation and unethical acts were built.	x					
3.1.5-The Company considers the conflicts of interests between the stakeholders in a balanced manner.	x					
3.2. Supporting the Engagement of the Stakeholders to the Management of the Company						
3.2.1-Engagement of the employees to the management is drawn up in 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 Company Annual Report Corporate Governance Principles Compliance Report section. The Succession Policy is currently being developed.
3.3.2-Criteria for recruitment is adopted in written.	x					
3.3.3-The Company has a Human Resources Development Policy and employees are provided training.	x					
3.3.4-Meetings were held to inform employees on the financial structure of the Company, remuneration, career planning, training and healthcare.	x					



CORPORATE GOVERNANCE COMPLIANCE REPORT

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					
	Yes	Partial	No	Exempted	N/A	Description
3.3.5–Employees and employee representatives were informed about decisions that may have an effect on employees. Unions were consulted for such issues.	x					
3.3.6–Job descriptions and performance criteria were elaborated for all employees and announced to employees; and these were used in decisions regarding remuneration.	x					
3.3.7–Various measures have been taken to prevent discrimination among employees and protect them against physical, mental and emotional abuse within the company and these include procedures, trainings, awareness raising, targets, tracking, grievance mechanisms.	x					
3.3.8–The Company effectively supports the recognition of freedom to establish 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					

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					
	Yes	Partial	No	Exempted	N/A	Description
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 the Activities of the Board Of Directors						
4.2.1–The Board of Directors has documented its activities and informed shareholders accordingly.	x					
4.2.2–Roles and authorities of the Members of the Board are disclosed in the annual report.	x					
4.2.3–The Board of Directors has created an internal audit system suitable to the scale of the company and complexity of the activities.	x					
4.2.4–Information regarding processes and effectiveness of internal audit system are given in the annual report.	x					
4.2.5–The positions of President and CEO (Managing Director) were separated and their roles were defined.	x					
4.2.7–The Board of Directors ensures effective operation of investor relations department and corporate governance committee and works in close cooperation with investor relations department and corporate governance committee to resolve conflicts between 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 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.



CORPORATE GOVERNANCE COMPLIANCE REPORT

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Description
	Yes	Partial	No	Exempted	N/A	
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					
<b>4.4. Nature of Board Meetings</b>						
4.4.1-All members of the Board physically attended to the majority of the board meetings.		x				In 2023, all of the 19 meetings were held in physical environments; 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 2023, there were no members who did not attend the Board meetings but submitted their views in writing.
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.
<b>4.5. Committees Built Under the Board of Directors</b>						
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					

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Description
	Yes	Partial	No	Exempted	N/A	
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					
<b>4.6. FINANCIAL RIGHTS GIVEN TO THE MEMBERS OF THE BOARD AND ADMINISTRATIVE EXECUTIVES</b>						
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.
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1.2. Right to Demand and Review Information

Number of private auditor requests	None.
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Number of private auditor requests agreed during the general assembly meeting	None.
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1.3. General Assembly

As part of Principle 1.3.1 (a–d), link to the PDP (Public Disclosure Platform) announcement in which required information is disclosed	<a href="https://www.kap.org.tr/tr/Bildirim/1134121">https://www.kap.org.tr/tr/Bildirim/1134121</a>
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Whether documents regarding the General Assembly Meeting is submitted both in Turkish and English	<a href="https://www.kap.org.tr/tr/Bildirim/1134121">https://www.kap.org.tr/tr/Bildirim/1134121</a>
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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.
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The links to the PDP announcements associated with related party activities carried out as part of article 9 of the Communiqué on Corporate Governance (II-17.1)	In 2023, no such process was carried out as part of Article 9 of the Communiqué on Corporate Governance.
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The links to the PDP announcements associated with common and continuous activities as part of Article 10 of the Communiqué on Corporate Governance (II-17.1)	In 2023, no such process was carried out as part of Article 10 of the Communiqué on Corporate Governance.
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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.
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The link to the PDP announcement that presents the minutes of the general assembly meeting in which the donations and grants policy was approved	<a href="https://www.kap.org.tr/tr/Bildirim/1140301">https://www.kap.org.tr/tr/Bildirim/1140301</a>
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The number of the provision in the articles of association that discuss the participation of stakeholders to the general assembly meeting	None.
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Information on the stakeholders participating in the general assembly	Company General Assembly is held as per the relevant Turkish Commercial Code and Capital Market Board provisions, being open to all shareholders, employees and physical persons permitted to participate in the assembly as part of the relevant regulations.
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1.4 Right to Vote

Whether there is any privilege in the right to vote	No
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If yes, indicate privileged shareholders and their percentage of shares	None.
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Specify the percentage of share of the shareholder that owns the largest percentage of share	9,57
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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
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If yes, specify the relevant provision of the articles of association	Not extended.
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CORPORATE GOVERNANCE INFORMATION FORM

1.6 Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy	The information can be accesses on <a href="http://www.sarkuysan.com">www.sarkuysan.com</a> under Homepage/Investor Relations/Annual Reports section.
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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.
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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.
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2. PUBLIC DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website

Specify the sections of the company website providing the information requested by the Corporate governance principle 2.1.1.	Information specified under Corporate Governance Principle item 2.1.1 are disclosed on our Company's website, <a href="http://www.sarkuysan.com">www.sarkuysan.com</a> , under the titles within "Investor Relations" section and again under the "Sarkuysan at Istanbul Stock Exchange" section on the homepage.
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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 <a href="http://www.sarkuysan.com">www.sarkuysan.com</a> under Homepage/Investor Relations/Partnership and Capital Structure section.
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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 <a href="http://www.sarkuysan.com">www.sarkuysan.com</a> under Homepage/Investor Relations/Partnership and Capital Structure section.
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List of languages for which the website is available	Turkish/English
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2.2. Annual Report

Page numbers and/or name of the sections in the annual report that demonstrate the information requested by corporate governance principle 2.2.2.
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a) Page numbers and/or name of the sections in the annual report that demonstrate the information on the duties of the Members of the Board and executives conducted out of the company and statements of independence of Members of the Board	The information is provided under "Corporate Governance Principles Compliance Report" section of the Company's Annual Report.
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b) Page numbers and/or name of the sections in the annual report that demonstrate the information on committees built under the Board of Directors	The information is provided under "Corporate Governance Principles Compliance Report" section of the Company's Annual Report.
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c) Page numbers and/or name of the sections in the annual report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	The information is provided under "Corporate Governance Principles Compliance Report" section of the Company's Annual Report.
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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.
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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.
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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.
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CORPORATE GOVERNANCE COMPLIANCE REPORT

CORPORATE GOVERNANCE INFORMATION FORM

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 corporate 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.

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/0262 676 66 00
The contact detail of the Company's alert mechanism	Human Resources Manager/0262 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.

CORPORATE GOVERNANCE INFORMATION FORM

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.
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4. BOARD OF DIRECTORS-I

4.2. Principles of Activities of the Board of Directors

Date of the last performance evaluation of the board 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 MÜCELLİT, Acting President, Executive, A. Hamdi BEKTAŞ, Member of the Board, Executive, Cenap TAŞKIN, Member of the Board, Executive, Diana Manuş URUN, Member of the Board, Non-Executive, Ipek ÖZCAN, 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, Ayhan ZEYTİNOĞLU, Member of the Board, Non-Executive, Virma SÖKMEN, Member of the Board, Non-Executive, Ilfeta AKSOY, Member of the Board, Non-Executive, Mehmet Ali YILDIRIMTÜRK, Member of the Board, Non-Executive, Mehmet Nazmi ERTEN, 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.
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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.
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Full Name of the President	Hayrettin Çaycı
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Full Name of the CEO / Managing Director	Sevgür Arslanpay
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The link to the relevant PDP announcement providing the rationale for the President and CEO/Managing Director being the same person	Not combined.
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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.
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The name of the section on the corporate website that demonstrates current diversity policy that has the goal to increase the percentage of women directors	None.
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Number and percentage of woman directors	There are 5 woman directors in the Board of Directors. The percentage is: 35.71%
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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 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
Hayrettin ÇAYCI	Executive	Not independent director	22.12.1995	-	-	-	Yes
Hamit MÜCELLİT	Executive	Not independent director	1.10.2010	-	-	-	Yes
A.Hamdi BEKTAŞ	Executive	Not independent director	30.03.2005	-	-	-	Yes
Cenap TAŞKIN	Executive	Not independent director	20.06.2013	-	-	-	No
Diana Manuş URUN	Non-executive	Not independent director	7.04.2023	-	-	-	No
İpek ÖZCAN	Non-executive	Not independent director	7.04.2023	-	-	-	No
Turgay ŞOHOĞLU	Non-executive	Not independent director	28.03.2014	-	-	-	No
Bekir MENETLİOĞLU	Non-executive	Not independent director	7.04.2017	-	-	-	Yes
Fatma BURCU CESUR	Non-executive	Not independent director	29.06.2020		-	-	Yes
Mehmet Nazmi ERTEN	Non-executive	Independent director	7.04.2023	<a href="https://www.kap.org.tr/tr/Bildirim/1134121">https://www.kap.org.tr/tr/Bildirim/1134121</a>	Considered	-	Yes
Ayhan ZEYTİNOĞLU	Non-executive	Independent director	7.04.2023	<a href="https://www.kap.org.tr/tr/Bildirim/1134121">https://www.kap.org.tr/tr/Bildirim/1134121</a>	Considered	-	Yes
Vrima SÖKMEN	Non-executive	Independent director	7.04.2023	<a href="https://www.kap.org.tr/tr/Bildirim/1134121">https://www.kap.org.tr/tr/Bildirim/1134121</a>	Considered	-	Yes
İlfeta AKSOY	Non-executive	Independent director	7.04.2023	<a href="https://www.kap.org.tr/tr/Bildirim/1134121">https://www.kap.org.tr/tr/Bildirim/1134121</a>	Considered	-	Yes
Mehmet Ali YILDIRIMTÜRK	Non-executive	Independent director	7.04.2023	<a href="https://www.kap.org.tr/tr/Bildirim/1134121">https://www.kap.org.tr/tr/Bildirim/1134121</a>	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)	19
Average attendance rate to the 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	<a href="https://www.kap.org.tr/tr/Bildirim/1134125">https://www.kap.org.tr/tr/Bildirim/1134125</a>

Committees of the Board-I

Names of the Board Committees	Name of Committee Members	Surname of Committee Members	Whether Committee Chair or Not	Whether Board Member or Not
Audit Committee	Ayhan	ZEYTİNOĞLU	Yes	Member of the Board
Audit Committee	Mehmet Nazmi	ERTEN	No	Member of the Board
Audit Committee	Virma	SÖKMEN	No	Member of the Board
Audit Committee	Mehmet Ali	YILDIRIMTÜRK	No	Member of the Board
Audit Committee	İlfeta	AKSOY	No	Member of the Board
Corporate Governance Committee	Mehmet Nazmi	ERTEN	Yes	Member of the Board
Corporate Governance Committee	Turgay	ŞOHOĞLU	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	Fatma Burcu	CESUR	No	Member of the Board
Corporate Governance Committee	Şefiye	YAYLA	No	Not a Member of the Board
Committee of Early Detection of Risk	Virma	SÖKMEN	Yes	Member of the Board
Committee of Early Detection of Risk	Mehmet Nazmi	ERTEN	No	Member of the Board
Committee of Early Detection of Risk	Fatma Burcu	CESUR	No	Member of the Board
Committee of Early Detection of Risk	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%	40,00%	3	3
Committee of Early Detection of Risk	100%	75,00%	6	6

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 corporate governance 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 nomination 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 early detection of risk committee are presented in your annual report or 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 remuneration 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 "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.

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CORPORATE GOVERNANCE INFORMATION FORM

General Assembly Meetings

Date of the General Assembly	7.04.2023
Number of additional explanation requests submitted to the Company regarding the general assembly agenda	0
Shareholder attendance rate to the general assembly	78,74%
Percentage of shares that are directly represented	18,47%
Percentage of shares that are represented by a proxy	60,27%
Title of the section on the Company website that includes the minutes of the general assembly meeting, showing the yea and nay votes for each agenda item	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	-
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	<a href="https://www.kap.org.tr/tr/Bildirim/1134121">https://www.kap.org.tr/tr/Bildirim/1134121</a>

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 Unit Manager, has a Capital Markets Board (SPK) Level 3 License (202248) and Corporate Governance Rating License (700932).

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

**Şefiye Yayla**  
**Investor Relations Unit Manager**

T 0262 676 66 00/3275  
F 0262 676 66 82  
E [yatirimciiliskileri@sarkuysan.com](mailto:yatirimciiliskileri@sarkuysan.com)

**Uğur Bulat**  
**Investor Relations Unit Member**

T 0262 676 66 00/3276  
F 0262 676 66 82  
E [yatirimciiliskileri@sarkuysan.com](mailto:yatirimciiliskileri@sarkuysan.com)

**Demet Cizrelioğulları**  
**Investor Relations Unit Member-  
Legal Counsel**

T 0262 676 66 00/3277  
F 0262 676 66 82  
E [yatirimciiliskileri@sarkuysan.com](mailto:yatirimciiliskileri@sarkuysan.com)

The Investor Relations Department is responsible for ensuring that the investor relations are conducted as part of Corporate Governance Principles, following the changes that occur in the regulations concerning the Capital market Board Law and making sure that the concerned

departments in the Company are informed, maintaining the relationship between the Capital Market Board (CMB), the Istanbul Stock Exchange (BIST) and the Central Records Agency (MKK) and representing our Company.

Information and disclosures of a nature that could affect the use of shareholder rights are presented for the attention of shareholders on our website, [www.sarkuysan.com](http://www.sarkuysan.com). In 2023, our Company has made 56 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.

The 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 audits and in 2023 there were no requests for a special audit from shareholders.

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

Information and disclosures of a nature that could affect the use of shareholder rights are presented to the attention of shareholders on our website [www.sarkuysan.com](http://www.sarkuysan.com) under "Investor Relations" menu. Also, following the agreement made with the MKK, the sub-section "Information Society Services" was added 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 the TCC article 1524 and in the Regulation.

General Assembly

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. The Ordinary General Assembly Meeting with regard to 2022 annual period was held on 07.04.2023 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 78.74% participation was achieved.

Call for General Assembly meeting is announced 3 weeks before the General Assembly as per Corporate Governance Principles Communiqué, on the same date as the Board of Directors decree dated 13.03.2023, 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 15.03.2023, in Gebze Newspaper and Company website on

15.03.2023 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 15.03.2023. 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 broadcast 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 Board members, 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 the 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 2023. All of the decisions concerning the meeting agenda matters discussed in the General Assembly and the minutes of General Assembly meeting including



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the dividends were published on PDP, EGKS and e-Company portals as well as our company's corporate website, [www.sarkuysan.com.tr](http://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 Meetings Electronically. At the 2023 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. The 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 Board of Directors, 5 of the Board members 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 the utmost attention to 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 minority shareholder rights.

**1.6 Dividend Right**

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

**Dividend Distribution Policy**

- › The annual profit of the Company is distributed per General Assembly meeting decision in accordance with the Dividend Distribution policy formulated in accordance with the Turkish Commercial Code, Capital Market Law, appropriate regulations, and Company's articles of association.
- › The Board determines its proposal for dividend distribution in line with appropriate legal provisions and by observing the sensitive benefit balance between shareholders and the Company.
- › The decision of whether or not to distribute profit is made 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 the 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 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 on 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 made 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](http://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" on 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 on Istanbul Stock Exchange's corporate website are available. The corporate website further contains stock prices, charts, prices of some precious items as well as news about Sarkuysan and all other related news and exchange rates.

**2.2 Annual Report**

The Board of Directors ensures that the annual report reflects company

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

**3.1 Company Policy Regarding Stakeholders**

The rights of all our stakeholders and employees are protected and they are informed efficiently as part of our information disclosure policy concerning Company activities. Stakeholders are 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"

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for employees is actively used. In 2023, 73 of the 109 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 Corporate 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 broadcast 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 employees or their representatives and if deemed necessary the views of the concerned unions are obtained for these types of decisions.

Various measures have been taken to prevent discrimination among employees and protect them against physical, mental, and emotional abuse within the company and these include procedures, training, 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 for 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 distributed to our employees, blue collar workers in the first place, as part of the activities we carry out to prevent work accidents. Applications like vaccination, health screening and medical follow up is carried out meticulously to protect employee health, which is a top priority of the company. The necessary work as part of standards under the "OHSAS 18001 Occupational

The "Health and Safety" management system certificate we possess is carried out in integration with our legal obligations. All our employees, their spouses and children are insured against any kind of accidents 24/7 and for 365 days with a group personal accident policy.

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 Relations 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 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 Ethics Code 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 in all fields. For example;

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 Darıca 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 last but not least, Sarkuysan promotes our country by hosting international events. There have been 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 the long-term interests of the company and implementation of 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 the performance of the management.

**4.2 Rules of Procedures for 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 to assist in 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 to 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 workflow and ordinary activities of the company.) Amongst the Members of the Board who are not assigned to 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.



CORPORATE GOVERNANCE COMPLIANCE REPORT

4.3 STRUCTURE OF THE BOARD OF DIRECTORS

Name-Surname	Position	Executive or not	Independent Member of Board or not	Latest Date of Election	Term of Office	Committees Assigned & Roles	Duties Outside the Company
Hayrettin ÇAYCI	President	Executive	Not An Independent Member	07.04.2023	3 Year		Chair and Managing Director at Sarkuysan Group of Companies Turktrade Chair
Hamit MÜCELLİT	Acting President	Executive	Not An Independent Member	07.04.2023	3 Year		Acting President and Member of Board at Sarkuysan Group of Companies
A. Hamdi BEKTAŞ	Member	Executive	Not An Independent Member	07.04.2023	3 Year		Acting President and Member of Board at Sarkuysan Group of Companies
Cenap TAŞKIN	Member	Executive	Not An Independent Member	07.04.2023	3 Year		
İpek ÖZCAN	Member	Non-executive	Not An Independent Member	07.04.2023	3 Year		
Diana Manuş URUN	Member	Non-executive	Not An Independent Member	07.04.2023	3 Year		
Turgay ŞOHOĞLU	Member	Non-executive	Not An Independent Member	07.04.2023	3 Year	Corporate Governance Committee	
Bekir MENETLİOĞLU	Member	Non-executive	Not An Independent Member	07.04.2023	3 Year	Corporate Governance Committee	
Fatma Burcu CESUR	Member	Non-executive	Not An Independent Member	07.04.2023	3 Year	Corporate Governance, Early Risk Detection Committees	
Ayhan ZEYTİNOĞLU	Member	Non-executive	Independent Member	07.04.2023	1 Year	Audit, Corporate Governance Committees	President of Kocaeli Chamber of Indus-try, Acting President of Turkish Union of Chambers and Commodity Exchange (TOBB), President of Economic Development Foundation (IKV), General Coordinator of Zeytinoğlu Denizcilik A.Ş.
Mehmet Nazmi ERTEN	Member	Non-executive	Independent Member	07.04.2023	1 Year	Audit, Corporate Governance, Risk Assessment Committees	Founding Partner at Erten&Erten
Virma SÖKMEN	Member	Non-executive	Independent Member	07.04.2023	1 Year	Audit, Early Risk Detection Committees	Member of Loan Committee at Yapı Kredi Bank
İlfeta AKSOY	Member	Non-executive	Independent Member	07.04.2023	1 Year	Corporate Governance Committee	Member of the Board of Turktrade (Foreign Trade Association of Türkiye)
Mehmet Ali YILDIRIMTÜRK	Member	Non-executive	Independent Member	07.04.2023	1 Year	Early Risk Detection Committee	Economist Author

CORPORATE GOVERNANCE COMPLIANCE REPORT

In the Ordinary General Assembly Meeting held in 2023, 5 independent members who fully meet the criteria set forth by the Capital Markets Board's communiqué no. II-17.1 were elected. The Independent Members of the 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 07.04.2023, the terms of duty for the Members of the Board elected is 3 years; while 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 2023.

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 to 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's work are being provided.

All kinds of resources and support, 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 into 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 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 on 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 2023, the Board of Directors met 19 times.

The Board Members shall always consult the Chair 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 with in the decision record. Minutes of the Board meeting shall indicate that all items in the agenda are discussed, and records shall include the opposing views as well.

