

# ANNUAL REPORT

2021



ascelik





 asçelik

Dear stakeholders and colleagues,

2021 was a very difficult year, just as the years before were. We experienced global hyperinflation and supply problems on top of the global Covid-19 pandemic.

Despite this bleak outlook, we continued to invest in the sustainability of our production and sales force. However, despite all difficulties, when we look back at last year, we see As elik as a leader in its industry with growing numbers and production. As elik has become an valuable Turkish company that is now recognized worldwide.

Once again, 2022 will be a year when we complete our investments and continue to grow. By starting production of large tonnage parts in our Kavak factory, we will become even stronger in a field where there is very little competition. Furthermore, we will take the first step in establishing within our factories one of the largest solar power plants in Turkey and prepare ourselves for a carbon-neutral future.

This vision can only be possible with As elik's skilled staff. Tomorrow will be more difficult than today, but we are ready for what may come.

Orkun Tfenk  
General Manager



Founded in 1956 as a small casting workshop in Samsun, As Çelik has become one of the leading steel manufacturers in Turkey with more than 65 years of experience, two factories, and a team of five hundred people.

Today, the company is listed among the top 1000 exporters of Turkey each year with its export volume; thanks to the success of the third generation of family management.

With an annual casting capacity of 35,000 tons steel and 30,000 tons of manganese steel, we are the largest manganese steel producer in Europe. We also have a strong presence in the casting sector as a trusted brand in the international market, exporting about 85% of our production.

We ensure sustainable quality with a holistic production approach that performs all production and quality control processes on-site, including model production and raw materials, heat treatment and first casting, radiographic testing, and casting simulations.

As Çelik acts with the vision of sustainable production and quality in addition to continuous improvement, and continues to grow with its R&D investments, digital transformations, and a vision for a clean environment.







## FACT & FIGURES



482  
Employees



89 New Jobs



2 Locations  
120.000 m<sup>2</sup>



3 Shifts



35,000 Tons  
Casting Capacity



Up To 30 Tons  
Single-Piece Casting



95%  
On-Time Delivery



Europe's Largest  
Manganese Steel  
Manufacturer



# INDEPENDENT AUDITOR'S REPORT

**As Çelik Döküm İşleme Sanayi ve Ticaret Şirketi**  
**General Assembly:**

**A. Independent Audit of the Financial Statements**

**1. Opinion**

We have audited the financial statements of As Çelik Döküm İşleme Sanayi ve Ticaret Şirketi, which consists of the statement of financial position dated 31 December 2020 and the footnotes of the financial statements for the accounting period ending on the same date including statements of profit or loss, statement of changes in equity, statement of cash flows, and summary of significant accounting policies.

The accompanying financial statements truthfully present the Company's financial position as of 31 December 2020 and its financial performance and cash flows for the year ending on the same date, in all material respects, in accordance with the Financial Reporting Standards for Large and Medium-sized Enterprises ("FRS for LMEs").

**2. Basis for Opinion**

Our independent audit was conducted in accordance with the Standards on Independent Audit ("SIA"), which are part of the Turkish Audit Standards published by the Public Oversight, Accounting and Auditing Standards Authority ("POA"). Our responsibilities under these standards are explained in detail in the "Responsibilities of the Independent Auditor for the Independent Audit of Financial Statements" section of the report. We hereby declare that we are independent from the Company in accordance with the Code of Ethics for Independent Auditors ("Ethical Rules") published by POA and the ethical provisions in the legislation on independent auditing of financial statements. We also fulfilled other ethical responsibilities within the scope of the Code of Ethics and legislation.

We believe that the audit evidence attained during the independent audit provides a sufficient and appropriate basis for our opinion.

### **3. Other Considerations**

Although they do not affect our audit opinion, we draw attention to the following matters.

- The Company's trade debts have decreased by 54.541.670,00 TL as of the end of 2020 compared to the end of 2019; trade debt has been reduced in 2020.
- The Company's total long and short-term financial debts have increased by 27.127.158,00 TL as of the end of 2020 compared to the end of 2019. Compared to the previous period, the Company has used more financial loans to finance activities and investments.

