

**DÖKTAŞ DÖKÜMCÜLÜK SANAYİ VE TİCARET A.Ş.
AND SUBSIDIARY**

**CONVENIENCE TRANSLATION INTO ENGLISH OF
THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2021
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

(ORIGINALLY ISSUED IN TURKISH)



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH**

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Döktaş Dökümcülük Sanayi ve Ticaret A.Ş.

A. Audit of the Consolidated Financial Statements

1. Our opinion

We have audited the accompanying consolidated financial statements of Döktaş Dökümcülük Sanayi ve Ticaret A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

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

2. Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate 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. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key audit matters	How the key audit matter was addressed in the audit
<p>Fair value determination of lands, land improvements and buildings (See Notes 2.7 and 12)</p>	
<p>The Group measured land, land improvements and buildings in the consolidated financial statements at their fair value in accordance with the related provisions of TAS 16 “Property, Plant and Equipment”.</p> <p>As a result of the revaluation performed by the independent professional valuation company as of 31 December 2021, lands, land improvements and buildings were measured with their revalued amounts amounting to TRY785.494.040 and the increase in the value of these assets as a result of the revaluation amounted to TRY105.615.276 as at 31 December 2021. The increase arising from the revaluation of the lands, land improvements and buildings is recognized in the revaluation fund of property, plant and equipment by deducting deferred tax effect in the consolidated statement of financial position within other comprehensive income under equity.</p> <p>We considered the fair value determination of lands, land improvements and buildings as a key audit matter since the amount of these assets has a significant share in the Group’s assets, as of 31 December 2021 and the valuation techniques applied such as market comparison and cost approaches in determining their fair values include significant assumptions and judgements which are subjective.</p>	<p>We have performed following procedures regarding to the fair value determination of the lands, land improvements and buildings during our audit work:</p> <ul style="list-style-type: none"> • We evaluated the competence, capabilities, and objectivity of the independent professional valuation company appointed by the Group management. • We checked the completeness of lands, land improvements and buildings by comparing the accounting records of the Group and the valuation reports whether all lands, land improvements and buildings were subject to valuation. • The title deed records and ownership rates of the lands were tested by sampling method. • We have checked the consistency and completeness of the data used by the professional independent valuation company assigned by the Group management, such as the square meter, real estate’s position and zoning status by comparing with the Group’s records on a sample basis. • In order to evaluate the assumptions and methods used by the Group management and the independent professional valuation company appointed by the Group management, the external expert was included for the examination of the opinion letters and valuation reports selected on a sample basis in accordance with TSA 620 “Using the Work of an Expert”.



	<ul style="list-style-type: none">• The following audit procedures were applied with the support of the auditor's external expert:<ul style="list-style-type: none">- comparing location, owner and square meter information for the lands, land improvements and buildings stated in valuation reports with the information in title deeds,- evaluating the nature of the real estate,- evaluating the appropriateness of the market comparison method used in valuing the relevant lands,- evaluation of whether the lands of which were considered in the market comparison method are similar to the Group's lands,- evaluating if some estimates and assumptions such as square meters, unit square-meter costs and depreciation of the assets that were the subject of the calculation based on the cost approach used for the revaluation of buildings and land improvements were reasonable,- checking if valuation reports were prepared in line with the main principles.• The appropriateness and adequacy of the explanations in the footnotes of the consolidated financial statements regarding the fair value determination of the lands, land improvements and buildings in accordance with TFRS have been evaluated.
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Key audit matters	How the key audit matter was addressed in the audit
<p>Periodicity of Revenue (Refer to Notes 2.7 ve 18)</p>	
<p>Revenue is a significant criterion for evaluating the results of the strategies implemented during the year and in terms of performance monitoring.</p> <p>As mentioned in Note 2 to the consolidated financial statements, the Group's revenue mainly consists of sale of cast iron, ductile iron and aluminum cast parts and aluminum wheels for various industries.</p> <p>When the Group fulfills its performance obligation by transferring a promised good or service to its customer, it records the transaction price corresponding to this performance obligation as revenue in its consolidated financial statements. A good or service is transferred when the control of the goods or services is delivered to the customers. Due to the nature of the Group's operations and customer contracts, sales transactions are completed after the customers' product acceptance processes, and sales price differences may occur after the delivery date of the products to the customers.</p> <p>Revenue recognition was a key audit matter since the revenue is an important performance measurement criteria for the aforementioned reasons, revenue represents a significant amount in the financial statements for the period between 1 January – 31 December 2021 and revenue recognition is subject to the customers' acceptance of the products.</p>	<p>The following procedures were performed for the audit of the periodicity of revenue:</p> <ul style="list-style-type: none"> • Business processes on revenue recognition performed by the Group were understood. • Customer sales contracts were examined and contract terms for the periodicity of revenue were evaluated. • Supporting sales invoices, product shipment and delivery documents and sales orders of customers were tested on a sample basis. • Sales transactions were tested on a sample basis for the assessment of the revenue recognition in the correct period in terms of cut off principle. • Trade receivables from non-related parties was tested by obtaining confirmation letters from customers on a sample basis. • The aging of trade receivables from non-related parties was tested on a sample basis. • Collections from non-related parties in the subsequent period were tested on a sample basis. • The Group management's previous estimations and assumptions were compared to the actual sales price differences in the current period. • Sales discounts related to the sales price differences of the Group in the current period were tested on a sample basis. • The appropriateness and adequacy of the disclosures in the notes to the consolidated financial statements in accordance with TFRS related to the revenue recognition were assessed.



4. Other matters

- 4.1** The consolidated financial statements of the Group for the year ended 31 December 2020 were audited by another firm of auditors whose report, dated 2 March 2021, expressed a qualified opinion on those statements.
- 4.2** Within the scope of our independent audit on the consolidated financial statements for the accounting period ending as at 31 December 2021, we have also audited the adjustments that restate the consolidated financial statements for the accounting period ending as at 31 December 2020 and the adjustments explained in the Note 2.5. We are of the opinion that these adjustments are accurate and correct. As we have not been assigned for independent audit, limited review or any procedures related to the Group's consolidated financial statements as of and for the year ended 31 December 2020, we cannot provide audit opinion or any other assurance on the consolidated financial statements as of and for the year ended 31 December 2020, except for the adjustments.

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

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

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

6. 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 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 SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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 responsibilities arising from regulatory requirements

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

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Özgür Beşikçioğlu, SMMM
Partner

Istanbul, 3 March 2022

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2021

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DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2021 AND 2020

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

	Notes	<i>Audited</i> 31 December 2021	<i>Audited</i> 31 December 2020
ASSETS			
Current assets			
Cash and cash equivalents	4	24,136,658	34,285,671
Trade receivables		709,333,568	353,354,127
- <i>Trade receivables from related parties</i>	26	5,467	4,498,014
- <i>Trade receivables from third parties</i>	6	709,328,101	348,856,113
Other receivables		3,466,404	440,992
- <i>Other receivables from third parties</i>	7	3,466,404	440,992
Inventories	8	824,076,139	311,368,729
Prepaid expenses	10	1,837,182	2,685,641
Other current assets	15	109,547,533	15,804,550
Current assets		1,672,397,484	717,939,710
Non-current assets			
Trade receivables		10,911,577	8,985,876
- <i>Trade receivables from third parties</i>	6	10,911,577	8,985,876
Other receivables		-	14,184,335
- <i>Other receivables from third parties</i>	7	-	14,184,335
Investments valued for using equity method	11	6,093,786	6,682,709
Property, plant and equipment	12	2,363,313,397	1,222,641,025
Goodwill	14	16,647,585	10,213,643
Intangible assets	13	75,307,190	32,256,272
Prepaid expenses	10	61,048,416	5,311,177
Other non-current assets	15	26,833,665	27,572,119
Non-current assets		2,560,155,616	1,327,847,156
TOTAL ASSETS		4,232,553,100	2,045,786,866

These consolidated financial statements at 1 January - 31 December 2021 and for the year then ended were authorized for issue by the Board of Directors of Döktaş Dökümcülük San. ve Tic. A.Ş. on 3 March 2022. General Assembly have the power to amend and reissue the consolidated financial statements.

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

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2021 AND 2020**

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

	Notes	<i>Audited</i> 31 December 2021	<i>Audited</i> 31 December 2020
LIABILITIES			
Current liabilities			
Short-term borrowings	5	991,358,249	339,524,875
Short-term portion of long-term borrowings	5	117,446,405	340,160,608
Lease liabilities	5	16,953,637	6,355,758
Trade payables		487,805,483	211,897,227
- Trade payables to related parties	26	66,930,023	13,802,805
- Trade payables to third parties	6	420,875,460	198,094,422
Payables related to employee benefits	9	22,409,682	22,008,813
Other payables		33,122,182	9,876,478
- Other payables to related parties	26	29,425,326	-
- Other payables to third parties	7	3,696,856	9,876,478
Short-term provisions		61,691,531	16,638,889
- Short-term provisions for employee benefits	9	8,324,380	4,458,163
- Other short-term provisions	16	53,367,151	12,180,726
Other current liabilities	15	61,849,130	23,969,266
Current liabilities		1,792,636,299	970,431,914
Non-current liabilities			
Long-term borrowings	5	1,357,745,267	737,946,778
Long-term lease liabilities	5	12,915,520	7,855,610
Long-term provisions		87,653,977	64,205,230
- Long-term provisions for employee benefits	9	87,653,977	64,205,230
Deferred tax liabilities	24	35,223,998	51,866,858
Non-current liabilities		1,493,538,762	861,874,476
TOTAL LIABILITIES		3,286,175,061	1,832,306,390
EQUITY			
Paid-in capital	17	116,000,000	116,000,000
Inflation adjustment differences on paid-in capital	17	45,195,347	45,195,347
Other equity interests	2.5, 17	(424,245,815)	(625,278,409)
Share premium	17	161,041	161,041
Other comprehensive income		627,198,059	246,342,940
- Items that will not to be reclassified to profit or loss		111,119,978	638,662
- Items that are or may be reclassified subsequently to profit or loss		516,078,081	245,704,278
Restricted reserves	17	16,035,194	16,035,194
Retained earnings		218,168,201	330,797,182
Net profit for the year		347,866,012	84,227,181
TOTAL EQUITY		946,378,039	213,480,476
TOTAL LIABILITIES AND EQUITY		4,232,553,100	2,045,786,866

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

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020**

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

		<i>Audited</i>	<i>Audited</i>
		1 January -	1 January
	Notes	31 December 2021	31 December 2020
Revenue	18	2,722,072,097	1,333,390,308
Cost of sales (-)	18	(2,227,897,945)	(1,033,804,501)
GROSS PROFIT		494,174,152	299,585,807
General administrative expenses (-)	19	(93,028,250)	(84,936,804)
Marketing expenses (-)	19	(137,646,948)	(61,068,459)
Research and development expenses (-)	19	(6,781,598)	(2,109,573)
Other operating income	21	401,039,624	47,522,595
Other operating expenses (-)	21	(224,844,360)	(27,415,076)
OPERATING PROFIT		432,912,620	171,578,490
Income from investing activities	22	362,651	394,898
Expenses from investing activities	22	(15,295,052)	-
Investments valued for using equity method	11	1,014,396	1,552,793
OPERATING PROFIT BEFORE FINANCE COSTS		418,994,615	173,526,181
Finance income	23	55,867,703	16,385,545
Finance expenses (-)	23	(138,941,085)	(98,469,749)
OPERATING PROFIT BEFORE TAX		335,921,233	91,441,977
Income tax expense		11,944,779	(7,214,796)
Deferred tax income/(expense)	24	11,944,779	(7,214,796)
NET PROFIT FOR THE YEAR		347,866,012	84,227,181
Ordinary and diluted Earnings/(Loss) per share	25	3.00	0.73
OTHER COMPREHENSIVE INCOME			
Profit or loss not to be reclassified, before tax		88,393,345	(3,530,804)
Gains on remeasurements of property, plant and equipment, before tax	12	105,664,575	-
Remeasurements of defined benefit liability, before tax	9	(17,271,230)	(3,530,804)
Profit or loss to be reclassified, before tax		270,373,803	44,975,918
Foreign currency translation differences		270,373,803	44,975,918
Other comprehensive income, before tax		358,767,148	41,445,114
Total taxes on other comprehensive income items		26,264,403	706,161
Deferred tax income/expenses	24	26,264,403	706,161
OTHER COMPREHENSIVE INCOME		385,031,551	42,151,275
TOTAL COMPREHENSIVE INCOME		732,897,563	126,378,456

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

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

	Paid-in capital	Capital advance	Inflation adjustment differences on paid-in capital	Repurchased shares (-)	Share premium	Gain on property, plant and equipment re-measurement	Other Comprehensive	Other Comprehensive	Foreign currency translation differences	Restricted reserves	Prior years' profits	Net profit/(loss) for the year	Total equity
							Income/Expense Items That will not to be Reclassified to (Loss)/Profit	Income/Expense Items That are or may be Reclassified Subsequently to (Loss)/Profit					
Balances at 1 January 2020	66,844,800	47,135,250	45,195,347	(625,278,409)	161,041	46,325,911	(39,656,936)	200,728,360	16,035,194	229,427,106	98,164,406	85,082,070	
Transfers	-	-	-	-	-	(3,205,670)	-	-	-	101,370,076	(98,164,406)	-	
Total comprehensive income	-	-	-	-	-	-	(2,824,643)	44,975,918	-	-	84,227,181	126,378,456	
Capital increase	49,155,200	(47,135,250)	-	-	-	-	-	-	-	-	-	2,019,950	
Balances at 31 December 2020	116,000,000	-	45,195,347	(625,278,409)	161,041	43,120,241	(42,481,579)	245,704,278	16,035,194	330,797,182	84,227,181	213,480,476	
Balances at 1 January 2021	116,000,000	-	45,195,347	(625,278,409)	161,041	43,120,241	(42,481,579)	245,704,278	16,035,194	330,797,182	84,227,181	213,480,476	
Adjustment (*)	-	-	-	201,032,594	-	-	-	-	-	(201,032,594)	-	-	
Transfers	-	-	-	-	-	(4,176,432)	-	-	-	88,403,613	(84,227,181)	-	
Total comprehensive income	-	-	-	-	-	128,474,735	(13,816,987)	270,373,803	-	-	347,866,012	732,897,563	
Balances at 31 December 2021	116,000,000	-	45,195,347	(424,245,815)	161,041	167,418,544	(56,298,566)	516,078,081	16,035,194	218,168,201	347,866,012	946,378,039	

(*) Note 2.2.