THE AUDIT COMMITTEE

Name-Surname	Position in the Company	Duty in the Committee
Ayhan ZEYTİNOĞLU	Independent Member of the Board	President
Mehmet Nazmi ERTEN	Independent Member of the Board	Member
Virma SÖKMEN	Independent Member of the Board	Member
Mehmet Ali YILDIRIMTÜRK	Independent Member of the Board	Member
İlfeta AKSOY	Independent Member of the Board	Member

CORPORATE GOVERNANCE COMMITTEE

Name-Surname	Position in the Company	Duty in the Committee
Mehmet Nazmi ERTEN	Independent Member of the Board	President
Turgay ŞOHOĞLU	Member of the Board	Member
Bekir MENETLİOĞLU	Member of the Board	Member
İlfeta AKSOY	Member of the Board	Member
Fatma Burcu CESUR	Member of the Board	Member
Şefiye YAYLA	Investor Relations Manager	Member

Members of the Board shall set aside sufficient time for company work. If the member of the 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 on 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 listen to 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 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 2023 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



CORPORATE GOVERNANCE COMPLIANCE REPORT

EARLY RISK DETECTION COMMITTEE

Name-Surname	Position in the Company	Duty in the Committee
Virma SÖKMEN	Independent Member of the Board	President
Mehmet Nazmi ERTEN	Independent Member of the Board	Member
Fatma Burcu CESUR	Member of the Board	Member
Mehmet Ali YILDIRIMTÜRK	Independent Member of the Board	Member

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

**Remuneration Committee (within our Corporate Governance Committee)**  
This committee determines the principles, criteria, and applications to be used in the remuneration of the Members of the Board and managers with administrative responsibilities taking into account the long-term goals of the Company and monitors the application thereof. The committee presents recommendations for the wages to be paid to 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 risk assessment 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 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 shareholders as a separate item on the agenda at the general assembly meeting dated 07.04.2023. 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 07.04.2023 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 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. The internal audit system is regularly subjected to periodic evaluation by the Quality Assurance Department and the 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 2023 interim and annual financial statements to be disclosed to the public, accuracy, and consistency of them with the accounting principles and actual figures and the decisions taken during the meetings held throughout the year.

STRATEGIC GOALS OF THE COMPANY

The goals and critical performance indicators that are in parallel with the Company's vision and mission are approved by the Board of Directors at the budget meetings which is organized 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.

INDEPENDENCE STATEMENT OF BOARD MEMBERS

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 Türkiye 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.

Yours faithfully,

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 Türkiye 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.

Yours faithfully,

Virma Sökmen



INDEPENDENCE STATEMENT OF BOARD MEMBERS

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 Türkiye 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.

Yours faithfully,

**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,

- › 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 Türkiye 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.

Yours faithfully,

**Mehmet Nazmi ERTEN**

INDEPENDENCE STATEMENT OF BOARD MEMBERS

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 Türkiye 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.

Yours faithfully,

**Mehmet Ali YILDIRIMTÜRK**

INFORMATION POLICY

Purpose

Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş. pursues a transparent and accurate policy that enables its shareholders to be in-formed 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 Türkiye 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.



| BİLGİLENDİRME POLİTİKASI

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

**Public Disclosure of the Annual Report**

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

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

**Website**

The Sarkuysan website [www.sarkuysan.com](http://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" on 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 on 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.

The 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 by 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 the 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

	31.12.2022 Amount (TL)	31.12.2023 Amount (TL)
A. Total value of GMP assigned on behalf of the Company	1,245,558,488	3,141,091,721
Sarkuysan A.Ş. Letter of Guarantees Given	972,535,142	1,966,426,750
Sarkuysan A.Ş. Surety Bonds Given	205,216,320	1,023,932,000
Sar Makina A.Ş. Letter of Guarantees Given	14,062,036	9,132,971
Sarda A.Ş. Letter of Guarantees Given	53,715,998	141,600,000
Aegean Free Trade Zone Letter of Guarantees Given	28,992	
B. Total amount of the GMP assigned in favor of the corporations included under full consolidation	108,670,087	158,898,492
Sureties	108,670,087	158,898,492
Mortgages		
C. Total amount of the GMP assigned for securing debts of other third 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 included under articles B and C		
iii. Total amount of the GMPs assigned in favor of 3 <sup>rd</sup> persons that are not included under article C		
Total	1,354,228,575	3,299,990,213

DIVIDEND RATE TABLE EXPLANATIONS

We hereby submit for your approval that the Net Distributable Period Profit, which is 1.391.798.530 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 31.12.2023, 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 40,00% net cash dividend and 20% dividend in the form of shares and the distribution date be 07.06.2024, 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, 44,44% (0.4444 TL) Gross and 40,00% (0.40 TL) Net

cash dividend will be distributed for each nominal value share of 1.-TL of our 500,000,000 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 ELEKTROLITIK BAKIR SANAYI VE TICARET A.Ş. DIVIDEND DISTRIBUTION IN 2023			
1. Paid-In/Issued Capital			500,000,000
2. Total Legal Reserves (According to Legal Records)			395,239,142
Information on the relevant privilege if any privileges are applied in the distribution of dividends			None.
	Based on CMB Regulations	Based on Legal Records	
3. Current Period Profit	1,771,986,515	1,700,270,310	
4. Taxes Payable (-)	318,861,121	445,100,031	
	Corporate Tax (-)	318,861,121	445,100,031
	Provision for Deferred Tax (-)	0	0
5. Net Current Period Profit	1,453,125,394	1,255,170,280	
6. Losses in Previous Years (-)	0	0	
7. Primary Legal Reserve (-)	62,758,514	62,758,514	
8. NET DISTRIBUTABLE CURRENT PERIOD PROFIT	1,390,366,880	1,192,411,766	
9. Donations Made During The Year (+)	1,431,650		
10. Donation-Added Net Distributable Current Period Profit on which First Dividend Is Calculated	1,391,798,530		
11. First Dividend to Shareholders	169,589,926		
	Cash	69,589,926	
	Stock	100,000,000	
	Total	169,589,926	
12. Dividend Distributed to Owners of Privileged Shares	0		
13. Other Dividend Distributed	50,436,061		
-To the Members of the Board of Directors	50,436,061		
14. Dividend to Owners of Redeemed Shares	0		
15. Second Dividend to Shareholders	152,632,296		
	Cash	152,632,296	
	Stock	0	
	Total	152,632,296	
16. Secondary Legal Reserves (-)	34,765,828		
17. Statutory Reserves	0	0	
18. Special Reserves	0	0	
19. Extraordinary Reserves	982,942,769	784,987,654	
20. Other Distributable Resources	0	0	
Retained Earnings	0	0	
Extraordinary reserves	0	0	
Other Reserves Distributable in accordance with the Law and Articles of Association	0	0	

RATE OF PROFIT SHARES STATEMENT					
Information on Dividend per Share					
Group		Total Dividends Distributed		Total Dividends Distributed/ Net Distributable Dividends	Dividends Corresponding to Share with Par Value of 1 TL
		Cash (TL)	Bonus (TL)	Ratio (%)	Amount (TL) Rate (%)
Net	A	10.00	5.00	0.0000011	0.600000 60.0000
	B	199,999,990.00	99,999,995.00	21.5770376	0.600000 60.0000
	Total	200,000,000.00	100,000,000.00	21.5770387	0.600000 60.0000



## AUDIT REPORT ON EARLY RISK DETECTION SYSTEM AND COMMITTEE

### TO THE BOARD OF DIRECTORS OF SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET ANONİM ŞİRKETİ

#### Introduction

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 3 78 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. In 2023, 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.

**MGI BAĞIMSIZ DENETİM A.Ş.**  
**A Member of MGI WORLDWIDE**



**ÖZCAN AKSU**  
Partner  
(Istanbul, 6 May 2024)

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

### TO THE GENERAL ASSEMBLY OF SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET ANONİM ŞİRKETİ

#### 1) 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 2023–31 December 2023.

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.

#### 2) Basis for Opinion

We conducted our audit in accordance with Independent Auditing Standards ("IAS") which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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.

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

We have expressed an unqualified opinion in our auditor's report dated 6 May 2024 on the complete set of consolidated financial statements of the Group for the period of 1 January–31 December 2023.

#### 4) 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") and the Communiqué on Principles of Financial Reporting in the Capital Market ('Communiqué') No. II-14.1 of the Capital Markets Board ("CMB"), the management of the Group is responsible for the following items:

- 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.
- 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.
- 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

5) 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 IAS. 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 Özcan Aksu.

MGI BAĞIMSIZ DENETİM A.Ş.  
A Member of MGI WORLDWIDE



ÖZCAN AKSU  
Partner  
(Istanbul, 6 May 2024)

AMENDMENT IN THE ARTICLES OF ASSOCIATION

Former Text	Amended Text
<b>CAPITAL</b>	<b>CAPITAL</b>
ARTICLE - 6 - The Company accepted the registered capital system in accordance with the provisions of Capital Market Code and moved into the system as per the decision of Capital Market Board dated 23.3.1983 and numbered 75. The upper limit of the registered capital of the Company is <del>600,000,000 TL (sixhundredmillion</del> Turkish Lira) and is shared among <del>60,000,000,000 (sixty billion)</del> shares, i.e., each share has a nominal price of 1 KR (one Turkish Kuruş). The permit of the Capital Market Board for the upper limit of the registered capital is valid for the period between <del>2021 and 2025</del> (5 years). Although the upper limit of the registered capital could not reach the ceiling as of the end of <del>2025</del> , the Board of Directors shall be authorized during the General Assembly for a new period of time after getting permission from the Capital Market Board for the previously permitted ceiling or a new ceiling price for the Board to be able to make a decision on capital increase after <del>2025</del> . Unless such authorization is provided, the Company cannot increase its capital by a resolution of the Board. The Company's issued capital is <u>500,000,000.- TL (fivehundredmillion Turkish Lira)</u> . The capital is shared among <u>2,500 (twothousandandfivehundred)</u> A-group registered shares and <u>49,999,997,500</u> B-group bearer shares, with each share has a nominal price of 1 KR (one Turkish Kuruş). <u>This time, the total amount of the capital increase of 100,000,000.-TL was provided from the Period Profit of 2022.</u> In compliance with the provisions of the Capital Market Board and the related legislation, the Board of Directors is authorized to issue registered or bearer shares by defining the groups by the upper limit of the registered capital and increase the capital, if required, for the period between <del>2021 and 2025</del> . Furthermore, the Board of Directors is authorized to issue shares more than the nominal value and to limit the shareholders right to buy new shares partially and completely, to increase invested capital in Türkiye and/ or abroad. As part of the authorization provided under this article herein, resolutions of the Board of Directors shall be announced in line with the principles specified by the Capital Market Board. The shares representing the capital is monitored by record in line with the dematerialization principles.	ARTICLE - 6 - The Company accepted the registered capital system in accordance with the provisions of Capital Market Code and moved into the system as per the decision of Capital Market Board dated 23.3.1983 and numbered 75. The upper limit of the registered capital of the Company is <b>2,000,000,000.- TL (twobillion</b> Turkish Lira) and is shared among <b>200,000,000,000 (twohundredbillion)</b> shares, i.e., each share has a nominal price of 1 KR (one Turkish Kuruş). The permit of the Capital Market Board for the upper limit of the registered capital is valid for the period between <b>2024 and 2028</b> (5 years). Although the upper limit of the registered capital could not reach the ceiling as of the end of <b>2028</b> , the Board of Directors shall be authorized during the General Assembly for a new period of time after getting permission from the Capital Market Board for the previously permitted ceiling or a new ceiling price for the Board to be able to make a decision on capital increase after <b>2028</b> . Unless such authorization is provided, the Company cannot increase its capital by a resolution of the Board. The Company's issued capital is <u>500,000,000.- TL (fivehundredmillion Turkish Lira)</u> . The capital is shared among <u>2,500 (twothousandandfivehundred)</u> A-group registered shares and <u>49,999,997,500</u> B-group bearer shares, with each share has a nominal price of 1 KR (one Turkish Kuruş). <u>This time, the total amount of the capital increase of 100,000,000.-TL was provided from the Period Profit of 2022.</u> In compliance with the provisions of the Capital Market Board and the related legislation, the Board of Directors is authorized to issue registered or bearer shares by defining the groups by the upper limit of the registered capital and increase the capital, if required, for the period between <b>2024 and 2028</b> . Furthermore, the Board of Directors is authorized to issue shares more than the nominal value and to limit the shareholders right to buy new shares partially and completely, to increase invested capital in Türkiye and/ or abroad. As part of the authorization provided under this article herein, resolutions of the Board of Directors shall be announced in line with the principles specified by the Capital Market Board. The shares representing the capital is monitored by record in line with the dematerialization principles.



**CONSOLIDATED FINANCIAL TABLES AND INDEPENDENT AUDIT REPORT DATED  
JANUARY 1, 2023–DECEMBER 31, 2023**

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SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.  
INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

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

A) Report on the audit of the consolidated financial statements

1) Opinion

We have audited the consolidated financial statements of **Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret Anonim Şirketi** (the "Company" or "Sarkuysan") and its subsidiars (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, 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 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Accounting Standards ("TASs").

2) 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.

3) Key Audit Matters

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

Key audit matters	How the matter was addressed in our audit
<b>Trade Receivables</b>	
The consolidated financial statements as of 31 December 2023 include trade receivables amounting to TL 4.926.132.893 which represent a 30% of the Group's total assets. Provision for doubtful receivables amounting to TL 210.080.044 is allocated in the accompanying consoldiated financial statements.	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
In addition, significant accounting judgments and estimates are used in the determination of the recoverability amounts of trade receivables performed by the Group management.	The effectiveness of internal controls regarding financial reporting for receivables risk and receivables monitoring processes were evaluated.
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.	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.
	Third party reconciliation made to verify the existence of trade receivables were evaluated and the exchange rate valuation of trade receivables in the financial statement, receivables rediscount (deferred interest income), etc. Other valuation transactions have been recalculated.

Key audit matters	How the matter was addressed in our audit
<b>Trade Receivables</b>	
	Evaluating and assessing aging results of receivables, economic conditions, past collection ability, lawsuits filed and execution proceedings, guarantees received against receivables, receivables insurance amounts and subsequent period collections including application of TFRS 9 standard has been controlled.
	Disclosure regarding to trade receivables have been evaluated.

Key audit matters	How the matter was addressed in our audit
<b>Application of Inflation Accounting</b>	
TMS 29, 'Financial Reporting in High Inflation Economies' ('TMS 29') standard has been applied in the Group's consolidated financial statements for the year ending 31 December 2023.	Performed the following procedures in relation to the audit;
In accordance with IAS 29, the consolidated financial statements and financial information for prior periods have been restated to reflect changes in the general purchasing power of the Turkish Lira and, as a result, are presented in terms of the purchasing power of the Turkish Lira as of the reporting date.	-We met with the management responsible for financial reporting and examined the principles taken into account during the implementation of TMS 29, the determination of non-monetary accounts and the tests carried out on the designed TMS 29 models.
In accordance with the guidelines of TAS 29, the Group has used Turkish consumer price indices to prepare inflation base financial statements. The principles applied for inflation adjustment are explained in Note 2.	-The inputs and indices used have been tested to ensure the completeness and accuracy of the calculations.
Given the significant impact of IAS 29 on the Group's reported results and financial position, hyperinflation accounting was considered a key audit matter.	-The financial statement and related financial information prepared in accordance with TMS 29 have been controlled.
	-Inflation accounting was applied and the adequacy of the information provided in the financial statements and relevant notes was evaluated in terms of TMS 29.

4) 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.



**SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.**  
**FİNANSAL TABLOLAR HAKKINDA BAĞIMSIZ DENETÇİ**

**5) 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 a requirement of the independent audit conducted in accordance with ISAs, we use our professional judgment and maintain our professional skepticism throughout the independent 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.

**B) 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 6 May 2024.
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 2023 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 Özcan Aksu.

**MGI BAĞIMSIZ DENETİM A.Ş.**  
**A Member of MGI WORLDWIDE**



**ÖZCAN AKSU**  
**Partner**  
**(Istanbul, 6 May 2024)**

**SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023 AND 2022**

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

	Notes	Audited Current Period 31.12.2023	Audited Prior Period 31.12.2022
<b>ASSETS</b>			
<b>Current Assets</b>		<b>12.129.227.510</b>	<b>12.147.272.405</b>
Cash and Cash Equivalents	6	1.463.870.919	807.128.136
Financial Investments	7	344.938	140.779
Trade Receivables	10	4.926.132.893	5.823.625.964
<i>Third Parties</i>	10	4.899.080.376	5.810.109.445
<i>Related Parties</i>	10, 37	27.052.517	13.516.519
Receivables from Finance Sector Operations		-	-
Other Receivables	11	361.695.741	258.895.969
<i>Third Parties</i>	11	361.695.741	258.895.969
<i>Related Parties</i>	11, 37	-	-
Derivative Instruments	14	11.474.057	-
Inventories	13	4.856.482.722	4.421.186.930
Prepaid Expenses	26	479.303.299	806.777.541
Current Income Tax Assets	35	1.085.766	1.158.402
Other Current Assets	26	28.837.175	28.358.684
<b>Total</b>		<b>12.129.227.510</b>	<b>12.147.272.405</b>
Non-Current Assets Held for Sale	34		
<b>Non-Current Assets</b>		<b>4.299.210.727</b>	<b>3.599.771.537</b>
Financial Investments	7	8.266.988	6.966.835
Trade Receivables	10	-	-
Receivables from Finance Sector Operations	12	-	-
Other Receivables	11	4.436.457	7.431.835
<i>Third Parties</i>	11	4.436.457	7.431.835
<i>Related Parties</i>		-	-
Derivative Instruments	14	-	-
Investments Accounted for Using the Equity Method	16	288.131.498	231.505.704
Investment Properties	17	856.695.000	695.233.310
Property, Plant and Equipment	18	2.918.514.182	2.597.868.866
Right of Use Assets	18	12.221.373	4.344.265
Intangible Assets	19	43.715.867	29.387.835
Prepaid Expenses	26	90.508.170	16.616.529
Deferred Tax Assets	35	76.721.192	10.416.358
<b>TOTAL ASSETS</b>		<b>16.428.438.237</b>	<b>15.747.043.942</b>

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

**SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş**  
**31 ARALIK 2023 TARİHİNDE SONA EREN HESAP DÖNEMİNE AİT**  
**KONSOLİDE FİNANSAL DURUM TABLOSU**

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

	Notes	Audited Current Period 31.12.2023	Audited Prior Period 31.12.2022
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>8.391.510.824</b>	<b>8.897.637.191</b>
Short-Term Borrowings	8	3.938.390.569	4.191.728.335
Short Term Portion of Long Term Borrowings	8	828.282.560	1.086.771.312
Other Financial Liabilities	9	-	-
Trade Payables	10	2.967.164.287	3.082.313.913
<i>Third Parties</i>	10, 38	2.967.164.287	3.082.313.913
<i>Related Parties</i>		-	-
Employee Benefits	12	24.838.434	70.095.575
Other Payables	11	74.519.915	38.648.786
<i>Third Parties</i>	11	74.519.915	38.648.786
<i>Related Parties</i>		-	-
Derivative Instruments	14	7.889.398	6.354.907
Deferred Income	26	215.459.306	290.857.795
<i>Third Parties</i>		215.459.306	290.857.795
Current Income Tax Liabilities	35	99.925.328	59.709.291
Short Term Provisions	22,24	235.041.027	71.157.277
<i>Provisions for Employee Benefits</i>		230.350.122	69.040.571
<i>Other Short Term Provisions</i>		4.690.905	2.116.706
Other Current Liabilities	26	-	-
<b>Total</b>		<b>8.391.510.824</b>	<b>8.897.637.191</b>
Liabilities Related to Non-Current Assets Held for Sale		-	-
<b>Non Current Liabilities</b>		<b>1.482.219.229</b>	<b>1.472.260.437</b>
Long-Term Borrowings	8	1.292.388.724	935.332.713
Trade Payables	10	-	-
Long Term Provisions	24	149.377.703	301.666.200
<i>Provisions for Employee Benefits</i>		149.377.703	301.666.200
<i>Other Long Term Provisions</i>		-	-
Liabilities Accounted for Using the Equity Method	16	-	-
Deferred Tax Liabilities	35	40.452.802	235.261.524
<b>EQUITY</b>		<b>6.554.708.184</b>	<b>5.377.146.314</b>
<b>Equity Holders of the Parent</b>	<b>27</b>	<b>6.531.159.932</b>	<b>5.373.199.667</b>
Paid-in Share Capital		500.000.000	400.000.000
Adjustment to Share Capital		2.706.361.723	2.680.714.723
Buyback Shares (-)		(24.333.495)	-
Components of Other Comprehensive Income that will be not Reclassified to Profit or Loss		(173.530.544)	(139.204.623)
Net Of Tax Gains Losses On Remeasurements Of Defined Benefit Plans		(173.530.544)	(139.204.623)
Components of Other Comprehensive Income that will be Reclassified to Profit or Loss		222.224.746	270.680.299
Restricted Reserves		672.917.454	585.036.058
Retained Earnings		1.175.308.654	653.027.809
Profit for the Period		1.452.211.394	922.945.401
<b>Non-Controlling Interests</b>		<b>23.548.252</b>	<b>3.946.647</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>16.428.438.237</b>	<b>15.747.043.942</b>