### **4. Responsibilities of Management and Those Charged with Governance Regarding the Financial Statements**

The management of the company is responsible for the internal control deemed necessary for the preparation of the financial statements in accordance with the FRS for LMEs, their presentation in a truthful manner, and their preparation so that it does not contain material misstatements due to error or fraud.

While preparing the financial statements, the management is responsible for evaluating the company's ability to continue as a going concern, explaining the going concern issues when necessary, and using the going concern basis of operation unless there is an intention or obligation to liquidate the company or terminate the commercial activity.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



## **5. The Independent Auditor's Responsibilities Regarding Independent Audit of Financial Statements**

### **Related Responsibilities**

Our responsibilities in an independent audit are as follows:

Our aim is to receive reasonable assurance as to whether the financial statements are free from material misstatement due to error or fraud as a whole and to issue an independent auditor's report including our opinions.

Reasonable assurance as a result of an audit conducted in accordance with SIAs is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements may be due to error or fraud. Misstatements are considered material if they are, individually or in the aggregate, expected to affect the economic decisions made by those who use financial statements based on those statements.

As a requirement of the independent audit conducted in accordance with the SIA, we used our professional judgment and maintained our professional scepticism throughout the independent audit. We also:

- Identify and assess the risks of material misstatement due to error or fraud in the financial statements, design and perform audit procedures that address these risks, and attain sufficient appropriate audit evidence to form a basis for our opinion. Since fraud may involve acts of collusion, fraud, willful negligence, misrepresentation, or violation of internal control, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error.
- We conduct audit-related internal control assessments not to express an opinion on the effectiveness of the company's internal control, but to design audit procedures that are appropriate in the circumstances.
- We consider the appropriateness of management's accounting policies and the reasonableness of disclosures about accounting estimates.

## **5. The Independent Auditor's Responsibilities Regarding Independent Audit of Financial Statements**

**(Continuing)**

- Based on the audit evidence obtained, we conclude on the appropriateness of management's use of going concern basis of accounting and whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue to be a going concern. If we conclude that a material uncertainty exists, we are required to draw attention to the relevant disclosures in the financial statements in our report or, if these disclosures are insufficient, to express an opinion other than an unqualified one. Our conclusions are based on the audit evidence obtained up to the date of the independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether they reflect the underlying transactions and events in a manner that ensures fair presentation.
- We obtain sufficient and appropriate audit evidence about the financial information of the business segments within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and conduct of the company audit. We are also solely responsible for the audit opinion we give.

We report the planned scope and timing of the independent audit and significant audit findings, including significant internal control deficiencies that we have identified during the audit among other things, to those charged with governance.

We have notified those responsible for senior management that we comply with the ethical provisions regarding independence. In addition, we have conveyed all relations and other matters and, if any, relevant measures that may be considered to have an impact on independence to those responsible for senior management.

**B. Other Obligations Arising from the Legislation**

1. Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") No. 6102, we found no significant issue that indicates that the bookkeeping system of the Company is not in compliance with the provisions of the law and the Company's articles of association regarding financial reporting, in the accounting period of 1 January - 31 December 2020.
2. Pursuant to the fourth paragraph of Article 402 of the TCC, The Board of Directors has given us the required explanations and documents within the scope of the audit.
3. The Auditor's Report on the Early Detection of Risk System and Committee, which is required to be prepared in accordance with the fourth paragraph of Article 398 of the Turkish Commercial Code (TCC) No. 6102, could not be submitted to the Board of the Company as the Company does not have an Early Detection of Risk System and Committee.
4. The Auditor's Report on the Early Detection of Risk System and Committee, We have expressed a clean opinion in the Auditor's Report on the Annual Activity Report of the Board of Directors, which was prepared in accordance with the second paragraph of Article 398 of the Turkish Commercial Code (TCC) No. 6102.

Yıldızlar Bağımsız Denetim ve  
Yeminli Mali Müşavirlik A.Ş.

Hasan Güler  
Responsible Partner Lead Auditor

September 22, 2021

YILDIZLAR BAĞIMSIZ DENETİM VE  
YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.