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

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

		<i>Audited</i> 1 January - 31 December 2021	<i>Audited</i> 1 January - 31 December 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit/(loss)		347,866,012	84,227,181
Adjustments to reconcile net profit to cash provided by operating activities:			
Depreciation and amortisation expenses	12.13	93,597,707	53,635,404
Adjustments related to tax (income)/expense	24	(11,944,779)	7,214,796
Adjustments related to interest expenses	23	104,774,473	80,076,175
Adjustments related to interest income (-)	23	(799,713)	(385,145)
Adjustments related to provisions		92,890,888	148,625
Adjustments related to losses from disposals of fixed assets	22	14,932,401	(394,898)
Unrealized foreign currency translation differences		(286,457,379)	41,295,824
Adjustments related to inventories		(512,707,410)	(99,888,351)
Adjustments related to increase/decrease in trade receivables		(385,450,907)	(160,169,790)
Adjustments related to increase/decrease in other receivables related to operations		(131,969,031)	3,156,221
Adjustments related to decrease in trade payables		275,908,256	107,366,076
Adjustments related to increase/decrease in other payables related to operations		61,526,437	3,937,162
Total adjustments for the period net profit/(loss) reconciliation		(685,699,057)	35,992,099
Cash from operating activities		(337,833,045)	120,219,280
Other cash inflows/outflows		(5,567,855)	(2,473,724)
Net cash provided from operating activities		(343,400,900)	117,745,556
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment	12	439,539	2,234,998
Acquisition of property, plant and equipment (-)	12	(291,546,361)	(81,119,043)
Acquisition of intangible assets	13	(22,112,296)	(11,600,507)
Interest received		799,713	385,145
Other cash inflows/outflows		-	138,318
Net cash used in investing activities (+/-)		(312,419,405)	(89,961,089)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank loans	5	3,582,121,837	496,781,554
Repayment of borrowings (-)	5	(2,868,744,964)	(547,454,785)
Cash outflows from other lease liabilities (-)		15,657,789	-
Interest paid (-)		(83,555,820)	-
Proceeds from capital increase		-	2,019,950
Net cash provided from financing activities		645,478,842	(48,653,281)
DECREASE IN CASH AND CASH EQUIVALENTS BEFORE FOREIGN EXCHANGE		(10,341,463)	(20,868,814)
FOREIGN EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS (+/-)		192,450	452,043
NET DECREASE IN CASH AND CASH EQUIVALENTS		(10,149,013)	(20,416,771)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		34,285,671	54,702,442
NET CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	4	24,136,658	34,285,671

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

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

Döktaş Dökümcülük Ticaret ve Sanayi A.Ş. (the “Company”) was established in 1973 in Orhangazi, Bursa and operated as a subsidiary of Koç Holding A.Ş until 12 December 2006. On 12 December 2006, Koç Holding transferred its shares to Componenta Oyj located in Finland.

The nominal value of TRY 62,543,859 corresponding to 94.71% of the Group’s capital were transferred to Çelik Holding A.Ş. upon approval of the transfer of the pledged shares by the Lenders on 29 June 2018. The transfer was registered on 11 July 2018. With the transfer of shares, the authority to control the Company's operations was transferred to Çelik Holding A.Ş, and the ultimate parent of the Company is Güriş Holding A.Ş..

The main operations of the Company are production and trade of gray cast iron, spheroidal cast iron and aluminum castings for the automotive industry. The Company’s production and trading operations are conducted in its premises based in Bursa - Orhangazi and in its aluminum casting factory in Manisa Industrial Area, which was acquired in 1999. The Company is registered with the Capital Markets Board (“CMB”) of Turkey and its shares are currently quoted in Borsa İstanbul A.Ş. (“BIST”). The Company's shares quoted on the BIST are 5.29% (31 December 2020: 3.95%).

The average number of employees for the period 1 January-31 December 2021 was 2,636 (1 January - 31 December 2020: 2,192).

The registered office addresses of Orhangazi and Manisa plants are as follows:
Fatih Mahallesi Gölyolu No: 26 P.K. (18) Orhangazi 16801 Orhangazi/ Bursa.
Organize Sanayi Bölgesi Sakarya Cad. No: 14, 45030 Manisa.
Organize Sanayi Bölgesi İsmail Tiryaki Cad. No:7 45030 Manisa.

Doktas UK Ltd. is the wholly owned subsidiary of the Company. Doktas UK Ltd. operates in England and conducts the trade and marketing activities of gray cast iron, wheel and high pressure manufactured by the Company. As of 18 April 2018, the title of Componenta UK Ltd. has been changed to Doktas Trading UK Ltd.

The Company and its subsidiary (together referred to as “the Group”) considers gray cast iron, wheel and high pressure as three separate business segments and prepares segment reporting for management reporting purposes (Note 3). There is no geographical segmentation as the production activities, being the principal area of activity for the Group, are conducted in Turkey.

The associate of the Group is Kumsan Döküm Malzemeleri San. ve Ticaret A.Ş. (“Kumsan”) as at 31 December 2021 (Note 11). Kumsan's main area of activity is the production of silica sand and these products; to sell to automotive, construction machinery, durable consumer goods, iron and steel and casting sectors.

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of Presentation

Financial statements are prepared in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards (“IAS/IFRS”) and its addendum and interpretations (“IFRIC”) issued by Public Oversight Accounting and Auditing Standards Authority (“POA”) Turkish Accounting Standards Boards.

The Company and its associate registered in Turkey maintain their accounting records and prepare their statutory financial statements in accordance with the Turkish Commercial Code (the “TCC”), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. Subsidiary operating in foreign country prepares its statutory financial statements in accordance with the laws and regulations of the country in which it operates. The consolidated financial statements, except for financial assets and liabilities and lands, land improvements and buildings which are presented with their fair values, are maintained under historical cost conventions that are measured in Euro as the functional currency and presented in TRY which is the reporting currency of the Group. The Group has prepared its consolidated financial statements, prepared in accordance with the CMB, in accordance with the accounting policies specified in Note 2.5, in order to make a correct presentation in accordance with TFRS. Financial statements have been presented in accordance with the TAS taxonomy published by POA on 15 April 2019.

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

Foreign Currency Conversion

i. Functional and Presentation Currency

The financial statement items of each company of the Group are measured in the currency of the main economy in which the company is located and operates (“functional currency”). The Euro currency is predominantly used in the Group’s operating, investment and financing activities, and this currency reflects the economic basis of events and events that are material to the Company. The Group’s selling and purchasing prices are mostly determined in Euro currency, and the majority of borrowing type and related financial expenses are realized in Euro currency. The functional currency of the Group has been determined as Euro, taking into account the mentioned factors and the evaluation criteria in TAS 21 “The effects of changes in foreign exchange rates” (“TAS 21”) and the consolidated financial statements are presented in Turkish Lira (“TRY”), which is the reporting currency of the Group. TL”).

ii. Transactions and Balances

Transactions in foreign currencies are translated to the respective functional currency at exchange rates at the dates of the transactions. Foreign currency gains and losses arising from the realization of these transactions and translation of monetary assets and liabilities denominated in foreign currencies to the functional currency at the exchange rate at the reporting date are recognized in that consolidated statement of profit or loss. All foreign exchange gains and losses are presented in financial income and expenses and other operating income and expenses in the consolidated statement of profit or loss and other comprehensive income.

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1. Basis of Presentation (Continued)

iii. Translation to the presentation currency (TL)

- (a) As at 31 December 2021, items in the assets and liabilities in the consolidated statement of financial position are translated into TRY using the Central Bank of the Republic of Turkey ("CBRT") buying exchange rate of 14,6823 TL/Euro (31 December 2020: 9,0079). Equity and fixed assets are recorded at historical values.
- (b) The items in the consolidated statement of profit or loss and other comprehensive income for the year ended at 31 December 2021 have been translated into TRY by using yearly average of CBRT's Euro bid rate, which corresponds to 10,4408 (For the year ended 31 December 2020, yearly average CBRT Euro exchange buying rate of 8,0140 TL/Euro).
- (c) All exchange differences arising have been recognized on foreign currency translation differences within shareholders' equity on the Group's consolidated financial statements.

iv. The translation of the financial statements of subsidiary in foreign country

Functional currency of the subsidiary operating in foreign country is Great Britain Pound ("GBP") and the assets, liabilities and equity are translated into the Group's functional currency, Euro at the exchange rate at the reporting date, statement of profit or loss items are translated at the average rates of exchange used (if exchange rates fluctuate significantly, the use of average rate for a period is inappropriate). Exchange rate differences arising from average exchange rates and reporting date exchange rates are recognised in "foreign currency translation differences" in the consolidated shareholders' equity for subsidiary operating in foreign country.

For the purpose of translating the financial statements of the subsidiary in the foreign country, the average exchange rates for the periods in the statement of financial position and for the profit or loss table are as follows:

<u>End of the term:</u>	<u>31 December 2021</u>	<u>31 December 2020</u>
Euro / British Pound	0,8412	0,9059
<u>Average:</u>	<u>1 January- 31 December 2021</u>	<u>1 January - 31 December 2020</u>
Euro/ British Pound	0,8602	0,8922

2.2 Changes in TAS

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021**

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.2 Changes in TAS (Continued)

a) New standards in effect as of 31 December 2021 and changes and comments on existing previous standards:

- **Changes in TFRS 7 and TFRS 16 - Benchmark interest rate reform Phase 2;** Effective for annual reporting periods beginning on or after 1 January 2021. These Phase 2 amendments address issues arising from the implementation of reforms, including replacing a benchmark interest rate with an alternative. Phase 2 changes provide temporary additional ease in applying certain TAS 39 and TFRS 9 hedge accounting requirements to hedging relationships directly affected by the IBOR reform. This change has no impact on the Group's financial position and performance.

The Group will evaluate the effects of the above changes on its operations and apply it as of their effective date. It is expected that the implementation of the above standards and interpretations will not have a significant impact on the Group's consolidated financial statements in the future.

b) Standards and amendments published but not yet effective as of 31 December 2021:

- **Amendment to TFRS 16, ‘Leases’ – Covid-19 related rent concessions;** as of March 2021, this amendment extended till June 2022 and effective from 1 April 2021. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.
- **Amendments to TAS 1, Presentation of financial statements on classification of liabilities;** effective from 1 January 2024. These narrow-scope amendments to TAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what TAS 1 means when it refers to the ‘settlement’ of a liability.
- **A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16;** effective from Annual periods beginning on or after 1 January 2022.
 - **Amendments to TFRS 3, ‘Business combinations’** update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
 - **Amendments to TAS 16, ‘Property, plant and equipment’** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Changes in TAS (Continued)

- **Amendments to TAS 37, ‘Provisions, contingent liabilities and contingent assets’** specify which costs a company includes when assessing whether a contract will be loss making.

Annual improvements make minor changes to the illustrative examples of TFRS 1 “First time application of International Financial Reporting Standards”, TFRS 9 “Financial Instruments”, TAS 41 “Agricultural Activities” and TFRS 16.

- **Changes in TMS 1, Application Statement 2, and TAS 8**, Effective for annual reporting periods beginning on or after 1 January 2023. These changes are intended to improve accounting policy disclosures and help financial statement users distinguish between changes in accounting estimates and changes in accounting policies.

The Group will evaluate the effects of the above changes on its operations and apply it as of their effective date. It is expected that the implementation of the above standards and interpretations will not have a significant impact on the Group's consolidated financial statements in the future.

2.3 Basis of Consolidation

Full Consolidation Basis

The consolidated financial statements include the accounts of the parent and its subsidiaries on the basis set out below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of these consolidated financial statements in accordance with TAS/TFRS, applying uniform accounting policies and presentation. Accounting policies of subsidiaries of the Group have been restated due to the application of uniform accounting policies and presentation as well.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The financial statements of the companies included in the scope of consolidation have been consolidated through full consolidation method and inter-Group transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-Group transactions that are recognized in assets are also eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Basis of Consolidation (Continued)

The table below sets out all subsidiaries included in the scope of consolidation at and shows the related controlling interests at 31 December 2021 and 2020:

Subsidiary	Group’s shareholdings direct and indirect owned (%)		Effective share ratio (%)	
	2021	2020	2021	2020
Doktas Trading UK Ltd.	100%	100%	100%	100%

Subsidiaries are included in the scope of consolidation from the date on which control passes to the Group and are excluded from the scope of consolidation from the date on which control ends.