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 YEAR ENDED 31 DECEMBER 2023

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

	Notes	Audited Current Period 01.01.2023 31.12.2023	Audited Prior Period 01.01.2022 31.12.2022
<b>PROFIT OR LOSS</b>			
Revenue	5 , 28	45.302.003.551	53.253.039.961
Cost of Sales (-)	5 , 28	(43.130.375.172)	(51.847.717.563)
<b>GROSS PROFIT</b>		<b>2.171.628.379</b>	<b>1.405.322.398</b>
Marketing, Sales and Distribution Expenses (-)	29, 30	(241.165.666)	(253.955.229)
General Administrative Expenses (-)	29, 30	(360.724.041)	(279.990.732)
Research and Development Expenses (-)	29, 30	(24.712.429)	(18.188.963)
Other Operating Income	31	2.961.638.357	3.072.329.893
Other Operating Expenses (-)	31	(1.714.917.668)	(2.283.915.038)
<b>OPERATING PROFIT</b>		<b>2.791.746.932</b>	<b>1.641.602.329</b>
Gains from Investment Activities	32	172.609.231	302.965.449
Losses from Investment Activities (-)	32	(3.137.543)	(624)
Share of profit/loss of investments accounted for using the equity method	16	53.589.577	(113.141.499)
<b>OPERATING PROFIT BEFORE FINANCIAL INCOME/EXPENSE</b>		<b>3.014.808.197</b>	<b>1.831.425.655</b>
Financial Income	33	2.413.058.999	717.625.283
Financial Expenses (-)	33	(4.385.027.463)	(1.824.155.951)
Gains (Losses) on Net Monetary Position		729.146.782	802.096.677
<b>PROFIT BEFORE TAX</b>		<b>1.771.986.515</b>	<b>1.526.991.664</b>
<b>Tax income/(expense)</b>	<b>35</b>	<b>(318.861.121)</b>	<b>(602.922.835)</b>
-Current Period Tax Expense		(477.249.008)	(408.211.853)
-Deferred Tax Income/Expense		158.387.887	(194.710.982)
<b>PROFIT FOR THE PERIOD</b>		<b>1.453.125.394</b>	<b>924.068.829</b>
<b>DISCONTINUED OPERATIONS</b>			
<b>Profit (Loss) from Discontinued Operations After Tax</b>		<b>-</b>	<b>-</b>
<b>PROFIT FOR THE PERIOD</b>		<b>1.453.125.394</b>	<b>924.068.829</b>
<b>Attributable to:</b>		<b>1.453.125.394</b>	<b>924.068.829</b>
Non-Controlling Interests		914.000	1.123.428
Equity Holders of the Parent		1.452.211.394	922.945.401
<b>Earnings Per Share</b>	<b>36</b>	<b>0,02904</b>	<b>0,01846</b>

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 YEAR ENDED 31 DECEMBER 2023

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

	Notes	Audited Current Period 01.01.2023 31.12.2023	Audited Prior Period 01.01.2022 31.12.2022
<b>PROFIT FOR THE PERIOD</b>	<b>27</b>	<b>1.453.125.394</b>	<b>924.068.829</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items Not to be Reclassified to Profit/Loss</b>		<b>(34.351.407)</b>	<b>(139.326.955)</b>
Property, Plant and Equipment Revaluation Surplus		-	-
Gains/(losses) on remeasurements of defined benefit plans	24	(37.387.625)	(128.372.652)
Share of other comprehensive income/(expenses) of investments accounted for using the equity method	16	3.036.218	(10.954.303)
Taxes relating to other comprehensive income not to be reclassified to prof-it/loss	35	-	-
-Current period tax expense		-	-
-Deferred tax income/expense		-	-
<b>Items to be reclassified to profit/loss</b>		<b>(48.455.982)</b>	<b>(151.088.368)</b>
Currency Translation Differences	27	(48.455.982)	(151.088.368)
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		-	-
<b>OTHER COMPREHENSIVE INCOME</b>		<b>(82.807.389)</b>	<b>(290.415.323)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>1.370.318.005</b>	<b>633.653.506</b>
<b>Attributable to:</b>		<b>1.370.318.005</b>	<b>633.653.506</b>
Non-Controlling Interests		888.085	991.942
Equity Holders of the Parent		1.369.429.920	632.661.564

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 YEAR ENDED 31 DECEMBER 2023

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

							Items not to be reclassified to profit or loss	Items to be reclassified to profit or loss	Restricted Reserves		Retained Earnings				
							Share of other comprehensive income/(expenses) of investments accounted for using the equity method	Currency Translation Differences	Legal Reserves	Gain on Disposal of Participating Preferred Stock and Properties	Prior Years Income/(Loss)	Profit For the Period	Equity Holders of the Parent	Non-Controlling Interests	Total Equity
Current Period (Audited)	Notes	Paid-in share capital	Adjustment to Share Capital	Buyback Shares	Property, Plant and Equipment Revaluation Surplus	Gains/(losses) on remeasure-ments of defined benefit plans									
Balances at 1 January 2023 (Beginning of the period)		400.000.000	2.680.714.723	-	-	(128.250.320)	(10.954.303)	270.680.299	585.036.058	-	653.027.809	922.945.401	5.373.199.667	3.946.647	5.377.146.314
Transfers	27	-	-	-	-	-	-	-	87.881.396	-	835.064.005	(922.945.401)	-	-	-
Capital Increases		100.000.000	25.647.000	-	-	-	-	-	-	-	(125.647.000)	-	-	19.219.817	19.219.817
Dividends Paid		-	-	-	-	-	-	-	-	-	(187.136.160)	-	(187.136.160)	(506.297)	(187.642.457)
Transactions with Non-Controlling Interests		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) from Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) for Buyback Shares		-	-	(24.333.495)	-	-	-	-	-	-	-	-	(24.333.495)	-	(24.333.495)
Total Comprehensive Income		-	-	-	-	(37.362.139)	3.036.218	(48.455.553)	-	-	-	1.452.211.394	1.369.429.920	888.085	1.370.318.005
Profit for the Period		-	-	-	-	-	-	-	-	-	-	1.452.211.394	1.452.211.394	914.000	1.453.125.394
Other Comprehensive Income (Expense)		-	-	-	-	(37.362.139)	3.036.218	(48.455.553)	-	-	-	-	(82.781.474)	(25.915)	(82.807.389)
Balances at 31 December 2023 (End of the period)		500.000.000	2.706.361.723	(24.333.495)	-	(165.612.459)	(7.918.085)	222.224.746	672.917.454	-	1.175.308.654	1.452.211.394	6.531.159.932	23.548.252	6.554.708.184

							Items not to be reclassified to profit or loss	Items to be reclassified to profit or loss	Restricted Reserves			Retained Earnings			
							Share of other comprehensive income/(expenses) of investments accounted for using the equity method								
Prior Period (Audited)	Notes	Paid-in share capital	Adjustment to Share Capital	Buyback Shares	Property, Plant and Equipment Revaluation Surplus	Gains/(losses) on remeasurements of defined benefit plans		Currency Translation Differences	Legal Reserves	Gain on Disposal of Participat-ing Pre-ferred Stock and Properties	Prior Years Income/(Loss)	Profit For the Period	Equity Holders of the Parent	Non-Controlling Interests	Total Equity
Balances at 1 January 2022 (Beginning of the period)		300.000.000	2.590.574.920	-	-	-	-	421.759.513	509.027.642	-	1.149.538.862	-	4.970.900.937	3.415.092	4.974.316.029
Transfers	27	-	-	-	-	-	-	-	76.008.416	-	(76.008.416)	-	-	-	-
Capital Increases		100.000.000	90.139.803	-	-	-	-	-	-	-	(190.139.803)	-	-	-	-
Dividends Paid		-	-	-	-	-	-	-	-	-	(230.362.834)	-	(230.362.834)	(460.387)	(230.823.221)
Transactions with Non-Controlling Interests		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) from Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income		-	-	-	-	(128.250.320)	(10.954.303)	(151.079.214)	-	-	-	922.945.401	632.661.564	991.942	633.653.506
Profit for the Period		-	-	-	-	-	-	-	-	-	-	922.945.401	922.945.401	1.123.428	924.068.829
Other Comprehensive Income (Expense)		-	-	-	-	(128.250.320)	(10.954.303)	(151.079.214)	-	-	-	-	(290.283.837)	(131.486)	(290.415.323)
Balances at 31 December 2022 (End of the period)		400.000.000	2.680.714.723	-	-	(128.250.320)	(10.954.303)	270.680.299	585.036.058	-	653.027.809	922.945.401	5.373.199.667	3.946.647	5.377.146.314



SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2023

SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET A.Ş.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

	Notes	Audited Current Period 01.01.2023 31.12.2023	Audited Prior Period 01.01.2022 31.12.2022
A) CASH FLOWS FROM OPERATING ACTIVITIES		550.769.432	(530.090.703)
PROFIT FOR THE PERIOD		1.453.125.394	924.068.829
Profit for the Period from Continuing Operations		1.453.125.394	924.068.829
Profit for the Period from Discontinued Operations			
Adjustments to reconcile profit for the period to cash generated from operating activities:		549.592.295	324.908.919
Depreciation and amortization	18,19	205.247.695	171.957.187
Adjustments for interest income/expense	33	538.739.736	253.409.467
Adjustments for interest income	33	(141.275.025)	(62.527.854)
Adjustments for interest expenses	33	716.561.583	328.199.662
Unearned Financial Expense from Credit Sales		(31.591.892)	(6.269.273)
Unearned Financial Income from Credit Sales		(4.954.930)	(5.993.068)
Adjustments for impairment loss/(reversal of impairment loss)	13, 31	221.097.262	212.315.451
Adjustments for Receivables Impairment (Reversal)	10	221.097.262	212.315.451
Adjustments for Other Impairment (Reversal)	11	-	-
Adjustments for Inventory Impairment (Reversal)	28	-	-
Adjustments for provisions	24	247.786.959	63.884.092
Adjustments for provisions for employee benefits (reversal)	12, 24	244.107.783	68.873.315
Adjustments for other provisions (reversal)	22	3.679.176	(4.989.223)
Adjustments for tax income/expense	35	226.575.583	553.978.909
Adjustments for Unrealized Currency Translation Differences		(78.751.145)	145.020.844
Adjustments for Fair Value Gains/(Losses)	14	(171.401.256)	(265.700.687)
Adjustments for Investment Properties Fair Value Gains/(Losses)		(161.461.690)	(287.380.388)
Adjustments for Derivative Instruments Fair Value Gains/(Losses)	14	(9.939.566)	21.679.701
Adjustments for Undistributed Profit on Investments Accounted for using the Equity Method	16	(56.625.794)	131.284.674
Adju Adjustments for losses/(gains) on disposal of non-current assets	18	(2.831.721)	(9.738.236)
Gains (losses) on Net Monetary Position		(582.245.024)	(931.502.782)
Changes in Working Capital		(878.085.144)	(953.488.383)
Decrease/(Increase) in Financial Investments		(1.504.312)	(3.937.399)
Adjustments for Gains/Losses on Trade Receivables	10	(1.583.901.950)	(1.576.401.976)
Gains/Losses from Inventories	13	(435.295.792)	84.589.178
Decrease/ (Increase) from Derivative Instruments		-	-
Adjustments for Gains/Losses In Other Receivables Related To Operations	11	(204.499.040)	(72.532.314)
Adjustments for losses/(gains) on Trade Payables	10	1.104.289.570	1.220.536.402
Adjustments for Gains/Losses In Other Payables Related To Operations	11,20,22	51.064.135	6.606.741
Decrease/(Increase) for Prepaid Expenses	26	253.582.601	(397.266.149)
Adjustments for increase (decrease) in payables due to employee benefits	24	(17.702.258)	36.474.594
Decrease/(Increase) from Deferred Income (Except Liabilities from Customer Contracts)	26	(75.398.489)	(217.762.216)
Other adjustments for increase (decrease) in other working capital		31.280.391	(33.795.244)
Total Cash Flows from Operating Activities		1.124.632.545	295.489.365
Payments Within Provisions Related To Employee Benefits	24	(136.757.506)	(9.001.481)
Income Taxes Refund/Paid		(437.105.607)	(816.578.587)
B) CASH FLOWS FROM INVESTING ACTIVITIES		(480.794.067)	(478.569.574)
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	4.952.156	15.917.768
Cash outflows from purchase of property, plant and equipment and intangible assets	18,19	(461.412.728)	(494.487.342)
Cash outflows from purchase of investment properties		(24.333.495)	-
C) CASH FLOWS FROM FINANCING ACTIVITES		950.931.547	1.239.532.968
Cash inflows from borrowings	8	4.617.366.137	8.453.065.696
Cash outflows from repayments of borrowings	8	(2.892.619.815)	(6.712.881.976)
Payments of lease liabilities, classified as financing activities	8	(3.238.056)	(2.131.650)
Dividends Paid	27	(187.642.457)	(230.823.221)
Interest Paid	33	(716.561.583)	(328.199.662)
Interest Received		133.627.321	60.503.781
D) INFLATION EFFECT ON CASH AND CASH EQUIVALENTS		(317.285.664)	(377.932.623)
Net Increase (decrease) in cash and cash equivalents after effect of exchange rate changes		703.621.248	(147.059.932)
Exchange rate effect on cash and cash equivalents		(54.526.169)	(13.807.568)
Net Increase/(Decrease) in Cash and Cash Equivalents		649.095.079	(160.867.500)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	804.683.890	965.551.390
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	1.453.778.969	804.683.890

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 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 Istanbul and there is no shareholder who is holding voting rights more than 10%.

As of 31 December 2023, 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 (%)
		Packaging materials steel spools, import machinery manufacturing and export		
Sarkuysan A.Ş.	Sarmakina San.ve Tic. A.Ş.		Turkey	99,00
Sarkuysan A.Ş.	Sarda Dağve Tic.A.Ş.	Marketing and Distribution	Turkey	99,97
	Bektaş Emaye Kablo San.			
Sarkuysan A.Ş.	Tic. A.Ş.	Rent income and subsidiary revenues	Turkey	70,71
	Bektaş Emaye Kablo San.			
Sarda Dağ. Ve Tic. A.Ş	Tic. A.Ş.	Rent income and subsidiary revenues	Turkey	29,13
		Import and trade of electrolytic copper		
Sarkuysan A.Ş.	Ege Serbest Bölge Şubesi	wire	Turkey	100,00
	Demisaş DökümEmaye Mam.	Import and trade of steels parts for		
Sarkuysan A.Ş.	San.A.Ş.	automotive and household appliances	Turkey	44,44
	Bemka Kupferlackdraht			
Sarkuysan A.Ş.	GMBH.	Marketing and Distribution	Germany	99,60
		Production of Electrolytic Copper And		
Sarkuysan A.Ş.	Sark Bulgaria A.D.	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
		Production of Electrolytic Copper and		
Sarmakina San. Ve Tic. A.Ş.	Sark Bulgaria A.D.	Conductors	Bulgaria	10,00
Sarmakina San. Ve Tic. A.Ş.	Sark Gıda San. Tic. A.Ş.	Food and retail	Turkey	99,00
		Production and trading of Electrolytic		
Sarkuysan A.Ş.	CRW Metal San. ve Tic. A.Ş.	Copper	Turkey	42,50
		Production and trading of Electrolytic		
Sarmakina San. Ve Tic. A.Ş.	CRW Metal San. ve Tic. A.Ş.	Copper	Turkey	40,00
		Packaging materials steel spools, import machinery manufacturing and		
Sarmakina San. Ve Tic. A.Ş.	Sar Makina Bulgaria EAD.	export.	Bulgaria	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 1.272 (31 December 2022: 1.218)

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

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	31 December 2023	31 December 2022
Unionized Labour	747	666
Free Labour	18	93
White-Collar Worker	507	459
Total	1.272	1.218

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 2023 have been approved for issue by the Board of Directors ("BOD") on 6 May 2024 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

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.

The financial statements have been prepared on a going concern basis, under the assumption that the Company will benefit from its assets and fulfill its obligations in the next year and in the natural course of its activities.

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".

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- 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 Financial Reporting in Hyperinflationary Economies

In accordance with the decision of the Capital Markets Board dated December 28, 2023, numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards are to implement inflation accounting by applying the provisions of TAS 29 starting from the annual financial reports for the fiscal periods ending on December 31, 2023.

With the announcement made by the Public Oversight, Accounting and Auditing Standards Authority (KGK) on November 23, 2023, titled "Announcement on the Application of TAS 29 Financial Reporting in Hyperinflationary Economies and Financial Reporting Standarts for Large and Medium Enterprises (BOBI FRS) Section 25 Financial Reporting in Hyperinflationary Economies," it has been explained that the financial statements of entities applying Turkish Financial Reporting Standards (TFRS) for reporting periods ending on or after December 31, 2023, must be adjusted for inflation in accordance with the relevant accounting principles set out in the "Turkish Accounting Standard 29 Financial Reporting in Hyperinflationary Economies." As a result, the financial statements of entities whose functional currency is the Turkish Lira (TL) will be adjusted as of December 31, 2023, in accordance with TAS 29 to reflect changes in the general purchasing power of the Turkish Lira. The adjustment is calculated using the consumer price index adjustment coefficients published by the Turkish Statistical Institute (TÜİK) derived from the general price levels in Turkey.

The indices and adjustment coefficients for the last three years used in the restatement of the (consolidated) financial statements are as follows:

Date	Indices	Coefficients
31 Aralık 2023	1.859,38	1,00000
31 Aralık 2022	1.128,45	1,64773
31 Aralık 2021	686,95	2,70672

In accordance with the POA's 'Implementation Guide on Financial Reporting in Economies with High Inflation', the financial statements dated 1 January 2022, which are the opening balance of the comparative financial statements for the consolidated financial statements of the companies ending period on 31 December 2023, are accepted as the opening statement of financial position and the current reporting period is adjusted to be expressed in units of measurement at the end. However, it is not mandatory to submit the opening statement of financial position for 1 January 2022.

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.



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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.

As of 31 December 2023 and 2022, the subsidiaries ("Subsidiaries") included in the consolidation scope of Sarkuysan, their ownership interests is as follows:

31 December 2023

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.	99,98%	–	99,98%
Bektaş Emaye Kablo San. Tic. A.Ş.	70,70%	29,13%	99,83%
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%
CRW Metal San. ve Tic. A.Ş.	42,50%	40%	82,50%
Sar Makina Bulgaria EAD.	–	100%	100%

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.	99,98%	–	99,98%
Bektaş Emaye Kablo San. Tic. A.Ş.	70,70%	29,13%	99,83%
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 2023 and 2022, the associates ("Associates") included in the consolidation scope of Sarkuysan, their ownership interests is as follows:

31 December 2023

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

31 December 2022

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

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

To enable the identification of financial position and performance trends, the Group's consolidated financial statements are prepared on a comparative basis with the previous period. When the presentation or classification of consolidated financial statement items changes, the previous period's consolidated financial statements are also reclassified accordingly to ensure comparability.

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.

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. Estimations regularly are reviewed; adjusted, if necessary, and these adjustment are reflected to income statements when they are realized.