Kale Mh. Çarşıbaşı Sk. No:15/1  
Tel: 432 44 22 - 435 78 12 İskenderiye / SAMSUN  
Gaziantep / T.C. 4004



Total Sales (TL) between years 2018 and 2021

2021	406.379.014 TL
2020	306.959.206 TL
2019	239.570.740 TL
2018	193.734.551 TL

Total Exports (USD) between years 2018 and 2021

2021	31.528.638 USD
2020	31.834.106 USD
2019	28.774.874 USD
2018	31.669.192 USD



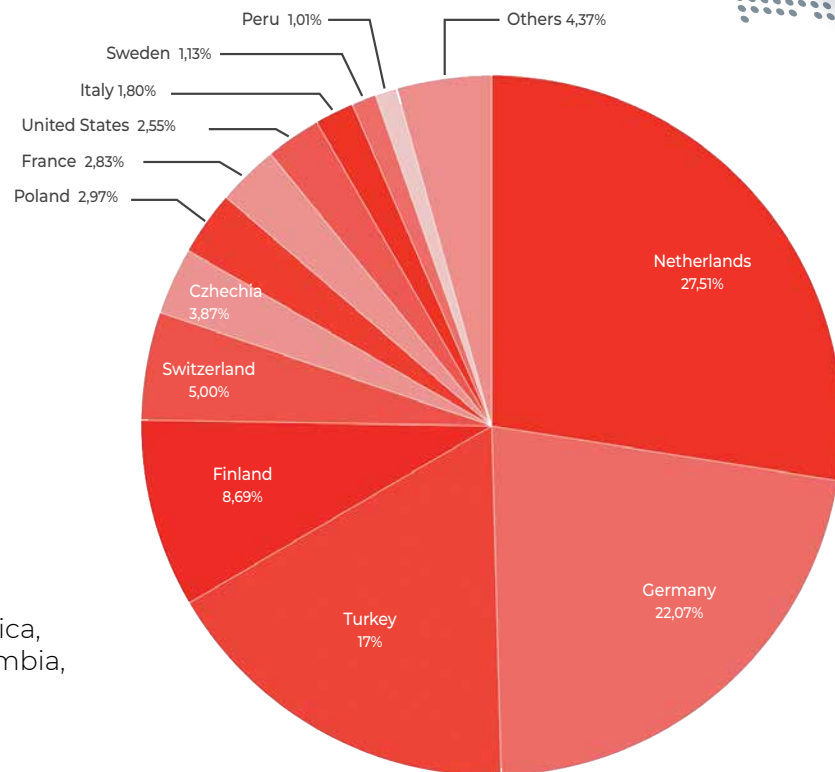




Net Casting Quantity (Tons) between years 2018 and 2021

2021	19.821 Tons
2020	18.867 Tons
2019	16.998 Tons
2018	16.994 Tons

# SALES



## Other Countries:

Norway, Canada, N.Macedonia, United Kingdom, Lithuania, Ghana, South Africa, Russia, Morocco, Belgium, Brazil, Colombia, India, Serbia, Kazakhstan, Panama, Australia, China, Denmark.

Despite the ongoing shifts in the world economy and travel restrictions due to the Covid-19 pandemic, which continued to have a global impact in 2021, As Çelik increased its production and export capacity with a growth rate of 17.26% in international markets and 23.96% in Turkey.

The contribution of new customers of the last three years to total sales has reached 20% on the international and national average, which has had a major effect on our stable growth.

**2021**

PO-Based Growth  
Rate  
(International / €)

**17,26%**

**2021**

PO-Based Growth  
Rate  
(National / ₺)

**23,96%**



**GROWTH**

## Production Grows, As Çelik Flourishes

Production capacity was increased after purchasing a double-pot 15-ton induction furnace. The projected installed capacity increase for 2022 is 30 tons. The capacity of molding equipment has been increased with the purchase of new mixers and mechanical and thermal reclamation systems alongside casting furnaces. With the thermal reclamation system to be deployed in 2022, we aim to reduce the error rate in casting materials, ensure higher surface quality and better casting, and reduce the amount of waste, chemical rates, and environmental impact.

As Çelik's investments in growth and capacity building in Kavak continue. A total of 3500 square meters of space has been added to our existing plant located in the first parcel of the Kavak Factory, putting into operation the 4th and 5th halls.