Changes in ownership rates that do not result in control ceases in the subsidiaries

Changes in ownership interests in a subsidiary that do not result in losing control of the subsidiary are equity transactions. These transactions are the transactions that are made among shareholders. The difference between the net book value of the acquired assets of a subsidiary and the fair value of consideration paid for these assets are accounted for under equity. Gains or losses arising from the sale of non-controlling interests are presented under equity.

Disposal of subsidiaries

If the Group loses control of a subsidiary, it recognizes any investment retained in the former subsidiary at its fair value when control is lost and any difference between the fair value and net book value of investment is accounted for as gain or loss. That fair value shall be regarded as the fair value on initial recognition of a financial asset, when appropriate, the cost on initial recognition of an investment in an associate or joint venture. Additionally, assets and liabilities that were previously recognized as other comprehensive income attributable to that subsidiary are accounted for as if those were disposed the Group. This may result in a fact that these amounts previously recognized as other comprehensive income may be classified to profit or loss.

Non-controlling interests

The minority shares in the net assets and operating results of subsidiaries are separately classified in the consolidated balance sheets and consolidated statements of loss as “non-controlling interests”.

The Group applies a policy of treating transactions with non-controlling interests as transactions with owners of the parent. Regarding the purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non-controlling interests are also accounted for in equity. For disposals to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also accounted for in equity.

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Basis of Consolidation (Continued)

Investments in associates

Investments in associates are entities over which the Group has joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint ventures are accounted for using the equity method of accounting and are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. As of 31 December 2021 and 2020 the details of the investments in associates are as follows:

Investment in associates	Group's shareholdings direct and indirect owned (%)		Effective share ratio (%)	
	2021	2020	2021	2020
Kumsan Döküm Malzemeleri Sanayi ve Ticaret A.Ş.	25.10%	25.10%	25.10%	25.10%

2.4 Offsetting

All items with significant amounts and nature, even with similar characteristics, are presented separately in the consolidated financial statements insignificant amounts are grouped and presented by means of items having similar substance and function. When the nature of transactions and events necessitate offsetting, presentation of these transactions and events over their net amounts or recognition of the assets after deducting the related impairment are not considered as a violation of the rule of offsetting. As a result of the transactions in the normal course of business, revenues are presented as net if the nature of the transaction or the event qualifies for offsetting.

2.5 Comparative Information

The consolidated financial statements of the Group are prepared comparatively with the previous periods in order to enable the determination of the financial situation and performance trends. the Group has prepared its consolidated balance sheet as of 31 December 2021 in comparison with its consolidated balance sheet as at 31 December 2020 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in shareholders' equity for the period 1 January - 31 December 2021 were presented in comparison with the period of 1 January - 31 December 2020.

The Group reclassifies comparative information when necessary in order to comply with the presentation of financial statements. The matters that have no effect on the total equity and net profit for the period included in the consolidated financial statements of the Group for the period 1 January - 31 December 2020 and which are subject to adjustment in the comparative information are explained below:

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Comparative Information (Continued)

The Group has recognized the impairment loss on trade receivables from Componenta Främmestad AB, the subsidiary of the previous parent, as “other equity interests” in the consolidated statement of financial position as of 31 December 2019, after the said company initiated the bankruptcy process in 2019. However, since Componenta Främmestad AB is not a related party of the Group since September 2017, as of 31 December 2019, the impairment loss for trade receivables should have been recognized in profit or loss in accordance with TFRS 9 Financial Instruments instead of accounting under other equity interests. As of 1 January 2021, the related amount has been reclassified to retained earnings and adjusted.

2.6 Changes in Accounting Estimates and Errors

Accounting policy changes resulting from the first application of a new standard, if any, are applied retrospectively or prospectively in accordance with the transitional provisions. Changes that do not include any transitional provisions, optional significant changes in accounting policy or accounting errors detected are applied retrospectively and prior period financial statements are restated. Changes in accounting estimates are applied in the current period when the change is made, if they are related to only one period, and if they are related to future periods, both in the period in which the change is made and prospectively.

2.7 Summary of Significant Accounting Policies

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

Going concern

The consolidated financial statements have been prepared in accordance with “Going Concern” principle.

Revenue

In accordance with TFRS 15, a five-stage approach is followed in recognizing revenue for all contracts with customers.

- Identify the contract with a customer,
- Identify the performance obligations in the contract,
- Determine the transaction price,
- Allocate the transaction price to the performance obligations in the contract,
- Recognize revenue when or as the entity satisfies a performance obligation.

The Group assess the goods or services promised in a contract with a customer and identify as a performance obligation each promise to transfer to the customer.

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.7 Summary of Significant Accounting Policies (Continued)

Revenue (Continued)

For each performance obligation identified, the entity determine at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. If the Group transfers control of a good or service over time and therefore satisfies a performance obligation and recognises revenue over time.

The Group recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to the customer. An asset is transferred when the customer obtains control of that asset or service.

According to this model, the goods or services undertaken in each contract with the customers are evaluated and each commitment to transfer the goods or services is determined as a separate performance obligation. Then, it is determined whether the performance obligations will be fulfilled in time or at a certain time. If the company transfers the control of a good or service over time and thus fulfills the performance obligations related to the sales in time, it measures the progress of the fulfillment of the performance obligations in full and takes the proceeds to the financial statements. Revenue related to performance obligations, such as goods or service transfer commitments, is recognized when customers are in control of the goods or services.

The Company recognizes a contract with its customer as revenue when all of the following conditions are met:

- a) The parties to the Convention have ratified the contract (in accordance with written, oral or other commercial practices) and undertakes to perform their acts,
- b) The Company may define rights related to the goods or services to be transferred by each party,
- c) The Company may define payment terms for the goods or services to be transferred,
- d) The contract is essentially commercial,
- e) It is probable that the Company will be charged for the goods or services to be transferred to the customer. When evaluating whether the collectability of a price is probable, the entity shall consider only the customer's ability to pay the price at the due date and its intent.

Revenue from product sales

The Group generates revenue as a result of the production and sale of cast iron, ductile iron and aluminum cast parts and aluminum wheels for various sectors. Revenue is recognized when control of the products is transferred to the customer.

The Group evaluates the transfer of control of the goods sold to the customer,

- Ownership of the right to collect goods or services
- Ownership of the right of the customer
- The transfer of the physical possession of the goods
- Ownership of significant risks and benefits of property ownership
- Takes into account the conditions of the customer's acceptance of the goods.

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.7 Summary of Significant Accounting Policies (Continued)

Revenue (Continued)

For each performance obligation, the Company determines whether it has fulfilled its performance obligation at the beginning of the contract or whether the performance obligation fulfilled at a certain point in time. The Company records revenue from product sales in the financial statements following the transfer of control to the customer.

In the event that the Company has the right to collect a price directly corresponding to the value of its customer (from the delivery of products), the Company pays the revenue to the financial statements for the amount that it has the right to invoice.

If the group expects to pay back some or all of the amount collected from a customer to that customer, it reflects a refund liability in the financial statements. The refund obligation is calculated over the part of the amount that the business collects (or will be paid) that it does not expect to receive. The return obligation is updated at the end of each.

Employee benefits / provision for employment termination benefit

(i) Short-term employee benefits

Short-term employee benefits are identified as an expense when they are serviced.

A provision is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Other long-term employee benefits

Employment termination benefits, as required by the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Group arising in case of the retirement of the employees. According to Turkish Labor Law and other laws applicable in Turkey, the Group is obliged to pay employment termination benefit to all personnel in cases of termination of employment without due cause, call for military service, retirement or death upon the completion of a minimum one year service. The provision which is allocated by using the defined benefit pension’s current value is calculated by using the estimated liability method. Current service costs and interest costs are recognized in the consolidated statement of income and all actuarial profits and losses are recognized in the consolidated statements of income.

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.7 Summary of Significant Accounting Policies (Continued)

Tax on income and deferred tax

Income tax expense for the period comprises current and deferred income tax. The current income tax liability includes the taxes payable calculated on the taxable portion of the period income with tax rates enacted on the balance sheet date (Note 24). Adjustment entries for the prior periods’ tax liabilities are accounted in other operating expenses. Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future (Note 24).

While the deferred tax liability is calculated for all taxable temporary differences, the deferred tax asset is included in the consolidated financial statements provided that it is highly likely to benefit from deductible temporary differences by generating taxable profit in the future.

Government incentives that allow the payment of reduced corporate tax are evaluated within the scope of TAS 12 Income Taxes standard; The deferred tax asset is recognized on the basis of the amount of the entitled tax advantage, provided that it is highly likely to benefit from this advantage by making future taxable profit.

Since deferred tax assets and liabilities related to income tax are followed by the same tax authority, the deferred tax assets and liabilities at each company level have been mutually netted. However, the net deferred tax position of the parent company and each subsidiary is not offset in the consolidated financial statements.

Current period tax expense is calculated by taking into account the tax laws in force and the tax laws that likely to come in force in the countries where the subsidiaries of the Group operate. The management periodically evaluates the tax declaration if the applicable tax law is open to interpretation and provision is reserved for the debts to be paid to the tax authorities when deemed necessary.

Inventories

Inventories are valued at the lower of cost and net realizable value. The cost of stocks includes all purchasing costs, production or conversion costs, and other costs incurred to bring the stocks into their current state and position. (Note 8). The unit cost of inventories is determined by the monthly moving weighted average method. Net realizable value is the amount obtained by subtracting the estimated completion cost from the estimated sales price and the estimated sales cost required to realize the sales within the normal flow of the business. When the net realizable value of the inventory falls below its cost, the inventories are reduced to their net realizable value and the expense is reflected in the income statement in the year in which the impairment occurred. In cases where the conditions that previously caused the inventories to be reduced to net realizable value lose their validity or there is an increase in the net realizable value due to changing economic conditions, the provision for the impairment allocated is canceled. The canceled amount is limited to the previously reserved impairment amount.

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.7 Summary of Significant Accounting Policies (Continued)

Property, plant and equipment

Land, land improvements and buildings are measured at their fair values and other property, plant and equipment acquired before 1 January 2005 are carried at cost and restated to the equivalent purchasing power at 31 December 2004 less accumulated depreciation. Items acquired after 1 January 2005 are carried at cost less accumulated depreciation and impairment; if any.

As of 31 December 2021, the Group's lands, land improvements and buildings assets were revalued by the independent professional valuation company EVA Gayrimenkul Değerleme A.Ş. It is reflected in the consolidated financial statements over the revalued values determined from the fair values determined in the valuation studies carried out by the Company (Note 12). As of the date of revaluation, the accumulated depreciation of the relevant property, plant and equipment subject to revaluation is netted off with the cost of the asset and subsequently followed over the revalued net book value.

Increases in the carrying amount arising on the revaluation of land, land improvements and buildings to the revaluation reserve in equity, net of applicable deferred income tax. Decreases that offset previous increases of the revalued asset are charged against that reserve; all other decreases are charged to the consolidated statement of comprehensive income. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the relevant asset and the net amount is restated to the revalued amount of the asset.

Buildings, machinery and equipment are capitalised and depreciated when they are in the location and condition necessary for it to be capable of operating in the manner intended by the management. Residual values of property, plant and equipment are deemed as negligible. At each balance sheet date, residual values and estimated useful lives of property, plant and equipment are reviewed and adjusted if appropriate, prospectively.

At reporting date, for revaluated property, plant and equipment or items of property, plant and equipment denominated at their purchasing value, depreciation is charged so as to write off the cost or valuation of assets, using the straight-line method. (Note 12) Land is not depreciated as it is deemed to have an indefinite life. The depreciation periods for property, plant and equipment, which approximate the useful lives of such assets, are as follows.

Buildings and land improvements	5 - 50 years
Machinery and equipment	5 - 25 years
Motor vehicles	2 - 10 years
Furniture and fixtures	1 - 15 years

Subsequent costs are included in the asset's carrying value recognised as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Property, plant and equipment are reviewed for impairment losses, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of assessing impairment, property plant and equipment assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of fair value less cost to sell or value in use. If the property, plant and equipments that are impaired, are revalued, the impairment is charged to the revaluation reserves to the extent that the amount offsetting previous increases of the same asset charged in the revaluation reserves and all other decreases are recognised in the statement of comprehensive income.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.7 Summary of Significant Accounting Policies (Continued)

Property, plant and equipment (Continued)

Repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred. The Group derecognises the carrying amounts of the replaced parts related to renovations regardless of whether the replaced parts were depreciated separately. Major overhauls are depreciated over shorter of their useful lives or the remaining useful life of the related assets.

Gains or losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are included in income/expense from investment activities, as appropriate (Note 12). When revalued assets are sold, the amounts, included in revaluation reserve to retained earnings, net of any related deferred income tax.

Intangible assets

Intangible assets other than goodwill are recorded at acquisition cost and amortized using the straight-line method over their useful lives from the date of acquisition (Note 13). Maintenance and repair costs of computer software programs are expensed when service is performed. Losses and gains arising from the disposal of intangible assets other than goodwill or impairment losses based on their indexed values are shown in the relevant income and expense accounts.