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:

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- a. 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)**.
- b. The Group depreciates its property, plant and equipment on a straight-line basis over their useful lives. Estimated useful life residual value and depreciation method are reviewed every year for possible effects of changes in estimates and are accounted for prospectively if there is a change in estimates. **(Note 2.09.03-2.09.04)**
- c. On the provision for lawsuits in **Note 22**, the probability of losing these cases regarding collecting the receivables and the consequences to be faced if these cases are lost evaluated in accordance with the opinions of the Group's legal counsel as of 31 December 2023 and 2022.
- d. In determining the impairment of trade receivables, creditworthiness of debtors, past payment performances and restructuring conditions, collaterals of mortgages and receivable insurance amounts taken into consideration **(Note 10)**. In addition, the Group hedges its domestic and foreign receivables with insurance, letters of guarantee and various guarantees in accordance with the credit risk policy. The Group calculates the expected credit loss using the expected life-to-maturity ratio by adopting the simplified approach model for trade receivables that does not include a significant financing component in accordance with TFRS 9. This model is based on a review of the collection performance of the customer on the basis of past and the comparison of the sales made and the submerged ratio account which includes future forecasts taking into account the future credit risks and macroeconomic impacts. In the expected credit loss calculations, the right to insurance 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 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

Changes are made in accounting policies if necessary or if it results in a more appropriate and reliable presentation of the effects of transactions and events on the Group's financial position, performance or cash flows in the consolidated financial statements. If changes in accounting policies affect previous periods, the policy in question is applied retrospectively in the consolidated financial statements as if it had always been in use.

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.

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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.

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 presented by deducting accumulated depreciation from the purchase cost for items purchased. Property, plant and equipments are depreciated using the straight-line method base on their useful lives.



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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 2023 Ratio (%)	31 December 2022 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

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. 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.

Type	Economic Useful Lives (Year)	31 December 2023 Ratio (%)	31 December 2022 Ratio (%)
Rights	3 – 15	7-33	7-33
Development Costs	5	20	20
Other Intangible Assets	3 – 10	10 – 33	10 – 33

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.

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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:

- The contract includes an identified asset (contract includes a definition of a specified asset explicitly or implicitly),
- b-The physical separation of a functional part of the asset or representing nearly all of the asset's capacity. The asset is not considered as specified if the supplier has a substantive right to substitute the asset and can derive economic benefits from it.
- 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:
  - 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
  - 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:

- The amount of the initial measurement of the lease liability,
- Any lease payments made at or before the commencement date, less any lease incentives received,
- Any initial direct costs incurred by the Group, and
- 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:

- Less any accumulated depreciation and any accumulated impairment losses; and
- 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.

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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.

***Lease Liability***

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

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

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

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

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

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

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

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

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

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

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

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

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.

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

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

***Group-as 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)**.

***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,

The Group has no capitalised development costs during the period.

***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.



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2.09.09 Financial instruments

I. Financial assets

i. Financial assets and liabilities–Classification and measurement

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

- a. Financial instruments 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.

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

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ii. Impairment of financial assets

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 diffuculty 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 diffuculty 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.

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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.

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.

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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.

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).



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**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 statuory 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.

**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.

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***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 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 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 recognized 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 2023 and 2022 and the foreign currencies and TL equivalents are as follows:

The year-end and average rates for 2023 and 2022 for one USD, EUR and LEVA can be summarized as below:

As of the Balance Sheet Date

	USD	EURO	LEVA
31 December 2023 (Bid)	29,4382	32,5739	16,5611
31 December 2023 (Ask)	29,4913	32,6326	16,7778
31 December 2022	18,6983	19,9349	10,1354

Average Rate

	USD	EURO	LEVA
01 January 2023–31 December 2023	23,7482	25,6852	13,0584
01 January 2022–31 December 2022	16,5453	17,3604	8,8280

2.12 Going concern

As of 31 December 2023, 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.

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2.13 New and Revise International Financial Reporting Standards and Interpretations.

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2023 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Accounting Standards ("TAS")/TFRS and ("TAS")/TFRS interpretations effective as of 1 January 2023. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations to the existing previous standards which are effective from 31 December 2023 are as follows:

Narrow scope amendments to TAS 1, Practice Statement 2 and TAS 8;

Effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The impact of this amendment on the Group's financial position and performance is being assessed.

Amendment to TAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;

Effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The impact of this amendment on the Group's financial position and performance is being assessed.

Amendment to TAS 12,

Temporary exception is effective for yearends ending on or after 31 December 2023. The disclosure requirements are effective for annual periods beginning on or after 1 January 2023, with early application permitted. The amendment also introduces specific disclosure requirements for entities affected by such tax laws. The exception to not recognize and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, along with the disclosure requirement that the exception has been applied, is effective upon issuance of the amendment.

TFRS 17, 'Insurance Contracts';

Effective from annual periods beginning on or after 1 January 2023. This standard replaces TFRS 4, which permitted a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts.

However, it was reported that in a letter dated April 6, 2023, the Public Oversight Authority (KGK) informed the Turkish Insurance, Reinsurance and Pension Companies Association that it was decided that TFRS 17 would be applied to the consolidated and individual financial statements of insurance, reinsurance and pension companies, banks with partnerships/ investments in these companies, and other companies with partnerships/investments in these companies, starting from January 1, 2024.

The amendment to TAS 12, "International Tax Reform;

Temporary Exception," is effective for year-ends ending on or after December 31, 2023. The disclosure requirements are effective for annual periods beginning on or after January 1, 2023, with early application permitted. This amendment clarifies the application of IAS 12 to income taxes arising from tax laws enacted or substantively enacted to implement the OECD's Pillar Two Model Rules. The amendment also introduces specific disclosure requirements for entities affected by such tax laws.



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ii) Standards, amendments, and interpretations that are issued but not effective as at 31 December 2023:

Amendment to IAS 1 – Non-current liabilities with covenants;

Effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve the information an entity provides related to liabilities subject to these conditions. The impact of this amendment on the Group's financial position and performance is being assessed.

Amendment to IFRS 16 – Leases on sale and leaseback;

Effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain 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. The impact of this amendment on the Group's financial position and performance is being assessed.

Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;

Effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. The impact of this amendment on the Group's financial position and performance is being assessed.

IFRS S1, 'General requirements for disclosure of sustainability-related financial information;

Effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain. The impact of this amendment on the Group's financial position and performance is being assessed.

IFRS S2, 'Climate-related disclosures';

Effective from annual periods beginning on or after 1 January 2024. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities. The impact of this amendment on the Group's financial position and performance is being assessed.

On December 29, 2023, the Public Oversight Authority (KGK) published a Board Decision in the Official Gazette, announcing that certain businesses will be subject to mandatory sustainability reporting starting from January 1, 2024. The companies included in the scope of the sustainability application are determined in order to identify the businesses that will be subject to sustainability reporting within the scope of the "Board Decision on the Determination of Businesses Subject to Sustainability Reporting Within the Scope of the Application of Turkey Sustainability Reporting Standards (TSRS)" dated January 5, 2024.

The impact of above standards, amendments and improvements on the Group's financial position and performance is being assessed.

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iii) Standards, amendments, and interpretations that are issued by IASB but not yet published by KGK as at 31 December 2023:

The amendments to IAS 21 mentioned below have been published by the IASB, but have not yet been adapted/published by the POA to TFRS. For this reason, they do not form part of TFRS. The Group will make the necessary changes in its consolidated financial statements and notes after these changes come into effect in TFRS.

IAS 21 Amendments

In August 2023, the Board issued amendments to IAS 21. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

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

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 is as follows:

31 December 2023

	Copper	Enamelled Copper Wire	CTC Wire	Spools	Machinery	Other	Total	Adjustments for Consolidation and Elimination	01.01.2023 31.12.2023
Revenue	52.766.846.442	3.809.316.477	437.082.881	82.352.868	175.664.319	297.516.270	57.568.779.257	(12.266.775.706)	45.302.003.551
Cost of Sales	(48.637.330.742)	(3.477.407.589)	(365.596.648)	(49.948.262)	(93.451.783)	(173.741.915)	(52.797.476.939)	9.667.101.767	(43.130.375.172)
Gross Profit	4.129.515.700	331.908.888	71.486.233	32.404.606	82.212.536	123.774.355	4.771.302.318	(2.599.673.939)	2.171.628.379

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	61.298.859.428	3.861.593.287	719.125.909	71.338.407	122.128.149	268.412.835	66.341.458.015	(13.088.418.054)	53.253.039.961
Cost of Sales	(58.075.544.282)	(3.615.118.289)	(619.380.477)	(45.009.894)	(55.826.553)	(227.651.098)	(62.638.530.593)	10.790.813.030	(51.847.717.563)
Gross Profit	3.223.315.146	246.474.998	99.745.432	26.328.513	66.301.596	40.761.737	3.702.927.422	(2.297.605.024)	1.405.322.398

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NOTE 6 CASH AND CASH EQUIVALENTS

As of 31 December 2023 and 2022, the breakdown of cash and cash equivalents is as follows:

Account Name	31 December 2023	31 December 2022
Cash in hand	112.948	181.797
Banks	1.463.756.448	806.943.842
-Demand deposits	285.222.964	284.177.373
-Time deposits	1.178.533.484	522.766.469
Other	1.523	2.497
Cash and cash equivalents, net	1.463.870.919	807.128.136

As of 31 December 2023 and 2022, the Group has no blocked deposits.

As of 31 December 2023, interest accrual from time deposits calculated using the annual effective interest method is amounting to TL 10.091.950. (31 December 2022: TL 2.444.246)

As of 31 December 2023 and 2022, cash and cash equivalents presented in the consolidated statements of cash flows is as follows:

Account Name	31 December 2023	31 December 2022
Net balance sheet position	1.463.870.919	807.128.136
Less: Interest accruals	(10.091.950)	(2.444.246)
Total cash and cash equivalents position in the consolidated statement of cash flow, net	1.453.778.969	804.683.890

The maturity analysis of bank deposits is as follows:

Account Name	31 December 2023	31 December 2022
Demand deposits	285.222.964	284.177.373
1-30 days	1.029.001.599	422.110.466
30-90 days	149.531.885	100.656.003
Total	1.463.756.448	806.943.842

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

Currency	31 December 2023		31 December 2022	
	TL Equivalent	Annual Effective Interest Rate (%)	TL Equivalent	Annual Effective Interest Rate (%)
TL	470.671.668	11,01-53,39%	278.173.411	9,03%-21,85%
USD	225.823.800	0,00%	155.202.398	0,05%-0,33%
EURO	466.771.389	0,00%-0,01%	85.368.465	0,01%-0,02%
GBP	15.266.627	0,00%-0,01%	4.022.195	0,01%-0,02%
Toplam	1.178.533.484		522.766.469	

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NOTE 7 FINANCIAL INVESTMENTS

As of year ends, the functional breakdown of financial investments is as follows:

I) Short-term financial investments

	Effective Ownership Interest held by Sarkuysan	1 January-31 December 2023	1 January-31 December 2022
Non-current assets			
Unlisted shares:			
İş Yatırım Menkul Değerler A.Ş.	<1	344.938	140.779
		344.938	140.779

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 2023 and 2022, long term financial investments are as follows:

	Effective Ownership Interest held by Sarkuysan	1 January-31 December 2023	1 January-31 December 2022
Non-current assets			
Unlisted shares:			
İş Yatırım Menkul Değerler A.Ş.	< 1	344.938	140.779
Kaşı Kuyumcukent Alış Veriş Merkezi (*)	< 1	7.838	7.838
Kiaş Kuyumcukent İşletme A.Ş. (*)	< 1	41.467	41.467
Kocaeli Savunma Sanayi ve Ticaret A.Ş.	> 1	681.432	790.992
Listed shares:			
Kuyaş Kuyumculuk Gayrimenkul Yatırım Ort.	< 1	7.536.251	6.126.538
		8.611.926	7.107.614

(\*) Shares whose fair value difference is reflected in the income statement, which do not have a market price in an active market and whose market value cannot be determined using other valuation methods, are shown in the consolidated financial statements with their indexed values as of the date of the last fair value determination. Since there are no independent company valuation studies as of a current date for the shares whose fair value difference is reflected in the income statement, for which there is no active market price, there is no hard data for the permanent impairment. Therefore, no impairment provision has been made for these financial assets.



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The movement of long and short term equity securities is as follows;

Long-Term Securities:	1 January- 31 December 2023	1 January- 31 December 2022
Beginning of the Period – 1 January	7.107.614	3.170.215
Additions	–	–
Changes in Fair Value	5.178.277	5.846.825
Disposals (–)	–	(624)
Inflation Effect	(3.673.965)	(1.908.802)
End of the Period – 31 December	8.611.926	7.107.614

NOTE 8 FINANCIAL LIABILITIES

As of year ends, the breakdown and details of current financial liabilities are as follows:

Account Name	31 December 2023	31 December 2022
Bank borrowings	3.330.922.919	3.580.556.874
Issued Debt Instruments (*)	283.613.221	–
Short-term portion of long-term bank borrowings	828.282.560	1.086.771.312
Finance lease liabilities	40.040.191	22.979.175
Other	181.633.136	587.512.347
Bond Principal Debt, Installments and Interests (**)	97.676.815	–
Lease liabilities	4.504.287	679.939
Total	4.766.673.129	5.278.499.647

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

As of December 31,2023 and December 31,2022, the breakdown and details of non-current financial liabilities are as follows:

Account Name	31 December 2023	31 December 2022
Bank borrowings	1.023.133.819	917.675.438
Finance lease liabilities	76.485.478	15.810.547
Lease liabilities	6.785.855	1.846.728
Issued Debt Instruments (**)	185.983.572	–
Total	1.292.388.724	935.332.713

(\*) The company has a 179-day maturity, fixed interest coupon payment, 1 March 2024, to be sold to qualified investors without public offering within the country, within the scope of the issue limit deemed appropriate by the decision of the Capital Markets Board dated 16 January 2023 and numbered E-29833736-105.02.02-31861. It issued a financing bond with a redemption date and an ISIN code of TRFSRKY32418 with a nominal value of TL 250.000.000. Issued Debt Securities are included in the financial statements at amortized cost.

(\*\*) The company has a maturity of 733 days, fixed interest rate, coupon payments every 6 months, to be sold to qualified investors without public offering within the country, within the scope of the issue limit deemed appropriate by the decision of the Capital Markets Board dated 16 January 2023 and numbered E-29833736-105.02.02-31861. The Company has issued bonds with a nominal value of TL 250.000.000, with ISIN code TRSSRKY92514, with a redemption date of 15 September 2025. Issued Debt Securities are included in the financial statements at amortized cost.

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a) Maturity analysis of Bank Borrowings are as follows;

Bank Borrowings	31 December 2023	31 December 2022
0–3 months	1.217.785.567	680.637.696
4–12 months	2.941.419.912	3.986.690.490
13–36 months	725.091.683	815.910.621
37–60 months	255.166.434	101.764.817
60 months and above	42.875.702	–
TOTAL	5.182.339.298	5.585.003.624

Finance lease liabilities	31 December 2023	31 December 2022
0–3 months	–	6.340.259
4–12 months	40.040.191	16.638.916
13–36 months	76.485.478	13.477.039
37–60 months	–	2.333.508
TOTAL	116.525.669	38.789.722

31 December 2023

Bank Borrowings

Type	Original Currency Amount	TL Equivalent	Annual Effective Interest Rate (%)
TL Loans	1.161.075.445	1.161.075.445	11,30–55,46%
USD Loans	12.294.038	361.914.339	4,31–11,20%
EURO Loans	55.502.507	1.807.933.135	2,90–9,22%
GBP Loans	–	–	–
Total loans (Short-term)	3.330.922.919	3.330.922.919	–

Type	Original Currency Amount	TL Equivalent	Annual Effective Interest Rate (%)
TL Loans	45.085.923	45.085.923	20,86–21,87%
USD Loans	2.299.677	67.698.359	1,70–12,75%
EURO Loans	15.451.554	503.317.355	2,9–9,16%
GBP Loans	5.666.968	212.180.923	10,42–11,43%
Total loans (Short-term portion of long-term bank borrowings)	828.282.560	828.282.560	–

Type	Original Currency Amount	TL Equivalent	Annual Effective Interest Rate (%)
TL Loans	30.559.758	30.559.758	13,77–14,21%
USD Loans	17.123.996	504.099.628	1,7%–5,7%
EURO Loans	14.995.885	488.474.433	2,9–9,16%
GBP Loans	–	–	–
Total loans (Long-term)	1.023.133.819	1.023.133.819	–

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Finance lease liabilities

31 December 2023	Original Currency Amount	TL Equivalent
Finance lease liabilities–USD (1–12 months)	1.360.144	40.040.191
Finance lease liabilities–USD (1–5 years)	2.598.170	76.485.478
<b>Total</b>		<b>116.525.669</b>

31 December 2022

Bank Borrowings

Type	Original Currency Amount	TL Equivalent	Annual Effective Interest Rate (%)
TL Loans	–	923.730.330	13–24%
USD Loans	36.622.818	1.128.339.839	11,75–18,70%
EURO Loans	46.533.054	1.528.486.705	2,78–7,75%
GBP Loans	–	–	–
<b>Total loans (Short-term)</b>		<b>3.580.556.874</b>	

Type	Original Currency Amount	TL Equivalent	Annual Effective Interest Rate (%)
TL Loans	–	136.471.212	14,31–19%
USD Loans	2.153.620	66.352.502	11,75–18,70%
EURO Loans	23.811.814	782.154.577	2,35–7,35%
GBP Loans	2.746.995	101.793.021	9,65–10,62%
<b>Total loans (Short-term portion of long-term bank borrowings)</b>		<b>1.086.771.312</b>	

Type	Original Currency Amount	TL Equivalent	Annual Effective Interest Rate (%)
TL Loans	–	230.682.200	15,75%
USD Loans	3.461.015	106.633.023	11,75–18,70%
EURO Loans	15.107.056	496.226.495	2,35–7,35%
GBP Loans	2.270.440	84.133.720	9,65–10,62%
<b>Total loans (Long-term)</b>		<b>917.675.438</b>	

Finance lease liabilities

31 December 2022	Original Currency Amount	TL Equivalent
Finance lease liabilities–USD (1–12 months)	745.841	22.979.175
Finance lease liabilities–USD (1–5 years)	513.167	15.810.547
<b>Total</b>		<b>38.789.722</b>

NOTE 9 OTHER FINANCIAL LIABILITIES

None.

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NOTE 10 TRADE RECEIVABLES AND PAYABLES

As of December 31,2023 and December 31,2022, the functional breakdown and detailed analysis of short-term trade receivables are as follows:

Account Name	31 December 2023	31 December 2022
Trade Receivables from Third Parties	4.899.080.376	5.810.109.445
–Customers	4.954.833.382	5.817.642.708
–Notes Receivables	959.933	17.587.784
–Discount on Notes Receivables	(56.712.939)	(25.121.047)
–Doubtful Trade Receivables	210.080.044	294.153.962
–Provisions for Doubtful Trade Receivables (–)	(210.080.044)	(294.153.962)
Trade Receivables from Related Parties	27.052.517	13.516.519
–Related Parties	27.052.517	13.516.519
<b>Short-term trade receivables, net</b>	<b>4.926.132.893</b>	<b>5.823.625.964</b>

The average turnover period for trade receivables is 34 days. (31 December 2022: 45 days) Receivables from both domestic and foreign sales are insured by Exim Bank receivables insurance.

As of December 31,2023 and December 31,2022, annual effective interest rates on trade receivables base on currency type are as follows:

Account Name	31 December 2023	31 December 2022
TL Trade Receivables	% 48	% 11,750
Euro Trade Receivables	% 5,586	% 3,291
Usd Trade Receivables	% 3,513	% 5,482
Gbp Trade Receivables	% 5,185	% 4,372

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 2023, provision for doubtful trade receivables is amounting to **TL 210.080.044. (Dipnot 31)** (31 December 2022: **TL 294.153.962**)

Movements of provision for doubtful receivables are as follows:

Account Name	1 January– 31 December 2023	1 January– 31 December 2022
Beginning of the Period – 1 January	(294.153.962)	(332.778.826)
Provisions no longer required	57.576.569	7.338.111
Currency translation differences (*)	(106.691.843)	(72.980.056)
Increases during the period	(3.834.152)	(69.423.778)
Inflation Effects	137.023.344	173.690.587
<b>End of the period – 31 December</b>	<b>(210.080.044)</b>	<b>(294.153.962)</b>

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As of year ends, the Group has no long-term trade receivables.