All infrastructure work has been completed according to the installed capacity of 40 MWh. Two new machining tools, one fully automatic molding line have been installed on the first parcel of Kavak, and two additional fully automatic molding lines are planned to be put into operation in 2022.

For the second parcel, added in 2021, the construction of a closed area of 5,000 m<sup>2</sup> has been completed. And the foundation of the other 5,000 m<sup>2</sup> is prepared and ready for the superstructure. The ground clearance and levelling of an 35,000 m<sup>2</sup> area on the third parcel has been completed and is now ready for construction.







## Environmentally Friendly Investments

In line with the increased capacity, a press machine for large-diameter parts will be put into operation in 2022. In order to reduce environmental impact while increasing production capacity; we have completed our project to prevent casting errors caused by cores and to extend the shelf life of cores by switching to an amine gas system instead of carbon dioxide gas in the current core machines. Furthermore, to reduce fossil fuel consumption, we reduced the use of diesel-fueled transport cars and planned to out transfer cars into use in 2022.

Meanwhile, the waste sand screening system to be installed and put into operation in the 3rd parcel of our Kavak Factory in 2022 will contribute to reducing the environmental impact by transforming the waste sand used in production into a material used in different sectors.

The factory will meet all its energy needs from renewable energy in the long term, making it a pioneer in the region. To meet this target, we decided to start solar power plant investments in Q1 2022 and accelerated the process. The 2.3 MWh installed power of our factory operating in Kavak will be completely covered by solar energy within the first half of 2022. In the future, almost all of the installed capacity of 40 MWh will be covered by solar energy.

Standing strong and steady with 65 years of experience, As Çelik aims to develop and transfer the theoretical and practical knowledge it generates to the generations to come by establishing **As Çelik Academy**, a platform which will boost the professional and personal development of younger generations who will shape the future of the casting industry.

## Digital Transformation Continues

As Çelik's strategy is to stay away from competing, to reduce possible price competition, not to compromise quality, to keep delivery and quality conditions at the highest level, and to choose labor-intensive systems instead of capital-intensive systems for work with high added value with state-of-the-art equipment while producing large and special projects. Hence, we make sustainable improvements and investments.

In order to improve traceability inside and outside the company, and to render all reports real-time, all processes were digitalized with the support of global business partners.

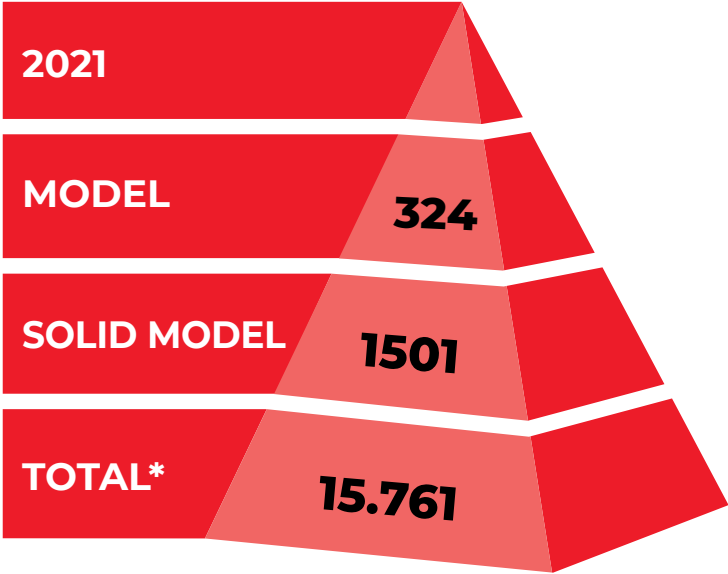
In addition to internal process reporting and monitoring, the follow-up of key issues that our company attaches importance to, such as customer satisfaction, supplier performances, environment and occupational health and safety were also digitalized.

As Çelik believes in taking quick actions and providing improvements with real-time monitoring. So, we determined key performance indicators for all the processes we monitor and enabled real-time tracking of all process targets through digital platforms in line with our integrated management systems.

# Turkey's Largest Wooden Model Facility

With an innovative and future-oriented vision, we will be able to develop and produce our own designs in our upcoming R&D center.