Research expenses and development costs

Research expenses are recognized as expense in the period in which they are incurred. In the event that all of the following conditions are met, intangible assets arising from the development (or the development of a project carried out within the entity) are recognized,

- The technical completion of the intangible asset to be ready for use or sale;
- The entity intends to complete the intangible asset and use or sell the asset;
- Possibility of using or selling the intangible asset;
- How the intangible asset will provide possible future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development phase and to use or sell the intangible asset and
- Costs of intangible assets are reliably measured in the development process.

In cases other than this, development expenditures are expensed when incurred. Development expenditures are not recognized as an asset in the current period if they are expensed in the previous period. In projects where research and development stages are difficult to differentiate, the relevant project is recognized at the research stage and expensed as incurred.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.7 Summary of Significant Accounting Policies (Continued)

Trade receivables and provisions for doubtful receivables

The Group preferred to apply the “simplified approach” defined in TFRS 9 within the scope of impairment calculations of trade receivables which are recognized in the financial statements at amortized cost and do not contain a significant financing component (with a maturity of less than 1 year). With this approach, in cases where the trade receivables are not impaired for certain reasons (except for the impairment losses incurred), the Group measures the allowance for trade receivables at an amount equal to “lifelong expected credit losses”. The Group uses a provision matrix to measure expected credit losses for trade receivables. Certain reserve ratios are calculated in the relevant matrix based on the number of days when trade receivables are exceeded, and these ratios are revised in each reporting period and revised where necessary. The change in the expected loan loss provisions is recognized in the “other income / expenses from main activities” account in the income statement.

Since the trade receivables accounted for at amortized cost in the consolidated financial statements do not contain a significant financing component, the Group chooses the simplified application for impairment calculations and uses the provision matrix. With this application, the Group measures the expected credit loss allowance at an amount equal to the lifetime expected credit losses, unless the trade receivables are impaired for certain reasons.

In the calculation of expected credit losses, the Group's forecasts for the future are taken into account along with the past experience of credit losses. Following the provision for doubtful receivables, if all or part of the doubtful receivable is collected, the collected amount is deducted from the doubtful receivable provision and recorded as income in the profit or loss statement (Note 6).

Financial assets

Classification and measurement

The Group classifies the financial assets as three groups such as subsequently measured at amortised cost and fair value through other comprehensive income the classification is made on the basis of the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The Group makes the classification of its financial assets on the date of purchase.

Financial assets carried at amortized cost

Financial assets with fixed or determinable payments that are not processed in an active market and which are not traded in an active market are classified as assets that are accounted for at amortized cost value, where management adopts the business model to collect contractual cash flows and that the terms of the contract involve payment of principal and principal interest on certain dates. If the maturities are less than 12 months from the balance sheet the current assets are classified as fixed assets if they are longer than 12 months. Assets that are accounted for at amortized cost include “cash and cash equivalents”, “trade receivables” and “other receivables” in the balance sheet.

Since the trade receivables accounted for at amortized cost in the consolidated financial statements do not contain a significant financing component, the Group chooses the simplified application for impairment calculations and uses the provision matrix. With this application, the Group measures the expected credit loss allowance at an amount equal to the lifetime expected credit losses, unless the trade receivables are impaired for certain reasons. In the calculation of expected credit losses, the Group's forecasts for the future are taken into account along with the past experience of credit losses.

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.7 Summary of Significant Accounting Policies (Continued)

Financial assets (Continued)

The Group management has evaluated the effect of the said calculation as of 31 December 2021 and 2020, and the expected credit losses calculation does not have a significant impact on the consolidated financial statements.

Impairment of financial assets

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than 12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Group’s financial assets carried at amortized cost comprise “trade receivables”, “other receivables” and “cash and cash equivalents” in the consolidated statement of financial position.

The Company should assess at the balance sheet date whether there is any indication that each assets may be impaired. If one or a group of financial assets is impaired, the loss resulting from the impairment is reflected to financial statements, if there is evidence for that one or more of the events that arose after the initial recognition of the asset, and that the financial assets have an impact on the future cash flows.

“Financial assets whose fair value difference is reflected to profit or loss” consist of financial assets that are measured at amortized cost and whose fair value change is reflected in other comprehensive income. Gains and losses resulting from the valuation of such assets are accounted for in the income statement.

If, in the following period, the amount of the impairment loss decreases and this decrease can be attributed to an event that occurred after the impairment was realized (such as an improvement in the debtor's credit rating), the reversal of the previously recorded impairment loss is recorded in the income statement.

Impairment of non-financial assets

For each asset other than deferred tax assets, the Group evaluates whether there is any indication of any depreciation related to that asset on the date of each financial position (balance sheet).. If such an indicator exists, the recoverable amount of that asset is estimated. For intangible assets that are not ready for use, the recoverable amount is estimated at each balance sheet date. The recoverable value of the asset is the higher of the net sales price and the usage value after deducting the expenses to bear for the sale of the related asset.

Assets are grouped at the lowest level as cash generating units to detect impairment. In the intangible assets that are not ready for use, the recoverable amount is estimated on the date of each financial position (balance sheet). If the registered value of the asset in question or any unit that generates cash for that asset is higher than the amount to be recovered through sales after deducting the usage value or the expenses required to sell, an impairment has occurred. Impairment losses are reflected in the consolidated profit or loss and other comprehensive income statement. An impairment loss occurring in an asset is reversed in a way not to exceed the amount previously allocated for impairment, if the subsequent increase in the recoverable amount of that asset can be attributed to an event occurring in the periods following the recording of the impairment.

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.7 Summary of Significant Accounting Policies (Continued)

Earnings per share

Earnings per share are calculated by dividing net profit by the weighted average number of ordinary shares outstanding during the year (Note 25).

In Turkey, companies may raise their share capital by distributing “bonus shares” to shareholders from retained earnings. In computing earnings per share, such “bonus share” distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

When the dividend payment is probable, earning per share is calculated based on number of shares, not weighted average number of shares.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand accounts and bank deposits with maturities less than 3 months. Cash and cash equivalents are stated at their fair values in the consolidated financial statements (Note 4).

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method in the consolidated financial statements (Note 6). The fair values of trade short term trade payable approximate carrying values and subjected as its invoiced value since the effect of interest accrual is immaterial (Note 6).

Related parties

Parties are considered related to the Group if;

- (a) directly, or indirectly through one or more intermediaries, the party:
 - (i) controls, is controlled by, or is under common control with the Group (this includes parent, subsidiaries and fellow subsidiaries);
 - (ii) has significant impact on the Group;
 - (iii) or the Group or a parent of the Group is a member of the key management personnel.;
- (b) An entity is related to a reporting entity if any of the following conditions exist:
 - (i) The Group and the reporting entity are members of the same group (ie, each parent, subsidiary, and other subsidiary is related to the others).
 - (ii) The Group is an associate or joint venture of the other entity (or a member of a group of which the other entity is a member).
 - (iii) If both entities are joint ventures of the same third party.
 - (iv) If one of the entities is a joint venture of a third entity and the other entity is an associate of that third entity.
 - (v) If the Group has post-employment benefit plans for employees of the reporting entity or an entity associated with the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of that entity (or its parent).

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.7 Summary of Significant Accounting Policies (Continued)

For the purpose of these consolidated financial statements, shareholders, important management personnel and members of the Board of Directors, their families and companies controlled by or affiliated with them, affiliates and partnerships are considered and expressed as related parties. Some business relations may be entered into with related parties due to ordinary activities (Note 26).

Borrowing costs and loans received

Financial debts are recorded with their values after subtracting transaction costs from the financial debt amount. Financial liabilities are shown over the discounted cost value by using the effective interest method in the following periods. The difference between the amount remaining after the transaction costs are deducted and the discounted cost value is reflected in the consolidated comprehensive income statement as financing cost during the loan period (Note 5). When financing costs arising from financial debts occur, it is reflected in the consolidated comprehensive income statement (Note 5).

A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use or sale. According to TAS 23 (Revised), borrowing costs of qualifying assets having capitalisation date 1 January 2009 or later, can be capitalised, based on borrowing cost of qualifying asset, directly or as an asset acquisition or with an extent to associate directly with production, these borrowing costs should be capitalised as a part of cost of related asset.

If the borrowings mature within 12 months, then they are classified under current liabilities, otherwise they are classified under non-current liabilities (Note 5).

Incentive income

In case it is certain that government incentives and aids will be received, unconditional government incentives and aids related to the Group's activities are recognized in the consolidated statement of profit or loss and other comprehensive income.

Contingent assets, liabilities and provisions

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 treated as contingent assets or liabilities. The Group does not recognise contingent assets and liabilities. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are not recognised for future operating losses.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.7 Summary of Significant Accounting Policies (Continued)

Leases

The Group – as a lessee

At inception of a contract, the Group assesses whether a 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. To assess whether a contract conveys the right to control the use of an identified asset, The Group assess whether:

- a) The contract involved the use of an identified asset – this may be specified explicitly or implicitly.
- b) The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
- c) The Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- d) The Group has the right to direct use of the asset. The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:
 - i. The Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
 - ii. The Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used

The Group books a right of use and a lease obligation to the financial statements at the date that the lease is commenced.

As of 31 December 2021 and 2020, the Group does not have an important lease agreement in which it is a tenant. For this reason, as of 31 December 2021 and 2020, the Group does not have a right of use and a lease obligation. Lease payments arising from a part of the Group's lease agreements consist of variable lease payments. The mentioned variable lease payments, which are not covered by the IFRS 16 standard, are recorded as lease expense on the income statement in the relevant period.

The Group – as a lessor

The Group has no significant activity as a lessor.

Share capital and dividends

Ordinary shares are classified as equity. Capital increases to existing shareholders are accounted for at par value as approved. Dividends payable on shares are recognised as an appropriation of the profit in the period in which they are declared.

Share premiums

Share premiums represent the difference between the nominal values of the shares issued by the Group and their fair values.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.7 Summary of Significant Accounting Policies (Continued)

Segment reporting

Operating segments are reported in a manner consistent with the reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments. Board of Directors is determined as the chief operating decision maker of the Group (Note 3).

Statement of cash flows

In the statement of cash flows, cash flows during the period are classified under operating, investing or financing activities. The cash flows raised from/ (used in) operating activities indicate cash flows due to the Group's operations. The cash flows due to investing activities indicate the Group's cash flows that are used for and obtained from investments (investments in property, plant and equipment and financial investments). The cash flows due to financing activities indicate the cash obtained from financial arrangements and used in their repayment. Cash and cash equivalents include cash and bank deposits and short-term, highly liquid investments that are readily convertible to specific cash assets.

Events after the reporting period

Events after the reporting period; Includes all events between the date of consolidated statement of financial position (balance sheet) and the date of authorization for publication of the consolidated statement of financial position, even if they have occurred after the announcement of any profit or other selected financial information.

In the case any events requiring correction after the reporting period, the Group corrects the amounts included in the consolidated financial statements in accordance with this new situation. Matters that do not require adjustment after the reporting period are disclosed in the notes to the consolidated financial statements, in case they are the issues affecting the economic decisions of the users of the financial statements.

2.8 Significant accounting estimates and assumptions

Preparation of financial statements requires the use of estimates and assumptions that may affect the amount of assets and liabilities recognized as of the balance sheet date, contingent assets and liabilities disclosed and the amount of revenue and expenses reported. Although, these estimates and assumptions rely on the Company management's best knowledge about current events and transactions, actual outcomes may vary from those estimates and assumptions. The critical accounting estimates of the Company are as follows:

a) *Current tax expense and deferred tax*

Many related transactions and calculations, whose effects on the final tax amount are not certain, occur during the normal work flow and such situations require the use of important judgments during the determination of income tax provisions. The Group records the tax liabilities caused by additional taxes that are expected to be paid as a result of tax events (Note 24).

The Group has not accounted for deferred tax assets over the deductible tax losses, details of which are stated in Note 24, since it is not probable that taxable profit will be obtained in future periods. As of 31 December 2021, the Group's deferred tax asset has been recognized for the amount of investment contribution that has been acquired but not utilized within the scope of tax deduction and transferred to the following periods.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.8 Significant accounting estimates and assumptions (Continued)

b) Revaluation of land and land and buildings

Revaluations are performed with the sufficient regularity to ensure that the carrying amounts of the revalued property, plant and equipment do not differ materially from that which would be determined using fair value at the end of the reporting periods. The frequency of the revaluation depends upon the changes in the fair values of the items of property, plant and equipment. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required, and revaluation is performed for entire class of revalued item simultaneously. Besides, for items of property, plant and equipment with only insignificant changes in fair value frequent revaluations and fair value measurements are considered unnecessary.

The Group's land and lands and buildings As of 31 December 2021, it is reflected in the consolidated financial statements based on the revaluated values determined from the reasonable values determined in the valuation studies carried out by the independent professional valuation company EVA Gayrimenkul Değerleme A.Ş. (Note 12).