As of year ends, the functional breakdown and detailed analysis of short-term trade payables are as follows:

Account Name	31 December 2023	31 December 2022
Trade Payables to Third Parties	2.967.164.287	3.082.313.913
-Suppliers	2.979.015.577	3.088.289.426
-Notes Payable	259.351	1.180.198
-Discount on Notes Payable	(12.110.641)	(7.155.711)
Trade Payables to Related Parties	-	-
-Related Parties	-	-
Short-term trade payables, net	2.967.164.287	3.082.313.913

As of 31 December 2023, the average turnover period for trade payables is 26 days. (31 December 2022: 22 days)

As of 31 December 2023 and 31 December 2022, annual effective interest rates on trade payables base on currency type are as follows:

Account Name	31 December 2023	31 December 2022
TL Trade Payables	% 48	% 11,750
Euro Trade Payables	% 5,586	% 3,291
Usd Trade Payables	% 3,513	% 5,482
Gbp Trade Payables	% 5,185	% 4,372

As of year ends, the Group has no long-term trade payables.

NOTE 11 OTHER RECEIVABLES AND PAYABLES

As of year ends, the functional breakdown and detailed analysis of short-term other receivables are as follows:

Account Name	31 December 2023	31 December 2022
Deposits and Guarantees Given	26.066.075	35.896.997
Receivables from Tax Office	308.903.451	216.262.077
Due from Employees	3.142.522	2.916.511
Other	23.583.693	3.820.384
Short-term other receivables, net	361.695.741	258.895.969

As of year ends, the breakdown of long-term other receivables is as follows:

Account Name	31 December 2023	31 December 2022
Deposits and Guarantees Given	4.681.415	7.431.836
Other	(244.958)	(1)
Total	4.436.457	7.431.835

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As of year ends, the functional breakdown of short-term other payables is as follows:

Account Name	31 December 2023	31 December 2022
Other Payables to Third Parties	74.519.915	38.648.786
Other	66.738.182	25.852.754
Deposits and Guarantees Received	163.478	9.413.399
Taxes, Fees And Other Fees to Pay	7.126.204	2.904.778
Other Liabilities	492.051	477.855
Other Payables to Related Parties	-	-
Total	74.519.915	38.648.786

As of year ends, the Group has no long-term other payables.

NOTE 12 EMPLOYEE BENEFITS

As of year ends, the breakdown of employee benefits is as follows:

Account Name	31 December 2023	31 December 2022
Due to Employees	8.214.396	6.855.075
Taxes, Fees And Other Fees to Pay	5.168.772	49.692.640
SSI Premium Payables	11.455.266	13.547.860
Total	24.838.434	70.095.575

NOTE 13 INVENTORIES

As of year ends, the breakdown of inventories is as follows:

Account Name	31 December 2023	31 December 2022
Raw Materials and Supplies	1.667.383.071	999.160.597
Semi-Finished Goods	995.266.005	1.385.209.870
Finished Goods	2.121.622.747	1.985.950.970
Merchandise	33.742.007	4.500.583
Other Inventories	38.468.892	46.364.910
Total	4.856.482.722	4.421.186.930

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 current and prior years, 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.



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**NOTE 14 DERIVATIVE INSTRUMENTS**

As of year ends, the detailed analysis of derivative instruments is as follows:

**31 December 2023**

As of 31 December 2023, the Group has forward foreign exchange purchase and sales contracts with a sale feature of TL 833.522.950 against to purchase of USD 26.960.579, sales of TL 281.904.148 against to purchase of EUR 8.359.575, sale feature of EUR 3.000.000 against to purchase of USD 3.297.800, sale feature of GBP 800.000 against to USD 991.670 with maturity. The Group has liabilities arising from purchase of derivative instruments amounting to TL 7.889.398 arising from these contracts.

In addition, the Group has USD 6.009.564, EURO 12.374.891 purchase and USD 6.265.560, EURO 12.510.611 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 11.474.057 arising from aforementioned contracts.

**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 and 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 purchase of derivative instruments amounting to TL 9.986.343 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 3.631.435 arising from aforementioned contracts.

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

	31 December 2023		31 December 2022	
	Asset	Liabilites	Asset	Liabilites
Forward Contracts		(7.889.398)		(9.986.343)
Commodity Swaps as Hedge Instruments	11.474.057		3.631.435	
<b>Total</b>	<b>11.474.057</b>	<b>(7.889.398)</b>	<b>3.631.435</b>	<b>(9.986.343)</b>

**NOTE 15 CONSTRUCTION CONTRACTS**

None.

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**NOTE 16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

As of year ends, investments accounted for using the equity method of the associate are as follows:

**31 December 2023**

Associate	Effective Ownership Interest held by Sarkuysan (%)	Provision for Impairment	31 December 2023 Net Position in the Consolidated Statement of Financial Position
Demisaş	44	–	288.131.498
<b>Total</b>		<b>–</b>	<b>288.131.498</b>

**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	–	231.505.704
<b>Total</b>		<b>–</b>	<b>231.505.704</b>

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

	1 January- 31 December 2023	1 January- 31 December 2022
Beginning of the period – 1 January	231.505.704	362.790.378
Increase /(Decrease) in Investment Value	53.589.577	(113.141.499)
Dividends	–	(7.188.872)
Capital increase in Cash (+)	–	–
Share of other comprehensive income	3.036.217	(10.954.303)
<b>End of the period – 31 December</b>	<b>288.131.498</b>	<b>231.505.704</b>

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

	31 December 2023	31 December 2022
Total Assets	2.292.452.533	2.175.736.879
Equity	783.102.032	534.854.158
Adjustment according to Change in the <i>Group's Accounting Policy</i>	(134.741.326)	(13.914.231)
Equity, net	648.360.706	520.939.927
Sales, net	2.862.137.917	2.751.103.539

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DİPNOT 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 year ends, the details of investment properties are as follows:

31 December 2023

Carrying value	Opening Balance 1 January 2023	Changes in Fair Value	Transfers (P&PE)	Additions	Disposals (-)	Closing Balance 31 December 2023
Land:	126.436.914	83.428.086	-	-	-	209.865.000
Land	126.436.914	83.428.086	-	-	-	209.865.000
Buildings:	568.796.396	78.033.604	-	-	-	646.830.000
Gebze Warehouse	144.678.933	20.121.067	-	-	-	164.800.000
Gebze Building and Warehouse	248.230.525	38.269.476	-	-	-	286.500.000
Kuyumcukent Workshop and Store	9.952.289	47.711	-	-	-	10.000.000
Pendik Facilities	140.658.471	18.271.529	-	-	-	158.930.000
Perpa Head Office	25.276.178	1.323.822	-	-	-	26.600.000
TOTAL	695.233.310	161.461.690	-	-	-	856.695.000

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:	82.555.145	43.881.769	-	-	-	126.436.914
Land	82.555.145	43.881.769	-	-	-	126.436.914
Buildings:	334.510.741	243.498.620	-	-	(9.212.965)	568.796.396
Gebze Warehouse	73.947.756	70.731.177	-	-	-	144.678.933
Gebze Building and Warehouse	122.073.346	126.157.179	-	-	-	248.230.525
Kuyumcukent Workshop and Store	17.891.459	1.273.795	-	-	(9.212.965)	9.952.289
Pendik Facilities	105.332.245	35.326.226	-	-	-	140.658.471
Perpa Head Office	15.265.935	10.010.243	-	-	-	25.276.178
TOTAL	417.065.886	287.380.389	-	-	(9.212.965)	695.233.310

As of 31 December 2023, the Group has been reflected the fair values of its land and buildings in the accompanying consolidated financial statements which are presented under investments properties in accordance with the appraisal reports prepared by Aden Gayrimenkul Değerleme ve Danışmanlık A.Ş. on 5 February 2024.

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As of year ends, the functional breakdown and detailed list of investment properties are as follows:

31 December 2023

Province	District	Town/Neighborhood	Deed of Investment Property (m²)	Date of Acquisition
Kocaeli (a)	Gebze	Sırasöğütler	8.198,54	30.06.2000
Kocaeli (a)	Gebze	Sırasöğütler	15.001,23	30.09.1991
İstanbul (b)	Pendik	Ortamahalle	5.833,04	10.06.1990
Kocaeli (c)	Darica	Darica 2	4.248	6.08.2004
Kocaeli (c)	Darica	Darica 2	1.515	31.08.2009
Kocaeli (d)	Darica	Tepecik Köyü	7.050	28.07.1998
Kocaeli (d)	Darica	Tepecik Köyü	14.800	28.07.1998
Kocaeli (e)	Gebze	Duraklı Köyü	23.888	9.07.1997
Kocaeli (e)	Gebze	Duraklı Köyü	7.360	9.07.1997
Kocaeli (e)	Gebze	Duraklı Köyü	8.620	9.07.1997
İstanbul	Bahçelievler	Yenibosna Mahallesi	179	5.04.2013
İstanbul	Bahçelievler	Yenibosna Mahallesi	179	5.04.2013
İstanbul (f)	Şişli	Halil Rifat Paşa Mahallesi	492	26.11.1997 ve 25.08.2000

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 Mahallesi	7.135	28.07.1998
Kocaeli (d)	Dilovası	Tepecik Mahallesi	14.707	28.07.1998
Kocaeli (e)	Gebze	Duraklı Köyü	23.901	09.07.1997
Kocaeli (e)	Gebze	Duraklı Köyü	7.348	09.07.1997
Kocaeli (e)	Gebze	Duraklı Köyü	8.510	09.07.1997
İstanbul (f)	Şişli	Kaptanpaşa	493	26.11.1997 ve 25.08.2000
İstanbul (g)	Bahçelievler	Yenibosna	62	24.06.2009
Sakarya (h)	Erenler	Ekinli Mahallesi	5.600	15.05.2000

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Lands:

- a. The ownership and zoning information for the parcels classified under Investment Properties, located in Kocaeli Province, Gebze District, İstasyon Neighborhood, parcels 14 of block 5739 and 16 of block 5741, are as follows:  
On parcel 14 of block 5739, there is a factory building and land covering 8,198.54 square meters, with an easement right in favor of TEDAŞ on 1,980 square meters of this area. Parcel 16 of block 5741 consists of a plot of land with a surface area of 15,001 square meters and a gross enclosed area of 5,014 square meters, with an easement right in favor of TEDAŞ on 726 square meters of this area. The parcels where the properties under valuation are located were initially within the scope of the "Gebze District Implementation Zoning Plan" at a scale of 1/1,000, ratified on 09.06.2022. However, the "Commercial Area Plan Region" covering an area of 200 hectares was annulled by the decision of the Kocaeli Administrative Court dated 13.01.2022, with case number 2005/2077 and decision number 2007/1597, and this annulment was upheld by the decision of the 6th Chamber of the Council of State, case number 2008/5314 and decision number 2010/3803. The properties were within the scope of the "E-5 2nd Region Master Zoning Plan" at a scale of 1/5,000, ratified on 12.10.2017, classified as "Commercial and Road Area." However, in the "E-5 2nd Region Implementation Zoning Plan" at a scale of 1/1,000, ratified on 11.05.2018, they are classified partly as "Road Area" and partly as "Commercial Area." The valuation was conducted based on the report dated February 5, 2024, numbered 2023-ÖZEL-644, by Aden Değerleme A.Ş., and the value of the properties, according to the comparable sales method, is 451,300,000 TL.
- b. The Group's Pendik Facilities, classified under Investment Properties, located at Ortamahalle Kavşak Caddesi, Door No: 8 (parcel 3 of block 10282) in Pendik / Istanbul, have no mortgage, lien, or restrictive annotation on the property as of the report date. Of the total 5,833.04 square meters of the Pendik Facilities, 811.50 square meters belong to the Pendik Municipality. Upon reviewing the title deed records, it has been determined that there have been no changes in the ownership status of the properties in the last three years. The valuation was conducted based on the report dated February 5, 2024, numbered 2023-ÖZEL-645, by Aden Değerleme A.Ş., and the value of the property, according to the comparable sales method, is 158,930,000 TL.
- c. The The Group's property classified under Investment Properties, located in Darıca Ş. Neighborhood, Darıca District, Kocaeli Province, on parcel 6 of block 1333 with an area of 7,755.25 square meters, is within the scope of the "Implementation Zoning Plan" at a scale of 1/1,000, dated 11.10.2022, numbered 554, with the zoning conditions of E: 1.50, Detached Order, Maximum Height: 10 Floors, and designated as a "Commercial Area." The property is a net parcel. The property was registered on 18.08.2023 with journal number 12975 as a result of the consolidation of parcels 1 and 5 of block 1333. The valuation was conducted based on the report dated February 5, 2024, numbered 2023-ÖZEL-646, by Aden Değerleme A.Ş., and the value of the property, according to the comparable sales method, is 155,900,000 TL.
- d. The Group's properties classified under Investment Properties, located in Tepecik Village, Dilovası District, Kocaeli Province, originally parcels 17 and 18, have been renumbered as parcels 11 and 12 of block 108. Parcel 17 was 7,050 square meters before the adjustment and became 7,135 square meters as parcel 11 of block 108. Parcel 18 was 14,800 square meters before the adjustment and became 14,707 square meters as parcel 12 of block 108. On parcels 11 and 12 of block 108, 533.211 square meters and 117.61 square meters respectively fall within forest boundaries as of the report date. Apart from this, there are no mortgages, liens, or restrictive annotations on the properties. The properties subject to the valuation are vacant as of the report date. Research conducted at the Dilovası Municipality Zoning Directorate revealed that the properties are located within "Other Agricultural Areas" according to the 1/25,000 scale revision master zoning plan sheet approved by the Council Decision dated December 16, 2008, numbered 669, and their locations are accurate. The valuation was conducted based on the report dated February 5, 2024, numbered 2023-ÖZEL-648, by Aden Değerleme A.Ş., and the value of the property, according to the comparable sales method, is 32,865,000 TL.

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- e. The Group's properties classified under Investment Properties, located in Duraklı Village, Domdompınarı area, Gebze District, Kocaeli Province, originally parcels 1128 (23,901 m²), 1135 (7,348 m²), and 1155 (8,510 m²) on map sheets 7 and 8, have been renumbered as parcels 34 of block 189, parcel 2 of block 198, and parcel 46 of block 199. Parcel 1135 was 7,360 m² before the adjustment and became 7,348 m² as parcel 34 of block 189. Parcel 1155 was 8,620 m² before the adjustment and became 8,510 m² as parcel 2 of block 198. Parcel 1128 was 23,888 m² before the adjustment and became 23,901 m² as parcel 46 of block 199. As of the report date, 3,585 m² of parcel 46 is owned by Sarkuysan Elektrolitik Bakır Sanayi ve Ticaret A.Ş. Apart from this, there are no mortgages, liens, or restrictive annotations on the properties. The properties subject to the valuation are vacant as of the report date. Research conducted at the Gebze Municipality Zoning Directorate revealed that the properties are located within "Other Agricultural Areas" according to the 1/25,000 scale master zoning plan sheet dated December 16, 2008, and their locations are accurate. The valuation was conducted based on the report dated February 5, 2024, numbered 2023-ÖZEL-649, by Aden Değerleme A.Ş., and the value of the property, according to the comparable sales method, is 19,075,000 TL.
- f. The Group's properties classified under Investment Properties, located in Kaptanpaşa Neighborhood, Şişli District, Istanbul, consist of independent sections numbered 111 and 1452 in Block A and sections numbered 978 and 980 in Block B of the Perpa Trade Center. Upon examining the title deed records, it was found that sections 978 and 980 in Block B have a first-degree mortgage of 10,000 TL in favor of the Istanbul Metropolitan Municipality (dated 03.12.1986, journal number 392) and a lease annotation in favor of TEK (dated 25.09.1987, journal number 3035). In the zoning status review, it was determined that the parcel on which the properties are located falls within the "Central Business Areas" according to the 1/1000 scale Dolapdere-Piyalepaşa Boulevard and Surroundings Implementation Zoning Plan sheet, approved on 08.02.2007, as examined at the Şişli Municipality Zoning Directorate. Research has indicated that there have been no changes in the ownership status of the properties in the last three years. The valuation was conducted based on the report dated February 5, 2024, numbered 2023-ÖZEL-650, by Aden Değerleme A.Ş., and the value of the property, according to the comparable sales method, is 26,600,000 TL.
- g. The Group's properties classified under Investment Properties, located in Yenibosna Neighborhood, Bahçelievler District, Istanbul, consist of independent section number 1412 in Block A of Kuyumcukent Business Center. According to the information obtained from the Bahçelievler Municipality Directorate of Zoning and Urban Planning regarding the parcel subject to valuation, the property falls within the "Bahçelievler Revision Implementation Zoning Plan" at a scale of 1/1,000, approved on 21.06.2009, and is designated as a "Small Industrial Area" with building conditions of KAKS: 3.00. It has been noted that implementation can be carried out based on the preliminary project approved by the Istanbul Metropolitan Municipality on a parcel basis. The valuation was conducted based on the report dated February 5, 2024, numbered 2023-ÖZEL-654, by Aden Değerleme A.Ş., and the value of the property, according to the comparable sales method, is 10,000,000 TL.
- h. The Group's property classified under Investment Properties, located in Ekinli Neighborhood, Erenler District, Sakarya Province, is a 5,473 m² agricultural land. Upon examining the title deed records, it was noted that the property is within a large plain protection area declared by the Council of Ministers' Decision in accordance with Article 14 of Law No. 5403. In the zoning status review, it was found that the property is within the "Central Planning Subregion Zoning Plan" at a scale of 1/25,000, based on examinations conducted at the Erenler Municipality Zoning Directorate on 05.02.2019. The property subject to the valuation has no building conditions. The valuation was conducted based on the report dated February 5, 2024, numbered 2023-ÖZEL-653, by Aden Değerleme A.Ş., and the value of the property, according to the comparable sales method, is 2,025,000 TL.