The establishment of our R&D center will create the largest wooden model facility in Turkey, with over 20,000 models stocked on the same site.



\* The total solid model count is the sum of the last 12 years.



## Environment-Oriented Production Approach

Paying due attention to the Green Deal as of 2021, As Çelik formed a Green Deal Project Group that consists of different process owners within the company, and keeps abreast of all the latest global and sectoral developments.

As Çelik, which reports and verifies its greenhouse gas emissions annually, has committed to reduce its scope 1 and scope 2 greenhouse gas emissions by 50% by 2030 compared to the 2018 base year, and to measure and reduce scope 3 emissions through the “Science Based Targets” portal, in addition to its own internal targets.

As Çelik is among the 21 companies in Turkey and 2300 worldwide that have made this pioneering commitment through the Science Based Targets portal.



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

GREEN DEAL





## The European Green Deal and As elik

In 2022, within the scope of ISO 14064-1:2019 and ISO 14067:2018, we started cooperating with a consultant company to calculate the product carbon footprint and create a life cycle assessment, and to complete the calculation and reporting of our corporate carbon footprint.

We also prioritized environmentally friendly approaches in the supplier selection process for commitments and ongoing projects.

As elik plans to complete the ISO 50001:2018 Energy Management System installation and certification and the commissioning of energy tracking systems in 2022. We will closely follow developments in order to meet all Green Deal requirements and ensure that all our investments are environmentally-friendly in 2022.



## As elik is once again on TIM's Top 1000 Exporters List

Exporting nearly 85 per cent of its production, As elik rose from 720th place in 2019 to 704th in 2020 on Turkey's Top 1000 Exporter Companies, a list compiled by the Turkish Exporters' Assembly (TIM).

Being among the top 1000 exporting companies for years; As elik continues to share its potential with the world by increasing its production and export volume without sacrificing quality.

As a reliable supplier in the steel casting market with an expanding customer network, As elik exports to every region of the world, especially to Europe and America.



## As elik Among Turkey's Second Top 500 Industrial Enterprises

As elik, rose from 927th in 2019 to 900th in 2020 on Turkey's Second Top 500 Industrial Enterprises, a list compiled by the Istanbul Chamber of Industry (ISO).

With our achievements in exports, turnover, and production volume in 2020, we are proud to contribute to the Turkish economy and employment scene.

As elik aims to constantly renew itself and continue to grow in 2022 as well.



**TURKEY'S**  
SECOND TOP 500 INDUSTRIAL  
**ENTERPRISES**  
**2020**

## Social Responsibility

In addition to our contributions to exports, employment and production, we also continue to work on our social responsibility projects in 2021, as we have been for years. As Çelik continues to support youth with the **As Çelik Success Scholarship**, which is granted to students in financial need after careful evaluations. The Scholarship was granted to 20 students in 2021 and 15 students in the years before.

Within the scope of social responsibility, on behalf of our employees;

We supported the education of female students and efforts targeting the prevention of violence against women, with donations made to the **Turkish Education Foundation** and the **Mor Çatı Foundation** on March 8th International Women's Day and as a way of extending condolence for those who have lost loved ones.

We supported reforestation with birthday donations made to **TEMA**, the Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats.

We supported the treatment of children and adults with leukaemia with the New Year's donations made to **LÖSEV**, the Health and Education Foundation for Children with Leukemia.



## Health and Safety

As Çelik took all necessary precautions during the Covid-19 pandemic and documented this by receiving the **“Covid-19 Safe Production Certificate”** after the inspections carried out by the Turkish Standards Institute, and continued to contribute to exports and employment without interrupting production.

We encouraged all employees to be vaccinated by organizing vaccine day on-site, reaching 85% in the number of personnel who received both doses of vaccine.

We will continue to take the necessary measures in order to prioritize the health and hygiene conditions of all relevant parties, especially employees, customers and suppliers, in 2022, as we do every year.

Always prioritizing employee health and safety, As Çelik has given the necessary importance to the occupational health and safety process in 2021 as well. We reduced the number of work accidents, which are lost workdays, by approximately 11% throughout the factory, which is a step closer to our ‘zero work accidents’ target.



## ADDRESS

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