Due to the lack of a purchase / sale that could set a precedent in the environment, the equivalent comparison method for land and plots and the cost approach method for other tangible fixed assets were used in the relevant fair value calculations, and the details of the related methods and assumptions are as follows:

- In the fair value calculations, the most effective and efficient utilization assessment was made and the current usage goals were determined as the most effective and efficient use, and the peer comparison method was used for the lands and lands, and the cost approach method for other tangible assets.
- In the peer comparison method, the existing market information was used, price adjustments were made within the framework of the criteria that could affect the market value, taking into consideration the similar properties that were recently put on the market in the region, and the average m2 sales value was determined for the plots subject to the report. The peers found, were compared within the criteria such as location, accessibility, land area, zoning status and developments in the immediate environment, the real estate marketing firms were contacted for the current evaluation of the real estate market, and the existing information of the independent professional valuation company was used.
- In the cost approach method, the determined value includes the replacement and replacement costs. In the cost approach, the estimated replacement and replacement costs of the other tangible fixed assets at the valuation date have been calculated by taking into account the losses in value due to aging, plan deficiencies and other effects.

The values that may occur during the realization of the purchase / sale transactions may differ from these values. The values determined by the cost approach method were evaluated according to the provisions of TAS 36 “Impairment in Assets” as of the date they were first reflected in the financial statements and at the end of the relevant period, and the related impairment was recognized.

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.8 Significant accounting estimates and assumptions (Continued)

c) *Impairment of trade receivables*

The Group calculates provision for trade receivables impairment to cover estimated losses arising from customers' inability to make required payments. Estimates used to assess the adequacy of provision for trade receivables are based on the aging of trade receivables and the collection performance trend. The Company's accounting estimates for the provision for trade receivables include assumptions about the future behavior of customers and future cash collections. In cases where the final results related to these estimates differ from the amounts recorded at the beginning, these differences may affect the provision for impairment of trade receivables and the profit or loss statement in the periods in which they are determined. If there is a change in estimates, it is accounted for prospectively (Note 6).

2.9 Significant changes in the current period

The impact of Covid-19 (Coronavirus) pandemic to the Company's operations and financial results has been monitored and actions have been immediately taken for the Company to mitigate the impacts of the pandemic. In connection with the Covid-19 pandemic and parallel to the current conditions/slowdown in the global economy, there have been disruptions in the supply and sales processes and especially during the lockdowns the manufacturing have been temporarily suspended. In the meantime, the Group has taken measures for stock optimization and for savings on operational and capital expenditures. Cash management strategies have been reviewed by assessing the payment and collection terms for a stronger liquidity position.

Since the possible overall impacts and duration of Covid 19 pandemic on the world and Turkey is still unknown as of the reporting date, it will only be possible to do mid and long-term assessments once the impacts become more clear. In preparation of the consolidated financial statements as of 31 December 2021, the Group has assessed the possible impacts of Covid-19 pandemic on the financial statements and reviewed the critical estimates and assumptions. Within this scope, the Group has tested the financial assets, inventories, tangible assets, goodwill and brands for a possible impairment and no impairments were identified.

2.10 Declaration of Conformity to TMS / TFRS and Resolutions Published by POA

The management of the company is responsible for the preparation and fair presentation of the financial statements in accordance with the TAS / TFRSs published by the KGK and the resolutions of the KGK. The Company management declares that the current and previous period financial statements, summary of important accounting policies and footnotes are prepared and presented in accordance with TAS / TFRS.

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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NOTE 3 - SEGMENT REPORTING

Operating segments are evaluated in line with to the internal reporting and strategic divisions that are presented to competent organs or authorities to make decisions regarding the Group’s operations. The aforementioned competent organ, which is authorized to make strategic decisions, is defined as the Board of Directors of the Company. The Group management determines operating segments according to the reports, which are evaluated during the Board of Director’s decision making process. The Group’s top executives follow the operation results as industrial segments. The Group considers high pressure, gray cast iron and wheel division as three separate business segments and provides segmental information in accordance with the requirements of the accounting framework used. The Group’s top executives do not follow the operation results geographically, thus there is no geographical segment reporting.

Segment assets:	31 December 2021	31 December 2020
Gray cast iron	2,945,308,844	1,411,113,610
High pressure	941,740,093	451,192,840
Wheel	339,410,377	162,613,372
Unallocated assets (*)	6,093,786	20,867,044
Total assets per consolidated financial statements	4,232,553,100	2,045,786,866

(*) As at 31 December 2021, unallocated assets consist of loans and interests of loans landed to Componenta Oyj (31 December 2020: TRY 14,184,335), financial investments in Kumsan (31 December 2020: TRY 6,682,709).

Segment liabilities:	31 December 2021	31 December 2020
Gray cast iron	545,777,982	252,437,445
High pressure	182,445,156	84,385,942
Wheel	56,178,004	25,983,884
Unallocated assets (*)	2,501,773,919	1,469,499,119
Total liabilities per consolidated financial statements	3,286,175,061	1,832,306,390

(*) As at 31 December 2021 and 31 December 2020, unallocated liabilities consist of bank borrowings and deferred tax liabilities.

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

NOTE 3 - SEGMENT REPORTING (Continued)

Segmental analysis for the year ended 31 December 2021:

	Gray Cast Iron	High Pressure	Wheel	Total
External revenues	1,969,039,838	323,299,372	429,732,887	2,722,072,097
Operating expenses	(1,838,312,008)	(266,696,383)	(360,346,350)	(2,465,354,741)
Operating profit	130,727,830	56,602,989	69,386,538	256,717,356
Other operating income, net				176,195,264
Finance costs				55,867,703
Finance income				(138,941,085)
Share of profit of equity accounted investees				1,014,396
Income from investing activities				(14,932,401)
Loss before tax				335,921,233
Tax income				11,944,779
Net loss for the year				347,866,012

Segmental analysis for the year ended 31 December 2020:

	Gray Cast Iron	High Pressure	Wheel	Total
External revenues	927,726,544	204,861,806	200,801,958	1,333,390,308
Operating expenses	(822,796,285)	(179,278,270)	(179,844,782)	(1,181,919,337)
Other operating income, net				20,107,519
Operating profit	104,930,259	25,583,536	20,957,176	171,578,490
Finance costs				(98,469,749)
Finance income				16,385,545
Share of profit of equity accounted investees				1,552,793
Income from investing activities				394,898
Loss before tax				91,441,977
Tax income				(7,214,796)
Net loss for the year				84,227,181

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
Cash	28,336	2,297
Banks	24,108,322	34,283,374
- Demand deposits - TRY	339,704	368,806
- Demand deposits - EUR	22,608,775	29,946,133
- Time deposits - TRY	999,997	
- Time deposits - GBP	159,846	3,968,435
	24,136,658	34,285,671

As at 31 December 2021, the interest rate of the time deposit is 14.75% and the maturity is 3 January 2022. (31 December 2020: None).

The credit risks of the banks in which the Group has deposits are evaluated on the basis of independent data and no credit risk is expected. The market values of cash and cash equivalents approximate to their carrying values, including the interest income accrued as of the balance sheet date.

There is no blocked deposit as at 31 December 2021 and 2020.

Currency and interest rate risk and sensitivity analysis for the Group's financial assets and liabilities are described in Note 27.

NOTE 5 - BORROWINGS

As at 31 December 2021 and 31 December 2020, the details of financial liabilities measured at amortized cost were as follows:

	31 December 2021	31 December 2020
Short term borrowings		
Short term bank loans and factoring payables	991,358,249	339,524,875
Short term portions of long term bank loans	117,446,405	340,160,608
Short term financial lease liabilities	16,953,637	6,355,758
Total short term borrowings	1,125,758,291	686,041,241
Long term borrowings		
Long term bank loans	1,357,745,267	737,946,778
Long term financial lease liabilities	12,915,520	7,855,610
Total long term borrowings	1,370,660,787	745,802,388
Total financial liabilities	2,496,419,078	1,431,843,629

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

NOTE 5 - BORROWINGS (Continued)

Redemption schedules of short term and long term borrowings at 31 December 2021 and 31 December 2020 were as follows:

	31 December 2021	31 December 2020
Up to 1 year	1,108,804,654	679,685,483
1 to 2 years	9,205,891	222,453,294
2 to 3 years	236,385,035	131,861,533
3 to 4 years	167,304,809	-
Over 4 years	944,849,532	383,631,951
	2,466,549,921	1,417,632,261

31 December 2021

Currency	Annual average interest rate (%)	Amount in original	TRY
Short term EUR borrowings	3.08	56,518,338	829,819,200
Short term TRY borrowings	17.74	161,539,049	161,539,049
Short term portion of long term EUR bank loans	3.05	7,473,348	109,725,935
Short term portion of long term TRY bank loans	19	7,720,470	7,720,470
Long term EUR bank loans	4.49	92,474,971	1,357,745,267
			2,466,549,921

31 December 2020

Currency	Annual average interest rate (%)	Amount in original	TRY
Short term EUR borrowings	4.25	33,328,618	300,220,857
Short term TRY borrowings	18.52	39,304,018	39,304,018
Short term portion of long term EUR bank loans	5.58	37,762,476	340,160,608
Long term EUR bank loans	5.77	79,091,329	712,446,778
Long term TRY bank loans	12.09	25,500,000	25,500,000
			1,417,632,261

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 5 - BORROWINGS (Continued)

The movements of bank loans for the years ended 31 December 2021 and 31 December 2020 as follows:

	2021	2020
1 January	1,431,843,629	1,096,064,124
New financial debts liability	3,582,121,837	329,876,452
Principal payments	(2,868,744,964)	(164,440,517)
Exchange differences	339,554,062	167,321,710
Change in interest accruals	11,403,906	2,935,744
Foreign exchange difference	240,608	86,116
31 December	2,496,419,078	1,431,843,629

Details of the Group’s variable and fixed interest rate loans as at 31 December 2021 and 31 December 2020 were as follows:

	31 December 2021	31 December 2020
Variable interest rate loans	944,849,532	546,393,755
Fixed interest rate loans	1,521,700,389	871,238,506
	2,466,549,921	1,417,632,261

As of 31 December 2021, floating interest rate loans are in Euros, with 3-month EURIBOR +6% floating interest rate, and consist of quarterly principal and interest payments (31 December 2020: Euro denominated and 3-month EURIBOR + 6.25% floating interest rate). It consists of three-monthly principal and interest-payable loans, with a maturity period of floating interest rate loans until 2029.

If the interest rate of floating rate financial liabilities was 1% higher/lower and all other variables remained constant on 31 December 2021, interest expense would have been 9,448,495 TRY higher/lower (31 December 2020: 5,731,956 TRY would be higher/lower).

There is a loan amendment agreement signed with the lenders on 29 June 2018 under the guarantee of Çelik Holding A.Ş. They have committed to provide the following loans to the Group through the creditors within the framework of the contractual provisions. In this context, the Group continues to use its loans.

- Tranche 1 Credit up to a total maximum of EUR84,250,000,
- Tranche 2 Credit up to a total maximum of EUR56,300,000,
- Tranche 3 Credit up to a total maximum of EUR40,000,000,
- Tranche 4 Credit up to a total maximum of EUR12,000,000

The Tranche 1 Loan is long term and will be due until 2029. The principal payment is made in quarterly periods and is not renewed after the payment. Tranche 2 Loan is provided as a cash or non cash renewable loan to finance the working capital needs of the borrower. Tranche 3 Loan is used only in cash to finance the working capital needs of the borrower.

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 5 - BORROWINGS (Continued)

The Group has financial and non financial covenants in the loan agreement. Guarantees given for the bank loan agreement are disclosed in Note 16. There are two financial covenants to be fulfilled by the Group. These financial covenants are Debt Service Coverage Ratio and Leverage Ratio.

Debt Service Coverage Ratio means the ratio of the amount calculated by deducting the taxes paid in connection with related calculation period from earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) to the aggregate of all due amounts which are defined within the financial indebtedness, including without limitation principal, interest, fees, expenses, commissions and the breakage cost and indemnification, which are paid, accrued or have to be paid. Debt Service Coverage Ratio shall not be less than 1.20.

Leverage ratio means the rate of net Financial Debt, to Earnings before Interest, Taxes, Depreciation and Amortization. The parties agree that no lower limit for the Net Financial Debt/EBITDA ratio will be determined. However, the lower limits for the Net Financial Debt/EBITDA ratio will be determined for the year 2019 and the following periods by the lenders considering the 12 month EBITDA between 1 January 2019 and 31 December 2019. The lower limits determined shall be notified written to the Group and it will be legally binding.

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 5 - BORROWINGS (Continued)

Redemption schedule of finance lease liabilities were 31 December 2021 and 2020 as follows:

	31 December 2021			31 December 2020		
	Minimum financial leasing payment	Interest	Total liabilities	Minimum financial leasing payment	Interest	Total liabilities
Term of less than one year	19,322,625	(2,368,988)	16,953,637	7,218,508	(862,750)	6,355,758
Term of less than one year	19,322,625	(2,368,988)	16,953,637	7,218,508	(862,750)	6,355,758
1 to 2 years	13,680,061	(764,541)	12,915,520	8,307,347	(451,737)	7,855,610
Term of more than one year	13,680,061	(764,541)	12,915,520	8,307,347	(451,737)	7,855,610
	33,002,686	(3,133,529)	29,869,157	15,525,855	(1,314,487)	14,211,368

As at 31 December 2021 and 31 December 2020, financial lease payables are denominated in Euro and the interest rate is between 4.00% and 6.50%.

Currency and interest rate risk and sensitivity analysis for the group’s financial assets and liabilities are described in Note 27.