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 year ends, the movements for property, plant and equipment, and related depreciation are as follows:

31 December 2023

Cost	Opening Balance 1 January 2023	Currency Translation Differences	Transfers	Current Period Depreciation	Disposals	Closing Balance 31 December 2023
Land	739.780.106	(231.422)	-	53.859.678	-	793.408.362
Land Improvements	37.142.619	-	-	464.916	-	37.607.535
Buildings	965.844.873	31.353.421	93.523.698	559.271	-	1.091.281.263
Machinery, Plant and Equipment	5.099.448.097	13.666.905	125.240.906	171.075.319	(167.878.156)	5.241.553.071
Motor Vehicles	107.803.811	(10.694)	679.845	5.512.435	-	113.985.397
Furniture and Fixtures	86.456.890	(729.256)	-	15.974.103	(1.166.675)	100.535.062
Other Property, Plant and Equipment	122.900.909	-	-	233.027	-	123.133.936
Constructions in Progress	399.864.428	(3.660.752)	(219.444.449)	200.840.954	-	377.600.181
Leasehold Improvements	30.379.714	(722.469)	-	-	-	29.657.245
Property, Plant and Equipment Acquired Through Finance Leases	81.854.848	-	-	-	-	81.854.848
Total	7.671.476.295	39.665.733	-	448.519.703	(169.044.831)	7.990.616.900

Accumulated Depreciation	Opening Balance 1 January 2023	Currency Translation Differences	Transfers	Current Period Depreciation	Disposals	Closing Balance 31 December 2023
Land Improvements	(26.249.769)	-	-	(939.368)	-	(27.189.137)
Buildings	(397.035.603)	2.053.569	-	(23.560.691)	-	(418.542.725)
Machinery, Plant and Equipment	(4.276.835.187)	27.001.927	-	(156.423.638)	165.759.874	(4.240.497.024)
Motor Vehicles	(78.271.220)	193.029	-	(9.793.147)	-	(87.871.338)
Furniture and Fixtures	(70.697.630)	763.066	-	(4.229.929)	1.164.524	(72.999.969)
Other Property, Plant and Equipment	(121.517.265)	-	-	(453.864)	-	(121.971.129)
Leasehold Improvements	(21.145.907)	316.345	-	(346.986)	-	(21.176.548)
Property, Plant and Equipment Acquired Through Finance Leases	(81.854.848)	-	-	-	-	(81.854.848)
Total	(5.073.607.429)	30.327.936	-	(195.747.623)	166.924.398	(5.072.102.718)

Net Book Value	2.597.868.866	2.918.514.182
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31 December 2022

Cost	Opening Balance 1 January 2022	Currency Translation Differences	Transfers	Additions	Disposals	Closing Balance 31 December 2022
Land	728.046.975	(9.338.174)	-	21.071.305	-	739.780.106
Land Improvements	36.298.806	-	-	843.813	-	37.142.619
Buildings	1.017.377.753	(57.445.147)	-	5.912.267	-	965.844.873
Machinery, Plant and Equipment	5.234.916.168	(160.783.942)	-	82.430.703	(57.114.832)	5.099.448.097
Motor Vehicles	94.166.789	(1.354.770)	-	14.991.792	-	107.803.811
Furniture and Fixtures	85.979.346	(2.392.872)	-	3.820.217	(949.801)	86.456.890
Other Property, Plant and Equipment	121.848.226	-	-	1.052.683	-	122.900.909
Constructions in Progress	35.539.158	-	-	364.325.270	-	399.864.428
Leasehold Improvements	33.154.791	(2.775.077)	-	-	-	30.379.714
Property, Plant and Equipment Acquired Through Finance Leases	81.854.848	-	-	-	-	81.854.848
Total	7.469.182.860	(234.089.982)	-	494.448.050	(58.064.633)	7.671.476.295

Accumulated Depreciation	Opening Balance 1 January 2022	Currency Translation Differences	Transfers	Current Period Depreciation	Disposals	Closing Balance 31 December 2022
Land Improvements	(25.327.553)	5.394	-	(927.610)	-	(26.249.769)
Buildings	(381.533.992)	6.489.039	-	(21.990.650)	-	(397.035.603)
Machinery, Plant and Equipment	(4.287.373.649)	79.798.736	-	(126.305.906)	57.045.632	(4.276.835.187)
Motor Vehicles	(70.782.621)	728.976	-	(8.217.575)	-	(78.271.220)
Furniture and Fixtures	(69.126.660)	811.914	-	(3.312.496)	929.612	(70.697.630)
Other Property, Plant and Equipment	(121.084.437)	24.819	-	(457.647)	-	(121.517.265)
Leasehold Improvements	(21.968.971)	1.189.063	-	(365.999)	-	(21.145.907)
Property, Plant and Equipment Acquired Through Finance Leases	(76.608.442)	16.314	-	(5.262.720)	-	(81.854.848)
Total	(5.053.806.325)	89.064.255	-	(166.840.603)	57.975.244	(5.073.607.429)

Net Book Value	2.415.376.535	2.597.868.866
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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 2023

Account Name	1 January 2023	Additions	Disposals (-)	TFRS 16 Initial Recognition	31 December 2023
Buildings and Land an Land Improvements	2.273.393	12.054.711	-	-	14.328.104
Machinery, Plant and Equipment	5.947.119	-	-	-	5.947.119
Motor Vehicles	-	-	-	-	-
Total	8.220.512	12.054.711	-	-	20.275.223

Accumulated Depreciation

Account Name	1 January 2023	Current Period Depreciation	Disposals (-)	TFRS 16 Initial Recognition	31 December 2023
Buildings and Land an Land Improvements	-	(2.885.520)	-	-	(2.885.520)
Machinery, Plant and Equipment	(3.876.247)	(1.292.083)	-	-	(5.168.330)
Motor Vehicles	-	-	-	-	-
Total	(3.876.247)	(4.177.603)	-	-	(8.053.850)

Net Book Value	4.344.265	12.221.373
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31 December 2022

Account Name	1 January 2022	Additions	Disposals (-)	TFRS 16 Initial Recognition	31 December 2022
Buildings and Land an Land Improvements	468.573	2.273.393	(468.573)	-	2.273.393
Machinery, Plant and Equipment	5.947.119	-	-	-	5.947.119
Motor Vehicles	-	-	-	-	-
Total	6.415.692	2.273.393	(468.573)	-	8.220.512

Accumulated Depreciation

Account Name	1 January 2022	Current Period Depreciation	Disposals (-)	TFRS 16 Initial Recognition	31 December 2022
Buildings and Land and Land Improvements	(468.573)	-	468.573	-	-
Machinery, Plant and Equipment	(2.315.799)	(1.560.448)	-	-	(3.876.247)
Motor Vehicles	-	-	-	-	-
Total	(2.784.372)	(1.560.448)	468.573	-	(3.876.247)

Net Book Value	3.631.320	4.344.265
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NOTE 19 INTANGIBLE ASSETS

As of year ends, the movements for intangible assets, and related depreciation are as follows:

31 December 2023

Cost	Opening Balance 1 January 2023	Currency Translation Differences	Transfers	Additions	Disposals (-)	Closing Balance 31 December 2023
Rights	305.056.445	6.694.453	-	12.877.532	-	324.628.430
Development Costs	25.824.192	-	-	-	-	25.824.192
Other Intangible Assets	2.486.163	-	-	15.493	-	2.501.656
Total	333.366.800	6.694.453	-	12.893.025	-	352.954.278

Accumulated Depreciation	Opening Balance 1 January 2023	Currency Translation Differences	Transfers	Current Period Depreciation	Disposals (-)	Closing Balance 31 December 2023
Rights	(275.668.610)	63.023	-	(5.322.469)	-	(280.928.056)
Development Costs	(25.824.192)	-	-	-	-	(25.824.192)
Other Intangible Assets	(2.486.163)	-	-	-	-	(2.486.163)
Total	(303.978.965)	63.023	-	(5.322.469)	-	(309.238.411)

Net Book Value	29.387.835	43.715.867
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31 December 2022

Cost	Opening Balance 1 January 2022	Currency Translation Differences	Transfers	Additions	Disposals (-)	Closing Balance 31 December 2022
Rights	305.593.110	(575.957)	-	39.292	-	305.056.445
Development Costs	25.824.192	-	-	-	-	25.824.192
Other Intangible Assets	2.486.163	-	-	-	-	2.486.163
Total	333.903.465	(575.957)	-	39.292	-	333.366.800

Depreciation	Opening Balance 1 January 2022	Currency Translation Differences	Transfers	Current Period Depreciation	Disposals (-)	Closing Balance 31 December 2022
Rights	(272.695.242)	580.840	-	(3.554.208)	-	(275.668.610)
Development Costs	(25.824.192)	-	-	-	-	(25.824.192)
Other Intangible Assets	(2.486.163)	-	-	-	-	(2.486.163)
Total	(301.005.597)	580.840	-	(3.554.208)	-	(303.978.965)

Net Book Value	32.897.868	29.387.835
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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.

NOTE 22 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

22.1 Provisions;

Account Name	31 December 2023	31 December 2022
Provisions for Employee Benefits	230.350.122	69.040.571
Provision for Premiums and Bonuses	64.209.285	45.062.650
Provision for Unused Vacation	18.349.502	23.977.921
Provision for Employment Termination Benefits	147.791.335	–
Other Short Term Provisions	4.690.905	2.116.706
Provision for Lawsuits	1.217.829	337.785
Other	3.473.076	1.778.921
Total	235.041.027	71.157.277

31 December 2023

	Provision for Lawsuits	Provision for Premiums and Bonuses	Provision for Unused Vacation	Provision for Employment Termination Benefits	Other	Total
As of 1 January 2023	337.785	45.062.650	23.977.921		1.778.921	71.157.277
Additions	1.354.605	64.209.285	3.797.408	147.791.335	2.393.457	219.546.090
Payments / Reverses	(68.888)	(27.348.321)				(27.417.209)
Inflation Effect	(405.673)	(17.714.329)	(9.425.827)		(699.302)	(28.245.131)
As of 31 December 2023	1.217.829	64.209.285	18.349.502	147.791.335	3.473.076	235.041.027

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31 December 2022

	Provision for Lawsuits	Provision for Premiums and Bonuses	Provision for Unused Vacation	Provision for Employment Termination Benefits	Other	Total
As of 1 January 2022	3.572.878	67.013.298	17.899.917	–	12.463.270	100.949.363
Additions	396.977	45.062.650	7.938.969	–	–	53.398.596
Payments	(2.560.566)	(24.758.064)	–	–	(2.825.634)	(30.144.264)
Inflation Effects	(1.071.504)	(42.255.234)	(1.860.965)	–	(7.858.715)	(10.791.184)
As of 31 December 2022	337.785	45.062.650	23.977.921	–	1.778.921	71.157.277

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 2023

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 2023, the Group has provision for doubtful receivables amounting to TL 210.080.044. In addition, the Group has provision for lawsuits amounting to TL 1.217.829 in the accompanying consolidated financial statements for the lawsuits filed against the Group.

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 294.153.962. In addition, the Group has provision for lawsuits amounting to TL 337.785 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 2023	31 December 2023	31 December 2022	31 December 2022
		Original Currency Amount	TL Equivalent	Original Currency Amount	TL Equivalent
Letter of Guarantees Given (Sarkuysan)	TL	520.584.190	520.584.190	86.953.166	86.953.166
Letter of Guarantees Given (Sarkuysan)	USD	15.163.882	446.397.391	3.464.000	106.724.973
Letter of Guarantees Given (Sarkuysan)	EURO	19.711.000	642.064.143	14.802.000	486.206.220
Letter of Guarantees Given (Sarkuysan)	GBP	9.545.000	357.381.027	7.897.500	292.650.783
Letter of Guarantees Given (Sarmakina)	TL	926.107	926.107	1.226.219	1.226.219
Letter of Guarantees Given (Sarmakina)	USD	-	-	6.900	212.587
Letter of Guarantees Given (Sarmakina)	EURO	251.946	8.206.864	384.300	12.623.230
Letter of Guarantees Given (Sarda)	TL	141.600.000	141.600.000	53.715.998	53.715.998
Letter of Guarantees Given (Ege Free Trade Zone)	TL	-	-	28.992	28.992
TOTAL LETTER OF GUARANTEES GIVEN			2.117.159.721		1.040.342.167
Bill of Guarantees Given (Sarkuysan)	TL	18.587.342	18.587.342	30.626.921	30.626.921
Bill of Guarantees Given (Sarkuysan)	EURO	2.500.000	81.434.750	500.000	16.423.666
Bill of Guarantees Given (Sarkuysan)	USD	2.000.000	58.876.400	2.000.000	61.619.500
TOTAL BILL OF GUARANTEES GIVEN			158.898.492		108.670.087
Letter of Guarantees Received (Sarda)	TL	28.305.000	28.305.000	31.067.949	31.067.949
Letter of Guarantees Received (Sarda)	EURO	5.300.000	172.641.670	4.200.000	137.958.798
Letter of Guarantees Received (Sarda)	USD	-	-	-	-
Letter of Guarantees Received (Sarmakina)	TL	2.000.000	2.000.000	2.016.850	2.016.850
Letter of Guarantees Received (Sarmakina)	USD	-	-	173.250	5.690.800
Letter of Guarantees Received (Sarkuysan)	TL	17.610.000	17.610.000	45.707.206	45.707.206
Letter of Guarantees Received (Sarkuysan)	USD	7.150.500	210.497.849	6.308.500	194.363.308
Letter of Guarantees Received (Sarkuysan)	EURO	136.500	4.446.337	2.515.000	82.611.043
TOTAL LETTER OF GUARANTEES RECEIVED			435.500.856		499.415.953
Cheques Received (Sarkuysan)	TL	67.700	67.700	111.551	111.551
TOTAL CHEQUES RECEIVED			67.700		111.551
Notes of Guarantees Received (Sarkuysan)	TL	21.859.386	21.859.386	38.819.507	38.819.507
Notes of Guarantees Received (Sarkuysan)	USD	19.150.000	563.741.530	19.150.000	590.006.710
Notes of Guarantees Received (Sarkuysan)	EURO	60.325	1.965.021	60.325	1.981.516
Notes of Guarantees Received (Sarda)	TL	-	-	247.160	247.160
TOTAL NOTES OF GUARANTEES RECEIVED			587.565.936		631.054.892
Mortgages Received (Sarkuysan)	TL	50.000.000	50.000.000	82.386.500	82.386.500
TOTAL MOTGAGES RECEIVED			50.000.000		82.386.500
Notes of Guarantees and Bonds Given (Sarkuysan)	EURO	5.000.000	162.869.500	386.000	12.679.070
Notes of Guarantees and Bonds Given (Sarkuysan)	TL	861.062.500	861.062.500	192.537.251	192.537.251
TOTAL NOTES OF GUARANTEES AND BONDS GIVEN			1.023.932.000		205.216.320
Sarkuysan Guarantees of Factoring(Guarantees Rec.)	USD	1.500.000	44.157.300	427.226	13.162.726
Sarkuysan Guarantees of Factoring(Guarantees Rec.)	EURO	46.145.000	1.503.122.616	128.269	4.213.287
Sarkuysan Guarantees of Factoring(Guarantees Rec.)	GBP	15.250.000	570.985.925	482.566	17.882.026
Sarkuysan Direct Debiting System Guarantee (Guarantees Rec.)	USD	-	-	300.000	9.242.925
Sarkuysan Direct Debiting System Guarantee (Guarantees Rec.)	TL	241.233.000	241.233.000	384.131.999	384.131.999
Sarkuysan Exim and Euler Guarantee (Guarantees Rec.)	TL	-	-	18.060.000	29.758.004
Sarkuysan Exim and Euler Guarantee (Guarantees Rec.)	EUR	81.030.000	2.639.463.117	118.037.000	3.877.200.619
Sarkuysan Exim and Euler Guarantee (Guarantees Rec.)	GBP	3.500.000	131.045.950	18.150.000	672.568.751
Sarkuysan Exim and Euler Guarantee (Guarantees Rec.)	USD	96.910.000	2.852.855.962	77.175.000	2.377.742.446
Sarda Exim Guarantee (Guarantees Rec.)	TL	1.700.000	1.700.000	-	-
Sarda Exim Guarantee (Guarantees Rec.)	EUR	13.880.000	452.125.732	12.080.000	396.795.780
Sarda Hermes Guarantee (Guarantees Rec.)	USD	17.787.500	523.631.983	11.762.500	362.399.683
TOTAL OTHER GUARANTEES RECEIVED			8.960.321.584		8.145.098.246

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

The amount of notes receivables of guarantees received is amounting to TL 5.752.880 consist of suppliers for service procurements, while the remaining notes receivables of guarantees received is amounting to TL 581.813.057 consists of customers.

The amount of letter of guarantees received is amounting to TL 12.796.337 consist of suppliers for service procurements, while the remaining letter of guarantees received is amounting to TL 422.704.519 consists of customers.

Letter of guarantees given include amounting to TL 25.035.000 to Palgaz Doğalgaz A.Ş., TL 45.599.000 to Finance Ministry, TL 6.128.952 to Sakarya Elektrik Dağıtım A.Ş., TL 5.244.827 to Large Taxpayer Tax Office, TL 5.000.000 to the Undersecretariat of Customs, TL 7.257.000 to the Ministry of Customs and Trade, TL 3.575.000 to Gazport Doğalgaz A.Ş., TL 422.744.411 to the other public and private instituitions.

Bill of guarantees and guarantees given by the Group include as TL 6.342 was given to Bektaş, TL 16.286.950 (EUR 500.000) and TL 211.000 to Sarmakina, TL 18.370.000 to Sarda and TL 65.147.800 (EUR 2.000.000) to Sark Bulgaria and TL 58.876.400 (USD 2.000.000) to Sark Wire Corp.

31 December 2022

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 7.728.566 consist of suppliers for service procurements, while the remaining letter of guarantees received is amounting to TL 623.326.325 consists of customers.

Letter of guarantees given include amounting to TL 10.685.244 to Large Taxpayers Tax Office, TL 8.238.650 to Undersecreteriat of Customs, TL 936.864.650 to Eximbank, TL 5.890.635 to Gazport A.Ş, TL 4.954.980 to Sakarya Elektrik Dağıtım A.Ş., TL 823.865 to the Energy Market Regulatory Board, TL 11.957.577 to Ministry of Customs and Trade, TL 40.568.101 to the Ministry of Trade, TL 2.021.481 to Birlik Organized Industrial Zone, TL 80.739 to Dilovası Customs Office and TL 18.256.893 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 10.450 was given to Bektaş, TL 9.967.450 (EUR 500.000) and TL 347.671 to Sarmakina, TL 30.268.800 to Sarda and TL 37.396.600 (USD 2.000.000) to Sark Wire Corp in accordance with the full consolidation method.

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22.4 Insurance Coverage on Assets:

31 December 2023

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 2023-31 December 2024	USD		125.228.636
Motor Vehicles	Group Companies	Ak Sigorta A.Ş.	31 December 2023-31 December 2024	TL	Market Value	-
Machinery and Fixture	Group Companies	Ak Sigorta A.Ş.	31 December 2023-31 December 2024	USD		130.822.654
Theft	Group Companies	Ak Sigorta A.Ş.	31 December 2023-31 December 2024	USD		1.200.000
USD Total						257.251.290

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	Market Value	-
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

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22.5 Ratio of guarantees and mortgages to equity:

As of 31 December 2023 and 2022, 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 2023	31 December 2023	31 December 2022	31 December 2022
	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		3.141.091.721		1.245.558.488
Letter of Guarantee (TL)	663.110.297	663.110.297	141.895.383	141.924.375
Letter of Guarantee (EURO)	19.962.946	650.271.007	15.186.300	498.829.450
Letter of Guarantee (USD)	15.163.882	446.397.391	3.464.000	106.937.560
Letter of Guarantee (GBP)	9.545.000	357.381.027	7.897.500	292.650.783
Mortgages (TL)	-	-	-	-
Mortgages (EURO)	-	-	-	-
Cheques (TL)	-	-	-	-
Cheques (USD)	-	-	-	-
Guarantee Notes and Bond (TL)	861.062.500	861.062.500	192.537.251	192.537.251
Guarantee Notes and Bond (USD)	-	-	-	-
Guarantee Notes and Bond (EURO)	5.000.000	162.869.500	386.000	12.679.070
Guarantee Notes and Bond (GBP)	-	-	-	-
Pledges (TL)	-	-	-	-
B. Total amount of CPMB's given on behalf of the fully consolidated subsidiaries	-	158.898.492	-	108.670.087
Bill of Guarantees (TL)	18.587.342	18.587.342	30.626.921	30.626.921
Bill of Guarantees (EURO)	2.500.000	81.434.750	500.000	16.423.666
Bill of Guarantees (USD)	2.000.000	58.876.400	2.000.000	61.619.500
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		3.299.990.213		1.354.228.575

The ratio of other CPMB's given by the Group to its equity is 0%: (31 December 2022: 0%)

NOTE 23 COMMITMENTS

None.

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NOTE 24 PROVISIONS FOR EMPLOYEE BENEFITS

As of year ends, the detailed analysis and functional breakdown of provisions for employee benefits are as follows:

Non-current

Account Name	31 December 2023	31 December 2022
Provision for Employment Termination Benefits	149.377.703	301.666.200
Total	149.377.703	301.666.200

In accordance with the provisions of the Labor Law in force, employees whose employment contracts have been terminated in such a way that they are entitled to termination benefit are obliged to be paid the legal termination benefit to which they are entitled. In addition, in accordance with the legislation currently in force, there is an obligation to pay legal termination benefit to those who have the right by law to leave the job by receiving termination benefit.

As of 31 December 2023, the amount payable consists of one month’s salary limited to a maximum of TL 23.489,83. (31 December 2022: TL 15.371,40) The Group applied the ceiling amount ( TL 35.058,58) that is effective after 1 January 2024 when calculating termination benefit provision (31 Aralık 2022: The Group applied the ceiling amount ( TL 35.058,58) that is effective after 1 January 2023 when calculating termination benefit provision TL 19.982,83.

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 2023, 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 2023, the provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 23,00% and an interest rate of 27,00%, resulting in a discount rate of 3.25% (31 December 2022: 3.28% discount rate). As of the 31 December 2023, turnover rate to estimate the probability of retirement is 100,00%. (31 December 2022: 99.21%). The estimates are revised during the period by the Group management.