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

NOTE 6 - TRADE RECEIVABLES AND PAYABLES

As at 31 December 2021 and 31 December 2020, the details of the Group's trade receivables were as follows:

	31 December 2021	31 December 2020
Short term trade receivables		
Customer accounts	753,779,175	387,244,248
Notes receivables	100,001	680,997
Less: Discounts and returns	(44,551,075)	(39,069,132)
	709,328,101	348,856,113

Long term trade receivables

Customer accounts	10,911,577	8,985,876
	10,911,577	8,985,876

As of 31 December 2021 and 31 December 2020, the carrying value of the Group's trade receivables approximates their fair value. Long-term trade receivables are to be paid in 6 monthly installments and it is planned to be collected in November 2023. The average maturity period of short-term trade receivables is 2 months (31 December 2020: 3 months).

As at 31 December 2021 and 31 December 2020, maturities of trade receivables were as follows:

	31 December 2021	31 December 2020
Overdue receivables	111,025,644	137,471,167
0 - 30 days maturity	196,629,820	92,281,893
31 - 90 days maturity	398,554,557	116,179,201
91 - 180 days maturity	3,118,080	2,923,852
365 days and over	10,911,577	8,985,876
	720,239,678	357,841,989

As at 31 December 2021 and 31 December 2020, overdue days of receivables are as follows:

	31 December 2021	31 December 2020
0 - 1 month	80,768,404	61,114,792
1 - 3 months	30,257,240	58,881,074
3 months and over		17,475,301
	111,025,644	137,471,167

Guarantee letters taken from the customers related with trade receivables are amounting to TRY 1,300,000 (31 December 2020: TRY 200,000), and the long term notes payable are amounting to TRY 400,000 (31 December 2020: TRY 400,000).

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 6 - TRADE RECEIVABLES AND PAYABLES (Continued)

The movement of provision for doubtful receivables were as follows:

	31 December 2021	31 December 2020
1 January	39,069,132	34,618,970
Provisions made during the period	2,464,766	-
Foreign exchange difference	3,017,177	4,450,162
31 December	44,551,075	39,069,132

As at 31 December 2021 and 31 December 2020, the details of the Group’s trade payables were as follows:

	31 December 2021	31 December 2020
Short term trade payables		
Suppliers	420,875,460	198,094,422
	420,875,460	198,094,422

Trade Payables have approximately 1-2 months of maturity terms on average (31 December 2020: 1-3 month).

NOTE 7 - OTHER RECEIVABLES AND PAYABLES

	31 December 2021	31 December 2020
Short term other receivables		
Deposits and guarantees given	3,466,404	440,992
	3,466,404	440,992

	31 December 2021	31 December 2020
Long term other receivables		
Other financial receivables from non related parties	-	14,184,335
	-	14,184,335

	31 December 2021	31 December 2020
Short term other payables		
Other refundable VAT	3,696,856	9,876,478
	3,696,856	9,876,478

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

NOTE 8 - INVENTORIES

	31 December 2021	31 December 2020
Raw materials	210,803,927	119,054,408
Work in progress	128,179,856	37,234,839
Finished goods	217,672,541	87,399,924
Trade goods	35,273,565	16,052,528
Other Inventories (*)	235,601,245	53,746,742
Less: Provision for net realisable value of inventories (**)	(3,454,995)	(2,119,712)
	824,076,139	311,368,729

(*) Other inventories consist of models and molds produced on order.

(**) Consists of net realizable value difference.

For the period from 1 January to 31 December 2020, a portion amounting to TRY 1,313,102,198 of the cost of goods sold is related to raw material and supplies usage (31 December 2020: TRY 454,997,995).

For the years ended 31 December 2021 and 31 December 2020, movement of impairment provision is as follows:

	2021	2020
1 January	2,119,712	3,458,359
Foreign currency translation differences	1,483,965	942,858
Reversal of impairment losses	(148,682)	(2,281,505)
31 December	3,454,995	2,119,712

NOTE 9 - EMPLOYEE BENEFITS

As at 31 December 2021 and 31 December 2020 the payables related to employee benefits were as follows:

	31 December 2021	31 December 2020
Short term Payables Related to Employee Benefits		
Payables to the personnel	15,493,629	11,589,204
Payables to social security institution	6,916,053	5,123,180
Personnel income tax and stamp tax payables	-	5,296,429
	22,409,682	22,008,813

	31 December 2021	31 December 2020
Short term Provisions Related to Employee Benefits		
Unused vacation provisions	8,324,380	4,458,163
	8,324,380	4,458,163

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

NOTE 9 - EMPLOYEE BENEFITS (Continued)

Long term Provisions Related to Employee Benefits

	31 December 2021	31 December 2020
Provision for employment termination benefits	87,653,977	64,205,230
	87,653,977	64,205,230

Under Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TRY 8,284.51 for each year of service as at 31 December 2021 (31 December 2020: TRY 7,117.17).

The liability is not funded in legally and there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The following actuarial assumptions were used in the calculation of the total liability:

	31 December 2021	31 December 2020
Discount rate (%)	3.67	3.67
Turnover rate to estimate the probability of retirement (%)	99.00	95.00

The basic assumption is that the ceiling provision for each year of service will increase in proportion to inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the expected effects of inflation. The Group's provision for termination benefits, as the termination benefits ceiling is adjusted semi-annually. It is calculated over TRY 8,284.51 (1 July 2020: TRY 7,117.17) effective as of 1 July 2021.

The movement table of provisions for termination benefits as of 31 December 2021 and 2020 is as follows:

	2021	2020
1 January	64,205,230	58,663,719
Service costs	5,759,235	4,843,748
Interest costs	8,562,827	5,996,130
Losses on remeasurements of defined benefit plans	17,271,230	3,530,804
Payments	(5,567,855)	(2,473,724)
Foreign currency translation differences	(2,576,690)	(6,355,447)
31 December	87,653,977	64,205,230

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE10 - PREPAID EXPENSES

As at 31 December 2021 and 31 December 2020, the details of the short term prepaid expenses were as follows:

	31 December 2021	31 December 2020
Short term prepaid expenses		
Advances given to suppliers	1,837,182	1,258,431
Expenses for incoming months	-	1,427,210
	1,837,182	2,685,641
Long term prepaid expenses	31 December 2021	31 December 2020
Advances given (*)	45,838,875	4,242,505
Expenses for incoming years	15,209,541	1,068,672
	61,048,416	5,311,177

(*) As of 31 December 2021 and 31 December 2020, the Group's long-term order advances consist of cash advances for property, plant and equipment investments.

NOTE 11 - INVESTMENTS VALUED FOR USING EQUITY METHOD

Investment in associates:

As at 31 December 2021 and 31 December 2020, the details equity accounted investees were as follows:

Investments	Associate Share (%)	Associate Share (%)	31 December	31 December
	31 December 2021	31 December 2020	2021	2020
Kumsan	25.10	25.10	6,093,786	6,682,709
			6,093,786	6,682,709

As at 1 January - 31 December 2021 and 1 January - 31 December 2020, information related with the financial statements of Kumsan were as follows:

Kumsan	31 December 2021		31 December 2020	
	Total assets	Total liabilities	Total assets	Total liabilities
	42,809,056	18,531,024	31,232,089	4,607,752
Kumsan	1 January – 31 December 2021		1 January – 31 December 2020	
	Revenue	Net income	Revenue	Net income
	79,656,835	4,041,418	50,540,098	4,057,571

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 11 - INVESTMENTS VALUED FOR USING EQUITY METHOD (Continued)

For the year ended 31 December 2021 and 2020, movements of the equity accounted investees are as follows:

	2021	2020
1 January	6,682,709	5,418,816
Share of profit of equity accounted investees	1,014,396	1,552,793
Dividends received	-	138,306
Foreign currency translation differences	(1,603,319)	(427,206)
31 December	6,093,786	6,682,709

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

NOTE 12 - PROPERTY PLANT AND EQUIPMENT

	1 January 2021	Additions	Disposals	Transfers (*)	Foreign currency translation differences	Revaluation Increase	31 December 2021
Cost/Revaluation							
Lands	214,728,666	1,144,269	-	-	135,730,156	117,470,337	469,073,428
Buildings and land improvements	436,877,603	4,846,268	-	10,634,522	281,493,882	(11,805,757)	722,046,518
Machinery and equipment	2,259,277,142	170,467,107	(84,952,635)	48,685,295	1,491,660,367	-	3,885,137,276
Motor vehicles	2,097,518	26,666	-	-	1,356,880	-	3,481,064
Furniture and fixtures	148,889,435	13,182,607	(741,643)	1,159,972	93,331,003	-	255,821,374
Construction in progress	76,819,445	101,879,444	-	(63,332,474)	56,170,134	-	171,536,549
	3,138,689,809	291,546,361	(85,694,278)	(2,852,685)	2,059,742,422	105,664,580	5,507,096,209
Accumulated amortization							
Buildings and land improvements	(237,390,309)	(13,294,217)	-	-	(154,941,381)	-	(405,625,907)
Machinery and equipment	(1,562,961,303)	(65,451,342)	69,583,502	-	(982,886,824)	-	(2,541,715,967)
Motor vehicles	(1,660,693)	(97,069)	-	-	(1,152,890)	-	(2,910,652)
Furniture and fixtures	(114,036,479)	(6,184,642)	738,836	-	(74,048,001)	-	(193,530,286)
	(1,916,048,784)	(85,027,270)	70,322,338	-	(1,213,029,096)	-	(3,143,782,812)
Net book value	1,222,641,025						2,363,313,397

(*) Note 13.

TRY 89,395,909 (31 December 2020: TRY 49,841,668) of tangible and intangible fixed assets, depreciation and amortization expenses for the period to the cost of sales, TRY 2,058,957 (31 December 2020: TRY 769,314), research and development expenses and TRY 2,142,841 (31 December 2020: TRY 3,024,422) was reflected in general administrative expenses. As of 31 December 2021, a significant portion of the Group's property, plant and equipment increases consists of machinery and equipment investments.

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 12 – PROPERTY PLANT AND EQUIPMENT (Continued):

	1 January 2020	Additions	Disposals	Transfers (*)	Foreign currency translation differences	Revaluation Increase	31 December 2020
Cost/Revaluation							
Lands	158,809,916	-	-	-	55,918,750	-	214,728,666
Buildings and land improvements	325,732,603	1,141,318	-	1,377,887	108,625,795	-	436,877,603
Machinery and equipment	1,609,259,666	22,401,038	(35,915,463)	14,903,553	648,628,348	-	2,259,277,142
Motor vehicles	2,364,755	-	(983,449)	-	716,212	-	2,097,518
Furniture and fixtures	98,984,184	5,032,631	(1,347,635)	991,166	45,229,089	-	148,889,435
Construction in progress	27,567,044	52,544,056	-	(17,419,190)	14,127,535	-	76,819,445
	2,222,718,168	81,119,043	(38,246,547)	(146,584)	873,245,729	-	3,138,689,809
Accumulated amortization							
Buildings and land improvements	(171,751,296)	(10,590,691)	-	-	(55,048,322)	-	(237,390,309)
Machinery and equipment	(1,098,253,273)	(33,068,209)	34,075,363	-	(465,715,184)	-	(1,562,961,303)
Motor vehicles	(1,856,132)	(224,263)	983,449	-	(563,747)	-	(1,660,693)
Furniture and fixtures	(75,269,678)	(3,592,480)	1,347,635	-	(36,521,956)	-	(114,036,479)
	(1,347,130,379)	(47,475,643)	36,406,447	-	(557,849,209)	-	(1,916,048,784)
Net book value	875,587,789						1,222,641,025

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

NOTE 12 - PROPERTY PLANT AND EQUIPMENT (Continued)

As of 31 December 2021, the evaluation of the fair value of the land and lands and buildings owned by the Group has been realized by a valuation company independent of the Group. The company in question is authorized by the Capital Markets Board and provides real estate valuation services in accordance with the capital market legislation and has sufficient experience and quality in the measurement of fair value of the properties in the relevant regions. The fair value of the plots and lands owned was determined according to the market comparative approach that reflects the current transaction prices for similar properties.

The revaluation fund is not taken into account in capital increase and profit distribution to shareholders. The Group has accounted for revaluation increases of tangible fixed assets within equity, by netting off the deferred tax liability from the difference between the recorded value and the market. Movements of property, plant and equipment revaluation increases within the reported periods are as follows:

	2021	2020
1 January	43,120,241	46,325,911
Depreciation transfer of land and lands and buildings improvements	(4,176,432)	(3,205,670)
Revaluation increases of land and lands and buildings	117,470,337	-
Revaluation decreases of land and lands and buildings	(11,805,757)	-
Property, plant and equipment revaluation increases, net deferred tax effect	(9,385,882)	-
Property, plant and equipment revaluation increases, tax effect (*)	32,196,037	-
31 December	167,418,544	43,120,241

(*) The Company has revalued its tangible fixed assets in the TCC financial statements within the scope of the provisions of the Law No. 7326 on the revaluation of immovables registered as active and other depreciable economic assets, and due to the revaluation in question, the temporary differences that are the basis of deferred tax arise.

Fair valuation measures of land and plots and buildings and underground and surface improvements are categorized as Level 2 (Note 29).

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 13 - INTANGIBLE ASSETS

	1 January 2021	Additions	Disposals	Transfers (*)	Foreign currency translation differences	31 December 2021
Cost						
Rights	52,907,506	2,551,823	-	2,852,685	37,524,409	95,836,423
R&D	34,376,590	19,560,473	-	-	27,277,672	81,214,735
	87,284,096	22,112,296	-	2,852,685	64,802,081	177,051,158
Rights	(48,895,649)	(2,814,180)	-	-	(31,944,370)	(83,654,199)
R&D	(6,132,175)	(5,756,257)	-	-	(6,201,337)	(18,089,769)
	(55,027,824)	(8,570,437)	-	-	(38,145,707)	(101,743,968)
Net book value	32,256,272					75,307,190

(*) Note 12.

	1 January 2020	Additions	Disposals	Transfers	Foreign currency translation differences	31 December 2020
Cost						
Rights	38,885,873	1,661,156	(2,070,122)	-	14,430,599	52,907,506
R&D	20,145,237	9,939,351	-	-	4,292,002	34,376,590
	59,031,110	11,600,507	(2,070,122)	-	18,722,601	87,284,096
Accumulated amortization						
Rights	(35,548,298)	(2,734,950)	2,070,122	-	(12,682,523)	(48,895,649)
R&D	(1,685,258)	(3,424,811)	-	-	(1,022,106)	(6,132,175)
	(37,233,556)	(6,159,761)	2,070,122	-	(13,704,629)	(55,027,824)
Net book value	21,797,554					32,256,272

NOTE 14 - GOODWILL

Goodwill is amounting TRY 16,647,585 as at 31 December 2021 (31 December 2020: TRY 10,213,643). Goodwill has arisen due to the acquisition of Componenta UK Ltd. shares in 2006.

	2021	2020
1 January	10,213,643	7,540,809
Foreign currency translation differences	6,433,942	2,672,834
31 December	16,647,585	10,213,643

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

NOTE 15 - OTHER ASSETS AND LIABILITIES

	31 December 2021	31 December 2020
Other Current Assets		
VAT receivables	101,362,635	-
Value added tax receivables to be refunded	4,206,273	15,804,550
Other	3,978,625	-
	109,547,533	15,804,550

	31 December 2021	31 December 2020
Other Non Current Assets		
VAT receivables (*)	26,833,665	26,852,739
Deposits and guarantees given	-	719,380
	26,833,665	27,572,119

(*) Long term VAT receivables are estimated to be collected in more than one year in accordance with the Group's forecasts, thus represented in other non-current assets as at 31 December 2021 and 31 December 2020.

	31 December 2021	31 December 2020
Other Short Term Liabilities		
Advances received	48,432,327	18,013,044
VAT Payable	13,416,803	-
Deferred revenue	-	4,142,094
Other	-	1,814,128
	61,849,130	23,969,266

NOTE 16 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

i) Short term provisions	31 December 2021	31 December 2020
Provisions for personnel (*)	28,211,945	-
Provisions for litigation (**)	11,627,774	10,135,033
Provisions for management bonuses	4,526,045	-
Provisions for energy and water expenses (***)	3,364,985	782,528
Other (****)	5,636,402	1,263,165
	53,367,151	12,180,726

(*) It consists of additional provisions set aside as of 31 December 2021 due to the change in the blue collar increase rate calculated in September - December 2021.

(**) There were lawsuits filed against the Group due to work accidents. The Group management has made employers' liability insurance in relation to these work accidents and the related provisions were reflected to the consolidated financial statements as at 31 December 2021 and 31 December 2020 by deducting the compensable amount of insurance from estimated payments.

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 16 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

(***) As at 31 December 2021, provision consists of not invoiced electricity, natural gas and water expense accruals for the year 2021.

(****) As at 31 December 2021, other short term provisions consist of uninvoiced selling expenses, quality expenses, model cost provisions and other provisions.

As at 31 December 2021 and 31 December 2020, litigation of the Group is as follows:

	2021	2020
1 January	10,135,033	7,815,115
Paid during the period	(4,891,678)	(400,476)
Foreign currency translation differences	6,384,419	2,720,394
31 December	11,627,774	10,135,033

ii) Guarantee Letters, Pledges and Mortgages (“GPM”) Given by the Group:

The Group’s guarantee letters/pledges/mortgages (GPMs) position were as follows:

	31 December 2021	31 December 2020
A. GPMs given on behalf of the Company’s legal personality	21,052,035,819	9,968,261,491
B. GPMs given in favour of subsidiaries included in full consolidation	-	-
C. GPMs given by the Company for the liabilities of third parties in order to run ordinary course of business -	-	-
D. Other GPMs	-	-
i) GPMs given in favour of parent company	-	-
ii) GPMs given in favour of group companies not in the scope of B and C above	-	-
iii) GPMs given in favour of third party companies not in the scope of C above	-	-
	21,052,035,819	9,968,261,491
The ratio of total amount of other CPM to Equity	0%	0%

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 16 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

As at 31 December 2021, lender banks Vakıfbank, Halk Bankası, İş Bankası and Ziraat Bankası have first degree and first ranking mortgage in the amount of EUR 270,000,000 and second degree and first ranking mortgage in the amount of TRY 400,000,000, pursuant to the participation ratio on all of the property, plant and equipment of the Group under the contract dated 13 August 2014. With amending agreement dated 17 June 2015, number of existing mortgages have been increased on first degree and first ranking to EUR 285,000,000 and second degree and first ranking to TRY 500,000,000. With amending agreement dated 4 October 2016, number of existing mortgages have been increased on first degree and first ranking to EUR 285,000,000, second degree and first ranking to TRY 500,000,000 and third degree and first ranking to EUR 50,000,000 and TRY 100,000,000. With the loan agreement dated 27 September 2017, the fifth degree and first place 400,000,000 Euros and the sixth degree and TRY 2,000,000,000 in the first place were added to the existing mortgage amounts, and registration procedures were completed on 3 October 2017.

Letters of guarantees given which are amounting to TRY 55,552,897 were composed of guarantees given to the Undersecretariat Customs, customs offices, chamber of commerce, tax authorities, electricity and natural gas suppliers, raw material suppliers and law courts related with ongoing legal cases.

iii) Letter of Guarantees Received:

As at 31 December 2021 and 31 December 2020, guarantee of the Group is as follows:

	31 December 2021	31 December 2020
Guarantee letters received	21,312,131	2,860,673
Guarantee cheques and notes received	19,312,610	6,117,525
Total guarantees received	40,624,740	8,978,198

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

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NOTE 17 - SHAREHOLDER'S EQUITY

i) Paid in Capital

The Company applies registered capital system which is recognized by BIST registered companies. The Company identified share capital amounting to TRY 250,000,000 for registered shares with a nominal value of TRY 0.01.

The composition of the Company's statutory paid in capital at 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
Registered capital (with historical value)	250,000,000	250,000,000
Approved and paid in capital (nominal value)	116,000,000	116,000,000

The composition of the Company's statutory paid in capital at 31 December 2021 and 31 December 2020 were as follows:

	31 December 2021		31 December 2020	
	Percentage (%)	Amount	Percentage (%)	Amount
Çelik Holding A.Ş.	94.71	109,860,032	96.05	111,417,693
Held by public	5.29	6,139,968	3.95	4,582,307
Total paid in capital		116,000,000		116,000,000
Adjustment differences on paid in capital		45,195,347		45,195,347
Total capital		161,195,347		161,195,347

The Company has 11,600,000,000 shares (31 December 2020: 11,600,000,000 shares) each with the nominal value of Kr 1 as at 31 December 2021. The Company has no privileged shares.

ii) Capital Premium

The Group's parent company Çelik Holding A.Ş. paid the group, TRY 47,135,250, equivalent to EUR 7,500,000, on 23 September 2019, to be offset against its pre-emptive rights in the capital increase, and this amount was added to the capital with the capital increase. The group applied to the CMB for approval of the paid capital increase prospectus on 3 December 2019. The CMB approved the capital increase prospectus related to the paid capital increase the group filed for approval with decision No. 2020/12 dated 20 February 2020.

iii) Inflation Adjustment Differences on Paid in Capital

Adjustment to share capital represents the inflation restatement effect of the cash contributions to share capital.

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 17 - SHAREHOLDER’S EQUITY (continued)

iv) Share Premium

As at 31 December 2021 and 31 December 2020, the Group’s share premium is amounting to TRY 161,041.

v) Gain on Revaluation and Re measurement

The gain on revaluation and re measurement reserve relates to the revaluation of property, plant and equipment.

vi) Remeasurements of Defined Benefit Liability

The reserve comprises of actuarial gains or loss from defined benefit plans recognized in other comprehensive income as a result of TAS 19 (2011).

vii) Foreign Currency Translation Differences

Foreign currency translation differences comprise of foreign currency differences arising from the translation of the financial statements.

viii) Prior Year’s Profits

As at 31 December 2021 and 31 December 2020, the Group’s prior year’s profits are amounting to TRY 218,168,201 and TRY 330,797,182 respectively.

ix) Legal Reserves

Legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (“TCC”). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company’s paid in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 10% of the paid in capital. As at 31 December 2021, legal reserves of the Group is amounting to TRY 16,035,194 (31 December 2020: TRY 16,035,194).

x) Other Equity Interest

As at 31 December 2016, the Group has recognised the uncollectible portion of the trade and financial receivables from related parties based on the payment capacity of the counterparties which resulted in restructuring due to financial difficulties experienced by the parent and its subsidiaries amounting to TRY 429,474,292. In 2017, negotiations with the trustees in the related countries were completed. According to the agreements signed, bad debts have been revised and the difference amounting to TRY 5,228,477 which is formed in favor of the Group is classified as equity. As at 31 December 2018, other equity interest is amounting to TRY 424,245,815.

As at 31 December 2020, the Group has recognized its trade receivables amounting to TRY 201,032,594 from its previous subsidiary, Componenta Frammestad AB, in other equity interest due to the subsidiary’s bankruptcy process started in 2019. Thus, other equity interest is amounting to TRY 625,278,409 as at 31 December 2020. Since Componenta Främmedstad AB is not a related party of the Group since September 2017, as of 31 December 2019, the impairment loss for the trade receivables should be accounted for in profit or loss in accordance with TFRS 9 Financial Instruments instead of accounting for other equity interests. As of 1 January 2021, this amount has been reclassified to retained earnings and adjusted (Note 2.5).

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 17 - SHAREHOLDER’S EQUITY (Continued)

xi) Dividend

Publicly traded companies make their dividend distributions as stipulated by the CMB as follows:

In accordance with Article 19 of Capital Markets Law No. 6362 which came into effect on 30 December 2012 and CMB Communique on Dividend No. II-19.1 which came into effect as at 1 February 2014, publicly held corporations distribute dividends within the frameworks of the dividend distribution policies determined by their general assemblies and relevant legislation provisions. The assembly may determine different principles based on similar corporations for profit distribution policies of publicly held corporations.

If the legal reserves to be allocated in accordance with the TCC and the dividend determined for the shareholders in the articles of association or the dividend distribution policies are not allocated, a decision to allocate other legal reserves, transfer the profit to the next year, and distribute the dividend to people other than the owners of dividend shares, board members and employees of the corporation, and shareholders, cannot be made. Moreover, if the rate of the dividend determined for the shareholders is not paid in cash, no dividend shall be distributed to these people.

In publicly held corporations’ dividends shall be distributed equally to all of the shares existing as of the date of distribution regardless of their dates of issuance and acquisition.

In line with the effective regulations, upon the decision of the general assembly corporations distribute dividends according to the dividend distribution policy determined by their general assemblies and the provisions of relevant legislation. The said regulations do not specify a minimum dividend amount. Corporations make dividend payments according to the provisions of their articles of association or dividend distribution policies. In addition, corporations may pay dividends in instalments of equal or different amounts and may distribute dividend advances in cash for the profits shown in their financial statements.

The Company has not distributed dividends during the current year.