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

	01 January 2023 31 December 2023	01 January 2022 31 December 2022
Beginning balance	301.666.200	220.052.074
Service Cost	16.640.147	19.988.725
Interest Cost	17.609.900	17.208.881
Actuarial gains /(losses)	60.169.859	160.108.744
Losses on remeasurements of defined benefit plans	21.408.027	3.432.154
Payments during the period	(136.757.506)	(9.001.481)
Inflation Effects	(131.358.924)	(110.122.897)
End of the period	149.377.703	301.666.200

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Provision for employment termination benefit is amounting to TL 55.658.074 for the current period (31 December 2022: TL 31.628.279) and the functional breakdown is as follows:

	01 January 2023 31 December 2023	01 January 2022 31 December 2022
Production Cost	(47.812.233)	(29.007.504)
Marketing, Sales and Distribution Expenses	(2.163.913)	(1.880.457)
General Administrative Expenses	(5.182.687)	(9.741.800)
Research and Development Expenses	(499.241)	–
Provision for Employment Termination Benefits (Provision No Longer Required)	–	9.001.482
Amount Recognized in Profit or Loss, net	(55.658.074)	(31.628.279)

	01 January 2023 31 December 2023	01 January 2022 31 December 2022
Actuarial (Gains) /Loss Recognized in Other Comprehensive Income (Taxable)	(60.169.859)	(160.108.744)
Tax Effect	22.782.234	31.736.092
Actuarial (Gains)/ Losses, net	(37.387.625)	(128.372.652)

NOTE 25 RETIREMENT PLANS

None.

NOTE 26 OTHER ASSETS AND LIABILITIES

As of year ends, the breakdown of short and long-term prepaid expenses is as follows:

Account Name	31 December 2023	31 December 2022
Short-Term Prepaid Expenses	28.710.802	50.422.127
Advances Given	450.537.515	756.355.414
Business Cash Advances	54.982	–
Total Prepaid Expenses (Current Assets)	479.303.299	806.777.541
Advances Given for Non-Current Assets	90.508.170	16.616.529
Total Prepaid Expenses (Non-Current Assets)	90.508.170	16.616.529

As of year ends, the breakdown of other current assets is as follows:

Account Name	31 December 2023	31 December 2022
Deferred VAT	4.967.231	23.910.108
Advances Given to Employee	1.938.176	274.927
Income Accruals	883.327	679.194
Other	21.048.441	3.494.455
Other current assets, net	28.837.175	28.358.684

As of year ends, the Group has no other non-current assets.



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As of year ends, the breakdown of deferred income is as follows:

Account Name	31 December 2023	31 December 2022
Deferred Income from Third Parties	215.459.306	290.857.795
- <i>Advances Received</i>	<i>215.459.306</i>	<i>290.857.795</i>
<b>Deferred income, net</b>	<b>215.459.306</b>	<b>290.857.795</b>

As of year ends, the Group has no other current and non-current liabilities.

NOTE 27 EQUITY

27.1 Non-Controlling Interests

	31 December 2023	31 December 2022
Non-Controlling Interests	23.548.252	3.946.647
<b>Total</b>	<b>23.548.252</b>	<b>3.946.647</b>

Movements of non-controlling interests are as follows:

	01 January 2023 31 December 2023	01 January 2022 31 December 2022
Beginning of the Period	3.946.647	3.415.092
Capital Increase	19.219.817	-
Share of Profit for the Period	914.000	1.123.428
Dividend	(506.297)	(460.387)
Currency Translation Differences	(428)	(9.154)
Actuarial Gains/Losses on Employment Termination Benefits	(25.487)	(122.332)
<b>End of the Period</b>	<b>23.548.252</b>	<b>3.946.647</b>

27.2 Share Capital / Capital Adjustments Due to Cross-Ownership

The share capital of the Group comprise of 50.000.000.000 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 December 2023

	Nominal Value	Number of Outstanding Shares
Class A Shares	25	2.500
Class B Shares	499.999.975	49.999.997.500
<b>Total</b>	<b>500.000.000</b>	<b>50.000.000.000</b>

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31 December 2022

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

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 class B 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 500.000.000.

Capital increases during the period:

The Group increased its current issued share capital from TL 400.000.000 to TL 500.000.000 with the profit of 2022 by 25 percent. The aforementioned capital increase was authorised by the Capital Markets Board ("CMB") on 21 June 2023 with the bulletin numbered 2023/36.

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

As of year ends, 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 2023	31 December 2022
Actuarial Gains/Losses, net	(165.612.459)	(128.250.320)
Investment Properties Revaluation Surplus	-	-
Property, Plant and Equipment Revaluation Surplus	-	-
<b>Gains/losses on revaluation and remeasurement</b>	<b>(165.612.459)</b>	<b>(128.250.320)</b>
<i>Share of other comprehensive income/(expenses) of investments accounted for using the equity method (Note 16)</i>	<i>(7.918.085)</i>	<i>(10.954.303)</i>
<b>Other Comprehensive Income/Expenses not to be Reclassified to Profit or Loss, net</b>	<b>(173.530.544)</b>	<b>(139.204.623)</b>

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

31 December 2023

	Actuarial Gains/Losses (*)	Other Gains/Losses (**)	Total
Beginning of the Period-1 January	(128.250.320)	(10.954.303)	(139.204.623)
Additions	-	-	-
Transfer to Retained Earnings	-	-	-
Actuarial Gains/Losses on Employment Termination Benefits	(60.169.859)	3.036.218	(57.133.641)
Deferred Tax Offset (-)	22.782.233	-	22.782.233
Effect of Non-Controlling Interests, net	25.487	-	25.487
End of the Period – 31 December	(165.612.459)	(7.918.085)	(173.530.544)

31 December 2022

	Actuarial Gains/Losses (*)	Other Gains/Losses (**)	Total
Beginning of the Period-1 January	-	-	-
Additions	-	-	-
Transfer to Retained Earnings	-	-	-
Actuarial Gains/Losses on Employment Termination Benefits	(160.108.744)	(10.954.303)	(171.063.047)
Deferred Tax Offset (-)	31.736.092	-	31.736.092
Effect of Non-Controlling Interests, net	122.332	-	122.332
End of the Period – 31 December	(128.250.320)	(10.954.303)	(139.204.623)

(\*) Explanations regarding "Actuarial Gains / Losses" are disclosed in **Note 24**.

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

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

As of year ends, 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	222.224.746	270.680.299
Other Comprehensive Income/Expenses to be Reclassified to Profit or Loss, net	222.224.746	270.680.299

27.5 Restricted Reserves

The restricted reserves consist of legal reserves.

In article 519 of Turkish Commercial Code (TCC) number 6102 stipulates that the 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.

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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 2023 and 2022, is as follows:

Account Name	31 December 2023	31 December 2022
Extraordinary reserves	1.901.922.685	1.317.320.165
Special reserves	(8.309.523)	(9.909.893)
Other	(718.304.508)	(654.382.463)
Total	1.175.308.654	653.027.809

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

Account Name	31 December 2023	31 December 2022
Paid-in Share Capital	500.000.000	400.000.000
Adjustment to Share Capital	2.706.361.723	2.680.714.723
Buyback Shares (-)	(24.333.495)	-
Other Comprehensive Income/Expenses not to be Reclassified to Profit or Loss	(173.530.544)	(139.204.623)
Gains/(Losses) on Remeasurements of Defined Benefit Plans	(165.612.459)	(128.250.320)
Other Gains and Losses	(7.918.085)	(10.954.303)
Other Comprehensive Income/Expenses to be Reclassified to Profit or Loss	222.224.746	270.680.299
Currency Translation Differences	222.224.746	270.680.299
Restricted Reserves	672.917.454	585.036.058
Retained Earnings	1.175.308.654	653.027.809
Profit for the Period	1.452.211.394	922.945.401
Total Equity Holders of the Parent	6.531.159.932	5.373.199.667
Non-Controlling Interests	23.548.252	3.946.647
Total Equity	6.554.708.184	5.377.146.314

If the Group buyback its equity instruments, the buyback shares are deducted from equity; No gain or loss is reflected in profit or loss due to its purchase, sale, issue or cancellation. Amounts received or paid are recognized directly as a reduction in equity.

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NOTE 28 REVENUE AND COST OF SALES

As of year ends, the details of revenue and cost of sales is as follows:

Account Name	1 January- 31 December 2023	1 January- 31 December 2022
Domestic Sales (*)	21.565.126.625	25.781.549.909
Foreign Sales	24.308.634.636	28.178.695.936
Other Sales	188.435	184.010
Sales Returns (-)	(225.870.560)	(236.807.441)
Sales Discounts (-)	(346.075.585)	(470.582.453)
Revenue	45.302.003.551	53.253.039.961
Cost of Sales (-)	(43.130.375.172)	(51.847.717.563)
Gross Profit	2.171.628.379	1.405.322.398

(\*) 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 18.209.680 in 2023 in which is classified under revenue (2022: TL 217.345.556).

The functional breakdown of cost of sales is as follows:

Account Name	1 January- 31 December 2023	1 January- 31 December 2022
Cost of Goods Sold (-)	(41.965.973.373)	(50.577.588.233)
Cost of Merchandise Sold(-)	(739.827.273)	(940.492.707)
Cost of Services Sold (-)	(245.992.555)	(177.221.962)
Depreciation and Amortisation Charges (-)	(178.581.971)	(152.414.661)
Cost of Sales (-), net	(43.130.375.172)	(51.847.717.563)

Production Outputs	Unit of Measurement	1 January- 31 December 2023	1 January- 31 December 2022
Copper Wire	Tonne	157.460	169.209
Copper Pipe, Bars, Bronze	Tonne	16.441	17.415
Copper Bar, Plate	Tonne	464	418
Spools	Piece	11.939	12.952
Machinery Manufacturing	Piece	49	78
CTC Wire	Tonne	2.002	2.064
Enamelled Copper Wire	Tonne	11.375	10.720

Sales Volume	Unit of Measurement	1 January- 31 December 2023	1 January- 31 December 2022
Copper Wire	Tonne	156.143	168.996
Copper Pipe, Bars, Bronze	Tonne	16.441	17.340
Copper Bar, Plate	Tonne	486	431
Spools	Piece	11.765	12.654
Machinery Manufacturing	Piece	55	81
CTC Wire	Tonne	2.000	2.084
Enamelled Copper Wire	Tonne	11.242	10.611

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

As of year ends, the functional breakdown of operating expenses is as follows:

Account Name	1 January- 31 December 2023	1 January- 31 December 2022
Marketing, Sales and Distribution Expenses (-)	(241.165.666)	(253.955.229)
General Administrative Expenses (-)	(360.724.041)	(279.990.732)
Research and Development Expenses (-)	(24.712.429)	(18.188.963)
Total operating expenses, net	(626.602.136)	(552.134.924)

NOTE 30 EXPENSES BY NATURE

As of year ends, the functional breakdown of expenses by nature is as follows:

Marketing, Sales and Distribution Expenses	1 January- 31 December 2023	1 January- 31 December 2022
Personnel Expenses	(65.807.061)	(49.753.762)
Provision for Employment Termination Benefits	(2.163.913)	(1.880.457)
Information Systems and Communication Expenses	(550.799)	(648.688)
Transportation, Distribution and Storage Expenses	(132.965.391)	(151.666.496)
Advertisement and Promotion Expenses	(6.884.612)	(10.739.529)
Insurance Expenses	(1.731.518)	(7.698.952)
Taxes, Duties and Charges	(12.764.543)	(14.060.982)
Depreciation and Amortisation Charges	(2.439.303)	(1.325.698)
Representation and Hospitality Expenses	(453.819)	(149.134)
Motor Vehicle Expenditures	(958.538)	(814.897)
Other	(14.446.169)	(15.216.634)
Total	(241.165.666)	(253.955.229)

General Administrative Expenses	1 January- 31 December 2023	1 January- 31 December 2022
Personnel Expenses	(231.315.373)	(178.548.447)
Information Systems and Communication Expenses	(3.770.259)	(1.836.391)
Representation and Hospitality Expenses	(1.483.009)	(1.354.511)
Insurance Expenses	(12.336.313)	(7.381.841)
Consultancy and Audit Expenses	(16.913.954)	(14.117.505)
Maintenance and Repair Expenses	(5.859.839)	(6.106.289)
Provision for Employment Termination Benefits	(5.182.687)	(9.741.800)
Taxes, Duties and Charges	(13.797.291)	(3.454.502)
Depreciation and Amortisation Charges	(23.032.698)	(17.291.145)
Travel Expenses	(3.948.995)	(3.428.246)
Outsourcing Expenses	(15.352.687)	(9.456.832)
Rent Expenses	(935.863)	(241.346)
Motor Vehicle Expenditures	(954.307)	(1.339.754)
Other	(25.840.766)	(25.692.123)
Total	(360.724.041)	(279.990.732)



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	1 January- 31 December 2023	1 January- 31 December 2022
<b>Research and Development Expenses</b>		
Personnel Expenses	(20.875.374)	(14.744.608)
Depreciation and Amortisation Charges	(1.193.723)	(925.683)
Outsourcing Expenses	(623.587)	(296.573)
Provision for Employment Termination Benefits	(499.241)	–
Other	(1.520.504)	(2.222.099)
<b>Total</b>	<b>(24.712.429)</b>	<b>(18.188.963)</b>

Research and development costs incurred during the period is amounting to TL 24.712.429 (31 December 2022: TL 18.188.963).  
The Group has no capitalised research and development costs during the period

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

	1 January- 31 December 2023	1 January- 31 December 2022
Cost of Sales	(178.581.971)	(152.414.661)
Marketing, Sales and Distribution Expenses	(2.439.303)	(1.325.698)
General Administrative Expenses	(23.032.698)	(17.291.145)
Research and Development Expenses	(1.193.723)	(925.683)
<b>Total</b>	<b>(205.247.695)</b>	<b>(171.957.187)</b>

### *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 2023	1 January- 31 December 2022
Audit fee for the reporting period	2.528.926	839.943
Tax consulting fee	–	281.274
Other service fee apart from audit	76.114	171.490
<b>Total</b>	<b>2.605.040</b>	<b>1.292.707</b>

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### NOTE 31 OTHER OPERATING INCOME/(EXPENSES)

As of year ends, the breakdown of other operating income/expenses is as follows:

Account Name	1 January- 31 December 2023	1 January- 31 December 2022
<b>Other Operating Income</b>	<b>2.961.638.357</b>	<b>3.072.329.893</b>
Prior Years' Income	60.266.413	5.458.470
Provisions No Longer Required (Doubtful Receivables)	57.576.569	7.338.111
Rent Income	16.966.034	12.661.334
Provisions No Longer Required (Lawsuits)	68.888	2.560.566
Provisions No Longer Required (Employment Termination Benefits)	–	9.001.482
Interest and Discount Income	516.784.673	312.332.959
Income arising from Insurance Claims	6.126.225	7.033.965
Foreign Exchange Gains	2.298.760.698	2.709.623.215
Income arising from Incentives and Exemptions	3.754.892	1.126.538
Other	1.333.965	5.193.253
<b>Other Operating Expenses (-)</b>	<b>(1.714.917.668)</b>	<b>(2.283.915.038)</b>
Provision for Doubtful Receivables	(3.834.152)	(69.423.778)
Provision for Lawsuits	(1.354.605)	(396.977)
Interest and Discount Expenses	(242.925.426)	(151.689.019)
Foreign Exchange Losses	(1.455.742.474)	(2.057.151.190)
Other	(11.061.011)	(5.254.074)
<b>Other operating income/(expenses), net</b>	<b>1.246.720.689</b>	<b>788.414.855</b>

### NOTE 32 GAINS/ (LOSSES) FROM INVESTMENT ACTIVITES

As of year ends, the breakdown of gains and losses from investment activities is as follows:

Account Name	1 January- 31 December 2023	1 January- 31 December 2022
<b>Gains from Investment Activities</b>	<b>172.609.231</b>	<b>302.965.449</b>
–Gain on Sale of Property, Plant and Equipment and Intangible Assets	5.969.264	9.738.236
–Gains on Financial Investments Revaluation Surplus	5.178.277	5.846.825
–Gains on Investment Properties Revaluation Surplus	161.461.690	287.380.388
<b>Loss from Investment Activities (-)</b>	<b>(3.137.543)</b>	<b>(624)</b>
–Loss on Impairment of Financial Investments	–	(624)
–Loss on Sale of Property, Plant and Equipment and Intangible Assets	(3.137.543)	–
<b>Gains/(Losses) on Share of Investments Accounted for using the Equity Method (Note 16)</b>	<b>53.589.577</b>	<b>(113.141.499)</b>
<b>Gains/(losses) from investment activities, net</b>	<b>223.061.265</b>	<b>189.823.326</b>

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NOTE 33 FINANCIAL INCOME / EXPENSE

As of year ends, the breakdown of financial income is as follows:

Financial Income	1 January- 31 December 2023	1 January- 31 December 2022
Interest Income	141.275.025	62.527.854
Foreign Exchange Gains	2.271.783.974	655.097.429
Financial income, net	2.413.058.999	717.625.283

As of year ends, the breakdown of financial expenses is as follows:

Financial Expenses	1 January- 31 December 2023	1 January- 31 December 2022
Interest Expenses	(721.664.324)	(328.199.662)
Foreign Exchange Losses	(3.471.319.223)	(1.324.387.866)
Bank Commissions, Fees and Charges	(192.043.916)	(171.568.423)
Financial expenses, net	(4.385.027.463)	(1.824.155.951)

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).

Account Name	1 January- 31 December 2023	1 January- 31 December 2022
Current period tax expense (-)	(477.249.008)	(408.211.853)
Deferred tax income/expense	158.387.887	(194.710.982)
Total tax income/(expense)	(318.861.121)	(602.922.835)

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 2023	31 December 2022
Current period tax expense	477.249.008	407.443.149
Prepaid taxes (-)	(377.323.680)	(347.733.858)
Current income tax liabilities, net	99.925.328	59.709.291

As of the end of the reporting period, the Group has deductible/refundable prepaid tax amounting to TL 1.085.766 included in current assets and recognised under "current income tax assets" in the accompanying consolidated financial statements (31 December 2022: TL 1.158.402).

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Advance tax in Turkey is calculated and accrued on a quarterly basis. Corporate income as of the temporary tax periods, temporary tax rate of 25% over the corporate earnings in 2023 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 until 30th April following the close of the accounting year. In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income Tax Withholding:

In addition to corporate tax, income tax withholding must also be calculated on dividends, except for those distributed to fully taxable entities that include these dividends in their corporate income and declare them, and to the branches of foreign companies in Turkey. With the Council of Ministers' Decision No. 2006/10731, published in the Official Gazette on July 23, 2006, the income tax withholding rate was increased from 10% to 15%. With Presidential Decree No. 4936, published in the Official Gazette on December 22, 2021, the dividend withholding tax rate was reduced from 15% to 10%. Dividends that are not distributed but added to the capital are not subject to income tax withholding.

35.2 Deferred tax

The Group 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.

With the 11th article of the Law No. 7316 on the Collection Procedure of Public Receivables and the Law on Amendments to Certain Laws, which came into force after being published in the Official Gazette No. 31462 dated 22 April 2021, and the Provisional 13th article added to the Corporate Tax Law No. 5520, the Corporate Tax rate for 2021 will be applied as 25% for the companies earnings, 23% will be applied for the companies earnings for the 2022 taxation period. This change will be valid for the taxation of companies earnings for the periods starting from January 1, 2021, starting from the returns that must be submitted as of July 1, 2021.

In the first paragraph of Article 32 of the Corporate Tax Law No. 5520 (to be applied to the companies earnings in 2023 and subsequent taxation periods), 'Corporate tax is collected at the rate of 20% on companies earnings. ' provision is included.

The corporate tax rate has been determined as 25% with the 21st article of the 'Law on the creation of additional motor vehicles tax and amendments to some laws and the decree law no. 375 in order to compensate for the economic losses caused by the earthquakes that occurred on 6 February 2023'.

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This regulation starts with the declarations that must be submitted as of 1 October 2023; It entered into force on 15 July 2023 to be applied to the earnings of institutions in the 2023 and subsequent taxation periods, and to the earnings of institutions subject to the special accounting period, earned in the special accounting period starting in the 2023 calendar year and the following taxation periods.

The deferred tax rate is used as 25% in deferred tax calculations. (31 Aralık 2022: Taking into account the effects of temporary differences in deferred tax calculations, each temporary differences that cause by items subject to deferred calculation were evaluated within themselves and the deferred tax rate was used as 20% on an adjustment item basis by estimating the ending periods of the temporary differences.)

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	572.372.698	1.110.286.533	143.093.175	(222.057.307)
Investment Properties Revaluation Surplus	856.695.000	695.233.310	(107.086.875)	(69.523.331)
Foreign Subsidiaries' Deferred Tax Assets		-	(38.978.208)	9.915.687
Discount Expenses	52.647.841	20.416.536	13.161.960	4.083.307
Provision for Employment Termination Benefits	147.473.954	298.619.327	36.868.489	59.723.865
Difference for the effective interest rate difference for Financial Bills	2.572.821	-	(643.205)	-
Provision for Doubtful Receivables	3.910.631	21.404.517	977.658	(4.280.903)
Provision for Lawsuits	1.217.829	337.785	304.457	67.557
Provision for Interest Expenses	13.441.952	6.081.048	(3.360.488)	1.216.209
Derivatives Transactions, net	3.584.660	6.354.907	(896.165)	1.270.981
Provision for Unused Vacation	16.928.617	22.971.651	4.232.154	4.594.331
Discount Income	12.087.561	7.037.679	(3.021.890)	(1.407.535)
Other	(33.530.693)	42.291.961	(8.382.672)	(8.448.027)
Deferred tax assets / (liabilities), net (*)			36.268.390	(224.845.166)

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

	01 January 2023 31 December 2023	01 January 2022 31 December 2022
Beginning of the Period	(224.845.166)	(190.370.244)
Actuarial Gains/Losses on Employment Termination Offset under Equity	22.782.232	31.736.093
Currency Translation Differences	(12.342.102)	47.853.593
Deferred Tax Income/Expense	158.387.887	(194.710.982)
Inflation Effects	92.285.539	80.646.374
End of the Period	36.268.390	(224.845.166)

The movement of deferred tax	01 January 2023 31 December 2023	01 January 2022 31 December 2022
Deferred Tax Assets	76.721.192	10.416.358
Deferred Tax Liabilities	(40.452.802)	(235.261.524)
End of the period	36.268.390	(224.845.166)

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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.

Reconciliation of Corporate Tax Provision:	01 January 2023 31 December 2023	01 January 2022 31 December 2022
Profit From Ongoing Activities	1.771.986.515	1.526.991.664
Tax Rate	(442.996.629)	(351.208.083)
Tax Effect:		
-Foreign-Currency-Linked Deposit	9.739.964	2.132.613
-Capital Increase in Cash	790.950	-
-Dividends Received	8.924.760	9.966.499
-Tax Effect of Investments Accounted for Using the Equity Method	13.397.394	(26.022.545)
-Tax Rate Differences of Investment Properties	54.345.125	26.784.900
-Tax benefit according to Corporate Tax 32A	29.310.228	6.008.527
-Tax Deduction from Exports	20.594.561	12.227.284
-Deferred Tax Effect from Temporary Differences on inflation accounting based on Tax Procedure Code (*)	457.362.231	-
-Non-deductible Expenses	(61.169.660)	(82.799.359)
-Unlevied Tax on Inflation Adjustments	(382.568.488)	(310.398.865)
-Other	(26.591.557)	110.386.194
Tax Income/ (Expense)	(318.861.121)	(602.922.835)

(\*) According to the Tax Procedure Law and the relevant Communiqué published in the Official Gazette dated 30 December 2023 and numbered 32415 (2nd Issue); Inflation adjustments were made in the non-monetary items of the balance sheet dated 31 December 2023, prepared in accordance with the Tax Procedure Law, which is the subject of corporate tax calculation. Accordingly, as of 31 December 2023, in deferred tax calculations, inflation-adjusted values in line with the Tax Procedure Law were taken as the tax basis. Nevertheless, the tax base for the 2023 accounting period was calculated based on the profits determined according to the pre-adjustment financial statements.

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.

The Companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. In earnings per share calculation, this bonus share issuance is accepted as shares issued. Hence, weighted average stock share, which is used in the calculation of earnings per share, is acquired by retrospective application of bonus share issue.

Calculation of Earnings Per share as follows:

Account Name	1 January- 31 December 2023	01 January 2022 31 December 2022
Profit for the Period	1.452.211.394	922.945.401
Weighted Average Number of Shares	50.000.000.000	50.000.000.000
Earnings Per Share	0,02904	0,01846



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NOTE 37 RELATED PARTY DISCLOSURES

Related party balances are as follows:

	Receivables		Payables	
	Trade Receivables	Other Receivables	Trade Payables	Other
31 December 2023				
Demisaş	27.052.517	-	-	-
Total	27.052.517	-	-	-
	Receivables		Payables	
	Trade Receivables	Other Receivables	Trade Payables	Other
31 December 2022				
Demisaş	13.516.519	-	-	-
Total	13.516.519	-	-	-

Related party transactions are performed without obtaining guarantee.

Related party sales and purchase transactions are as follows:

31 December 2023

Related Parties	Sales of Goods and Services	Rent Income	Foreign Exchange-Delay Interest Gains	Other Sales	Total
Demisaş	83.014.896	-	6.271.701	1.677.020	90.963.617
Total	83.014.896	-	6.271.701	1.677.020	90.963.617

Related Parties	Sales of Goods and Services	Rent Income	Foreign Exchange-Delay Interest Gains	Other Sales	Total
Demisaş	-	-	2.683	-	2.683
Total	-	-	2.683	-	2.683

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31 December 2022

Related Parties	Sales of Goods and Services	Rent Income	Foreign Exchange-Delay Interest Gains	Other Sales	Total
Demisaş	94.338.359	608.716	4.335.421	1.198.043	100.480.539
Total	94.338.359	608.716	4.335.421	1.198.043	100.480.539

Related Parties	Sales of Goods and Services	Rent Income	Foreign Exchange-Delay Interest Gains	Other Sales	Total
Demisaş	-	-	590.447	-	590.447
Total	-	-	590.447	-	590.447

Total key management compensation incurred by Sarkuysan in 2023 is amounted to TL 45.472.951. (31 December 2022 : TL 41.142.418)

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.

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Foreign currency risk

As a result of the Group's operating activites 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.

Exchange Rate Sensitivity Analysis Table 31 December 2023

	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	38.429.139	(38.429.139)	38.429.139	(38.429.139)
2-Hedged portion of USD Risk (-)	-	-	-	-
3-USD Net Effect (1+2)	38.429.139	(38.429.139)	38.429.139	(38.429.139)
Change in EUR against TL by 10%				
4-EURO Net Asset / Liability	(67.461.413)	67.461.413	(67.461.413)	67.461.413
5-Hedged portion of Euro Risk (-)	-	-	-	-
6-EURO Net Effect (4+5)	(67.461.413)	67.461.413	(67.461.413)	67.461.413
Change in GBP against TL by 10%				
7-GBP Net Asset / Liability	(9.632.238)	9.632.238	(9.632.238)	9.632.238
8-Hedged portion of GBP Risk (-)	-	-	-	-
9-GBP Net Effect (7+8)	(9.632.238)	9.632.238	(9.632.238)	9.632.238
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	(38.664.512)	38.664.512	(38.664.512)	38.664.512

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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	143.576.713	(143.576.713)	143.576.713	(143.576.713)
2-Hedged portion of USD Risk (-)	-	-	-	-
3-USD Net Effect (1+2)	143.576.713	(143.576.713)	143.576.713	(143.576.713)
Change in EUR against TL by 10%				
4-EURO Net Asset / Liability	(138.871.734)	138.871.734	(138.871.734)	138.871.734
5-Hedged portion of Euro Risk (-)	-	-	-	-
6-EURO Net Effect (4+5)	(138.871.734)	138.871.734	(138.871.734)	138.871.734
Change in GBP against TL by 10%				
7-GBP Net Asset / Liability	2.237.469	(2.237.469)	2.237.469	(2.237.469)
8-Hedged portion of GBP Risk (-)	-	-	-	-
9-GBP Net Effect (7+8)	2.237.469	(2.237.469)	2.237.469	(2.237.469)
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	6.942.448	(6.942.448)	6.942.448	(6.942.448)

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Foreign Exchange Position Table

	31 December 2023					31 December 2022				
	TL Equivalent	USD	Avro	GBP	Other	TL Equivalent	USD	Avro	GBP	Other
1. Trade Receivables	2.942.470.529	50.831.176	41.140.509,00	2.830.677	-	4.655.218.538	84.211.546	55.498.219	6.414.955	-
2a. Monetary Financial Assets	1.303.628.936	22.057.005	18.787.788,00	1.130.261	-	919.727.249	24.659.191	4.718.920	134.386	-
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	6.016	-	183	-	-
4. Total Current Assets (1+2+3)	4.246.099.465	72.888.181	59.928.297	3.960.938	-	5.574.951.803	108.870.737	60.217.322	6.549.341	-
5. Trade Receivables	-	-	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	65.695	-	2.000	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-	-	-
8. Total Non-Current Assets(5+6+7)	-	-	-	-	-	65.695	-	2.000	-	-
9. Total Assets (4+8)	4.246.099.465	72.888.181	59.928.297	3.960.938	-	5.575.017.498	108.870.737	60.219.322	6.549.341	-
10. Trade Payables	2.684.570.776	76.306.454	13.431.287	19.676	-	2.820.699.980	64.626.963	25.125.459	114.828	-
11. Financial Liabilities	2.533.091.233	13.805.246	58.774.317	5.666.968	-	2.955.254.917	25.160.988	63.270.226	2.746.995	-
12a. Other Monetary Liabilities	87.651.176	849.077	1.855.794	58.903	-	115.694.446	1.839.549	1.776.310	18.118	-
12b. Other Non-Monetary Liabilities	-	-	-	-	-	9.242.925	300.000	-	-	-
13. Total Current Liabilities (10+11+12)	5.305.313.185	90.960.777	74.061.398	5.745.547	-	5.900.892.268	91.927.500	90.171.995	2.879.941	-
14. Trade Payables	-	-	-	-	-	-	-	-	-	-
15. Financial Liabilities	392.249.464	-	12.041.833	-	-	506.187.782	871.262	12.031.744	2.270.440	-
16a. Other Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
17. Total Non-Current Liabilities (14+15+16)	392.249.464	-	12.041.833	-	-	506.187.782	871.262	12.031.744	2.270.440	-
18. Total Liabilities (13+17)	5.697.562.649	90.960.777	86.103.231	5.745.547	-	6.407.080.050	92.798.762	102.203.739	5.150.381	-
19. Off-Balance Sheet Derivative Instruments Net Asset / (Liability) Position (19a-19b)	1.064.818.057	31.126.770	5.464.668	(787.987)	-	901.487.031	30.529.089	(293.515)	(795.155)	-
19a. Total Asset Amount of Hedged	1.189.684.751	31.126.770	8.392.261	-	-	940.593.596	30.529.089	-	-	-
19b. Total Liabilities Amount of Hedged	(124.866.694)	-	(2.927.593)	(787.987)	-	(39.106.565)	-	(293.515)	(795.155)	-
20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)	(386.645.127)	13.054.174	(20.710.266)	(2.572.596)	-	69.424.479	46.601.064	(42.277.932)	603.805	-
21. Monetary Items Net Foreign Exchange Asset / (Liabilities) Position (1+2a+3+5+6a-10-11-12a-14-15-16a)	(1.451.463.184)	(18.072.596)	(26.174.934)	(1.784.609)	-	(832.062.552)	16.071.975	(41.984.417)	1.398.960	-
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	18.785.657.318	225.269.344	499.967.101	35.246.417	-	24.274.071.424	317.192.990	474.580.157	49.727.619	-
26. Import	22.010.703.177	783.749.721	164.219.869	9.703	-	32.649.317.315	968.644.636	224.837.682	10.123	-



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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.

In this context, importance is given to ensuring that not only the maturities of receivables and payables are compatible, but also the change in interest rate periods and the short/long term balance of payables.

Fixed Interest Rate Financial Instruments	31 December 2023	31 December 2022
Financial Assets	470.671.668	278.173.411
Financial Liabilities	(1.815.284.876)	(1.293.410.409)
Floating Interest Rate Financial Instruments		
Financial Assets	707.861.816	244.593.058
Financial Liabilities	(4.243.776.978)	(4.920.421.951)

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 2023, 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 13.446.132 (31 December 2022: TL 10.152.370).

As of 31 December 2023, in the case of 100 bps rise in the annual interests, with all other variables held constant, profit before tax would have been TL 48.805.284 lower (31 December 2022: TL 56.910.659 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 detemined 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 guarentees 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

31 December 2023	Receivables						
	Trade Receivables		Other Receivables		Notes	Bank Deposits	Notes
	Related Party	Other	Related Party	Other			
Maximum exposure to credit risk as of reporting date (A+B+C+D)	27.052.517	4.899.080.376	-	366.132.198		1.463.756.448	
-Maximum risk secured with guarantees etc.	-	1.835.370.001	-	-	22	-	22
A. Net book value of neither past due nor impaired financial assets	27.052.517	4.899.080.376	-	366.132.198	10-11	1.463.756.448	6
B. Net book value of past due but not impaired financial assets	-	-	-	-	10-11	-	6
-Secured with guarantees	-	-	-	-	10-11	-	6
C. Net book value of impaired assets	-	-	-	-	10-11	-	6
-Past due (gross amount)	-	210.080.044	-	-	10-11	-	6
-Impairment (-)	-	(210.080.044)	-	-	10-11	-	6
-Secured with guarantees	-	-	-	-	10-11	-	6
-Undue (gross amount)	-	-	-	-	10-11	-	6
-Impairment (-)	-	-	-	-	10-11	-	6
-Secured with guarantees	-	-	-	-	10-11	-	6
D. Off-balance sheet expected credit losses (-)	-	-	-	-	10-11	-	6

31 December 2022	Receivables						
	Trade Receivables		Other Receivables		Notes	Bank Deposits	Notes
	Related Party	Other	Related Party	Other			
Maximum exposure to credit risk as of reporting date (A+B+C+D)		5.810.109.445	-	266.327.804		806.943.842	
-Maximum risk secured with guarantees etc.	-	3.695.846.106	-	-	22	-	22
A. Net book value of neither past due nor impaired financial assets	13.516.519	5.810.109.445	-	266.327.804		806.943.842	6
B. Net book value of past due but not impaired financial assets	-	-	-	-	10-11	-	6
-Secured with guarantees	-	-	-	-	10-11	-	6
C. Net book value of impaired assets	-	-	-	-	10-11	-	6
-Past due (gross amount)	-	294.153.962	-	-	10-11	-	6
-Impairment (-)	-	(294.153.962)	-	-	10-11	-	6
-Secured with guarantees	-	-	-	-	10-11	-	6
-Undue (gross amount)	-	-	-	-	10-11	-	6
-Impairment (-)	-	-	-	-	10-11	-	6
-Secured with guarantees	-	-	-	-	10-11	-	6
D. Off-balance sheet expected credit losses (-)	-	-	-	-	10-11	-	6

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Liquidity risk

The Group tries to manage liquidity risk by regularly monitoring cash flows and ensuring the maintenance of sufficient funds and borrowing reserves by balancing the maturities of financial assets and liabilities.

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.

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.

The ability to fund existing and prospective debt requirements is managed by maintaining the availability of adequate and high quality lenders.

The table below presents the maturity distribution, on TL basis, of the Group's derivative and non-derivative financial liabilities, which will be paid in cash in future periods in accordance with the contracts.

31 December 2023

Maturity of Contracts	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	9.100.746.055	9.787.177.263	4.837.073.230	3.340.825.589	1.515.908.345	93.370.099
Bank Borrowings	5.182.339.298	5.625.145.814	1.228.114.184	3.248.693.652	1.055.617.879	92.720.099
Finance Lease Liabilities	116.525.669	124.773.791	10.874.387	29.952.873	83.946.531	-
Issued Debt Instruments	567.273.608	789.271.100	361.459.150	58.734.150	369.077.800	-
Other Financial Payables	181.633.136	181.633.136	181.633.136	-	-	-
Lease Liabilities	11.290.142	12.558.579	1.197.530	3.444.914	7.266.135	650.000
Trade Payables	2.967.164.287	2.979.274.928	2.979.274.928	-	-	-
Other Payables	74.519.915	74.519.915	74.519.915	-	-	-

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	1.769.693.946	1.784.215.343	1.723.422.663	60.792.680	-	-
Cash Outflows	(1.766.109.286)	(1.823.111.354)	(1.761.876.079)	(61.235.275)	-	-
Derivative instruments, net	3.584.660	(38.896.011)	(38.453.416)	(442.595)	-	-

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31 December 2022

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	8.747.282.712	8.915.734.836	3.820.145.885	4.133.035.228	960.601.068	1.952.655
Bank Borrowings	5.585.003.624	5.741.952.812	685.315.860	4.117.574.386	939.062.566	-
Finance Lease Liabilities	38.789.722	41.954.773	6.467.329	14.727.979	20.063.204	696.261
Lease Liabilities	2.526.667	3.708.843	244.288	732.863	1.475.298	1.256.394
Trade Payables	3.082.313.913	3.089.469.622	3.089.469.622	-	-	-
Other Payables	38.648.786	38.648.786	38.648.786	-	-	-

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	1.719.273.163	1.703.674.645	1.696.652.308	7.022.337	-	-
Cash Outflows	(1.725.628.070)	(1.722.383.695)	(1.715.459.505)	(6.924.190)	-	-
Derivative instruments, net	(6.354.907)	(18.709.050)	(18.807.197)	98.147	-	-

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 December 2023	Notes	Other Financial Assets at Amortized Costs	Loans and Receivables	Financial Assets Available for Sale	Financial Assets at Fair Value Through Profit or Loss	Other Financial Liabilities at Amortized Costs	Book Value	Fair Value
Financial Assets		1.479.584.541	4.926.132.893	-	8.611.926	-	6.414.329.360	6.414.329.360
Cash and Cash Equivalents	6	1.463.870.919	-	-	-	-	1.463.870.919	1.463.870.919
Trade Receivables	10	-	4.926.132.893	-	-	-	4.926.132.893	4.926.132.893
Financial Investments	7	-	-	-	8.611.926	-	8.611.926	8.611.926
Derivative Instruments	14	15.713.622	-	-	-	-	15.713.622	15.713.622
Financial Liabilities		6.071.190.815	2.967.164.287	-	-	-	9.038.355.102	9.038.355.102
Financial Payables	8	6.059.061.853	-	-	-	-	6.059.061.853	6.059.061.853
Trade Payables	10	-	2.967.164.287	-	-	-	2.967.164.287	2.967.164.287
Other Financial Liabilities	9	-	-	-	-	-	-	-
Derivative Instruments	14	12.128.962	-	-	-	-	12.128.962	12.128.962
31 December 2022								
Financial Assets		807.128.136	5.823.625.964	-	7.107.614	-	6.637.861.714	6.637.861.714
Cash and Cash Equivalents	6	807.128.136	-	-	-	-	807.128.136	807.128.136
Trade Receivables	10	-	5.823.625.964	-	-	-	5.823.625.964	5.823.625.964
Financial Investments	7	-	-	-	7.107.614	-	7.107.614	7.107.614
Derivative Instruments	14	-	-	-	-	-	-	-
Financial Liabilities		6.220.187.267	3.082.313.913	-	-	-	9.302.501.180	9.302.501.180
Financial Payables	8	6.213.832.360	-	-	-	-	6.213.832.360	6.213.832.360
Trade Payables	10	-	3.082.313.913	-	-	-	3.082.313.913	3.082.313.913
Other Financial Liabilities	9	-	-	-	-	-	-	-
Derivative Instruments	14	6.354.907	-	-	-	-	6.354.907	6.354.907

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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 December 2023	Level 1	Level 2	Level 3	Total
Financial Assets	7.536.251	-	1.075.675	8.611.926
Financial Assets at Fair Value Through Profit or Loss	7.536.251	-	1.075.675	8.611.926
Financial Assets Available for Sale				
Derivative Instruments	-	(3.584.659)	-	(3.584.659)
Other Financial Assets/Liabilities at Amortized Cost (Net)	-	(3.584.659)	-	(3.584.659)

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.

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NOTE 40 EVENTS AFTER THE REPORTING PERIOD

None.

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

None.

CONTAC

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