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

NOTE 18 - REVENUE AND COST OF SALES

	1 January 31 December 2021	1 January 31 December 2020
Export sales	2,085,608,456	996,601,149
Domestic sales	582,808,248	310,239,362
Other sales	92,665,986	48,629,040
Less: Discounts and returns	(39,010,593)	(22,079,243)
Sales revenue (net)	2,722,072,097	1,333,390,308
Cost of sales	(2,227,897,945)	(1,033,804,501)
Gross profit	494,174,152	299,585,807

Cost of sales

	1 January 31 December 2021	1 January 31 December 2020
Raw material costs	(1,313,102,198)	(454,997,995)
Personnel expenses	(296,927,896)	(193,158,284)
General production costs	(295,924,656)	(187,836,844)
Energy expenses	(231,323,842)	(117,604,464)
Depreciation and amortization expenses	(89,395,909)	(49,841,668)
Other	(1,223,444)	(30,365,246)
	(2,227,897,945)	(1,033,804,501)

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

NOTE 19 - RESEARCH AND DEVELOPMENT EXPENSES, MARKETING EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

For the 2021 and 2020 December 31 December, the details of marketing expenses were as follows:

Marketing expense

	1 January 31 December 2021	1 January 31 December 2020
Insurance premiums related to freight and customs procedures	80,231,500	32,882,981
Packaging	24,545,510	12,517,972
Personnel	10,766,140	2,988,837
Transportation	6,852,235	3,698,108
Warehousing	5,401,511	4,849,953
Advertising	599,354	-
Licence fee	235,795	588,147
Other	9,014,903	3,542,461
	137,646,948	61,068,459

General administrative expenses

	1 January 31 December 2021	1 January 31 December 2020
Personnel expenses	41,140,940	56,542,248
Taxes and stamp duty	14,011,999	2,274,558
Information technology services expenses	11,255,188	6,669,115
Repair, maintenance and cleaning	6,091,584	3,652,861
Legal counseling expenses	4,339,294	2,958,264
Subcontractor expenses	3,165,368	2,980,936
Depreciation and amortization	2,142,841	3,024,422
Travel expenses	807,617	625,236
Termination benefits expenses	216,537	108,437
Other	9,856,882	6,100,727
	93,028,250	84,936,804

Research and development expense

	1 January 31 December 2021	1 January 31 December 2020
Raw material costs	2,449,328	310,824
Depreciation and amortization	2,058,957	769,314
Personnel expenses	1,943,377	844,105
General production costs	280,878	143,013
Other	49,058	42,317
	6,781,598	2,109,573

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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NOTE 20 - EXPENSE BY NATURE

	1 January 31 December 2021	1 January 31 December 2020
Raw material costs	(1,313,102,198)	(454,997,995)
Labor expenses	(296,927,896)	(193,158,284)
General production costs	(295,924,656)	(187,836,844)
Energy expenses	(231,323,842)	(117,604,464)
Depreciation and amortization	(93,597,707)	(53,635,404)
Insurance premiums related to freight and customs procedures	(80,231,500)	(32,882,981)
Personnel expenses	(53,850,457)	(60,375,190)
Packaging expenses	(24,545,510)	(12,517,972)
Taxes and stamp duty	(14,011,999)	(2,274,558)
Information technology services expenses	(11,255,188)	(6,669,115)
Transportation	(6,852,235)	(3,698,108)
Repair, maintenance and cleaning	(6,091,584)	(3,652,861)
Warehousing	(5,401,511)	(4,849,953)
Legal counseling expenses	(4,339,294)	(2,958,264)
Subcontractor expenses	(3,165,368)	(2,980,936)
Raw material and material expenses	(2,449,328)	(310,824)
Other	(22,284,468)	(41,515,584)
	(2,465,354,741)	(1,181,919,337)

Fees for Services Obtained from Independent Auditor/Independent Audit Firm

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

	1 January 31 December 2021	1 January 31 December 2020
Independent audit fee for the reporting period	617,044	601,151
	617,044	601,151

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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NOTE 21 - OTHER OPERATING INCOME AND EXPENSES

For the 2021 and 2020 December 31 December, details of other operating income were as follows:

	1 January 31 December 2021	1 January 31 December 2020
Foreign exchange income on other operating income	282,899,419	42,193,774
Provisions released (*)	110,032,282	-
Insurance damage incomes	-	1,574,174
Other	8,107,923	3,754,647
	401,039,624	47,522,595

(*) The company's former parent (before 27 September 2017), Componenta Oyj, announced on the Helsinki Stock Exchange on 1 September 2016 that Componenta Oyj and its Finnish subsidiary Componenta Finland Oy and its Swedish subsidiary Componenta Främmestad AB, Componenta Companies Wirsbo AB and Componenta Arvika AB have initiated the necessary formal application process for restructuring. It has been decided to initiate the official process for the bankruptcy of Componenta B.V., Componenta Oyj's subsidiary established in the Netherlands. The Group has applied to the bankruptcy office for its Dutch facilities and initiated the necessary legal proceedings for the collection of receivables. On 23 August 2017, parent Componenta Oyj announced on NASDAQ Stock Exchange that Componenta Oyj and its subsidiaries Componenta Finland Ltd. and Componenta Främmestad AB's debt restructuring applications have been approved and restructuring procedures have been completed. Componenta Wirsbo AB and Componenta Arvika AB filed for bankruptcy on 13 July 2017. The restructuring processes that have been initiated have been concluded as a result of mutual signatures with the appointed trustees.

Within the scope of restructuring, trustees appointed to Componenta Oyj and group companies have submitted restructuring proposals regarding the debts of these companies to the Group. As of 31 December 2016, the Group has accounted for uncollectible commercial, financial and other receivables from related parties amounting to TRY 429,474,292 as other equity shares in equity. Negotiations with the trustees in the relevant countries were concluded in 2017, the balance of uncollectible receivables within the framework of the signed agreements was revised and the difference in favor of the Group amounting to TRY 5,228,477 was classified into equity and other equity shares became TRY 424,245,815.

As of 31 December 2021 financial statements, the Group received a cash payment of 3,869,000 Euro and 858,284 Euro on 6 and 7 April 2021, based on the total receivables of 2,169,999 Euro (Döktaş Dökümcülük) and 481.384 Euro (subsidiary Döktaş UK), which are restructured from Componenta Oyj. has done. In the interim financial statements dated 31 December 2021, the amount of 2,075,901 Euro has been canceled and the provision for impairment has been canceled and recognized as income by being classified in other income from operating activities.

Also The ongoing bankruptcy process regarding Componenta BV has concluded Euro of the amount of 6,095,585 Euro, which was written off from the receivables on 31 December 2017 and classified as a legally disallowed expense, was collected on 7 April 2021 as a post-period transaction. In the consolidated financial statements as of 31 December 2021, the amount of TRY 63,637,905 for the related collection has been cancelled and the provision for impairment has been cancelled and classified as income from other operating activities.

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NOTE 21 - OTHER OPERATING INCOME AND EXPENSES (Continued)

For the 31 December 2021 and 2020, details of other operating expenses were as follows:

	1 January 31 December 2021	1 January 31 December 2020
Foreign exchange expense on other operating expense	(214,375,899)	(23,493,065)
Provision expenses	(2,464,766)	-
Return to work	(3,368,358)	(2,628,247)
Other	(4,635,337)	(1,293,764)
	(224,844,360)	(27,415,076)

NOTE 22 - INCOME FROM INVESTING ACTIVITIES

For the 31 December 2021 and 2020, details of income from investing activities were as follows:

	1 January 31 December 2021	1 January 31 December 2020
Gain on sale of property, plant and equipment	362,651	394,898
	362,651	394,898

For the 31 December 2021 and 2020, details of income from investing activities were as follows:

	1 January 31 December 2021	1 January 31 December 2020
Loss on sales of tangible and intangible assets	(15,295,052)	-
	(15,295,052)	-

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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NOTE 23 - FINANCE INCOME/(COSTS)

Finance Income:

	1 January 31 December 2021	1 January 31 December 2020
Foreign exchange gain	55,067,990	16,000,400
Interest income	799,713	385,145
	55,867,703	16,385,545

Finance Costs:

Interest expenses	(89,334,884)	(73,422,633)
Foreign exchange losses	(27,084,852)	(9,841,400)
Employee termination interest expense	(8,562,827)	(5,996,130)
Finance leasing interest expenses	(6,876,762)	(657,412)
Loan expenses	(6,287,604)	(5,645,133)
Commision expenses	(794,156)	(456,341)
Other		(2,450,700)
	(138,941,085)	(98,469,749)

NOTE 24 – TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on an individual entity basis. In Turkey corporate tax rate for the fiscal year 2021 is 25% (31 December 2020: 22%). Corporate tax rate with the Law No. 7316 published, the Law on the Collection of Public Receivables was amended, and the corporate tax rate was increased to 25% for the 2021 fiscal year and to 23% for the 2022 fiscal year. The corporate tax rate applies to the tax base that will be found as a result of the deduction of the expenses that are not accepted as a result of the tax laws to the commercial income of the institutions, the exception to the tax law (participation earnings exception, exemption of investment allowance etc.) and the reduction of discounts (such as R & D discount). No further tax is paid if the profit is not distributed. Advance tax is payable by the 17th of the second month following each calendar 17th day of the end. Advance tax paid by corporations is credited against the annual corporation tax liability

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on 20 January 2022, Law No. It has been enacted with the number 7352 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the Repeated Article 298 are met. The Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies under TFRS on 20 January 2022, and it was stated that there was no need to make any adjustments within the scope of TAS 29 Financial Reporting in Hyperinflationary Economies in the consolidated financial statements for 2021.

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 24 – TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses can not be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns until 25th of the fourth month following the end of the financial year to which they relate. Tax returns are open for 5 years starting from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

	1 January 31 December 2021	1 January 31 December 2020
Current period deferred tax income/(expense)	11,944,779	(7,214,796)
Total Tax Income/(Expense)	11,944,779	(7,214,796)

Deferred tax income:

The Group recognizes deferred tax assets and liabilities based on temporary differences arising between tax bases of assets and liabilities and their carrying values in the consolidated financial statements, using the currently enacted tax rates. The tax rate applied to temporary differences is 25% (31 December 2020: 22%). With the new amendment to the law this rate has been increased to %23. The tax rate applied to the Group’s subsidiary in United Kingdom is 19% (31 December 2020: 19%).

The composition of cumulative temporary differences and the related deferred tax assets and liabilities calculated using the enacted tax rates at 31 December 2021 and 31 December 2020, were as follows:

	1 January 31 December 2021	1 January 31 December 2020
Income/(loss) before tax rate	335,921,233	91,441,977
Current tax rate	25%	22%
Tax expense/(income) calculated at legal tax rate	(83,980,308)	(20,117,235)
Effect of disallowable expenses	(14,006,779)	(7,899,438)
Effect of share of equity accounted investee	756,669	(310,559)
Current period financial losses for which deferred tax assets are not calculated	(33,347,603)	(18,113,737)
Effect of tax exemptions	8,043,786	1,092,948
Effect of tax rate change	12,109,543	817,490
Investment incentive effect	45,293,312	12,991,717
Differences for which no deferred tax asset has been calculated	77,076,159	24,324,018
Tax Income/(Expense)	11,944,779	(7,214,796)

The reconciliation of the taxation on income in the consolidated statement of profit or loss and other comprehensive income for 2021 and 2020 31 December and the taxation on income/expenses calculated with the current tax rate over income from continuing operations before tax is as follows:

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NOTE 24 - TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

	Cumulative Temporary Differences		Deferred Tax Assets/(Liabilities)	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Deferred Tax Assets/(Liabilities)				
Other differences related to revaluation of tangible assets	1,365,315,828	619,299,390	(177,567,502)	(123,859,878)
Investment incentives (*)	93,300,413	50,743,201	93,300,413	50,743,201
R&D Discount	11,637,844	-	5,237,030	-
Net difference between the tax base and carrying value of inventories	(22,860,033)	2,107,130	5,257,805	(421,426)
Timing differences in recognition of revenue	(7,125,335)	(4,280,285)	1,638,824	856,057
Provisions for short term employee benefit	(8,324,380)	(4,458,163)	1,914,601	891,629
Legal provisions	(11,627,780)	(10,135,015)	2,674,396	2,027,003
Provisions for prepaid expenses	(27,122,613)	(16,640,294)	6,238,201	3,328,059
Uncollectible receivables	(24,528,588)	(10,813,895)	4,905,723	2,162,779
Provision for employment termination benefits and notification payments	(87,653,977)	(64,205,230)	17,530,798	12,841,046
Loan provisions	(9,205,890)	-	2,117,349	-
Other	7,641,820	2,176,640	1,528,364	(435,328)
Deferred tax liabilities - net			(35,223,998)	(51,866,858)

(*) The amount stems from investments held for factory building, field and production facility located in the Manisa Industrial Zone. The Group has received an Incentive Certificate from the Ministry of Economics General Directorate of Incentive Implementation and Foreign Capital for their investment in total amount of TRY 80,660,000 starting on May 2015, which will end in May 2018. In 2019, for its investment of TRY 30,000,000, the Group received the T.R. It received an Incentive Certificate from the Ministry of Economy, General Directorate of Incentive Implementation and Foreign Capital.

In addition, the Group received two more incentive certificates, one for the first region and one for the fourth region, for its investments in Orhangazi in 2019.

The fixed investment amount foreseen for the investment project supported within the scope of investment incentive certificates is TRY 716,143,999, and the investment contribution rates differ as 15%, 30% and 40%. Based on the expenditures made, the Group's deferred tax asset has been accounted for as of 31 December 2021 for the contribution to the investment amounting to TRY 93,300,413, which has been entitled but not utilized within the scope of tax deduction and transferred to the following periods.

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NOTE 24 - TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)(Continued)

Movements of deferred tax liability are as follows

	2021	2020
1 January	(51,866,858)	(31,889,235)
Associated with the profit or loss	11,944,779	(7,214,796)
Associated with other comprehensive income	26,264,403	706,161
Foreign currency translation differences	(21,566,322)	(13,468,988)
31 December	(35,223,998)	(51,866,858)

As of 31 December 2021, the Group has not recognized deferred tax assets since it is highly unlikely to benefit from taxable profits in the future over deductible tax losses amounting to TRY 261,333,303 (31 December 2020: TRY 127,942,890). The financial losses in question can be deducted from the corporate income until the following dates:

	31 December 2021	31 December 2020
Expiration as of 2023	45,607,720	45,607,720
Expiration as of 2025	82,335,170	82,335,170
Expiration as of 2026	133,390,413	
	261,333,303	127,942,890

NOTE 25 -EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share are calculated by dividing the profit/(loss) attributable to equity holders of the parent company by the weighted average number of ordinary shares in issue during the year.

	1 January 31 December 2021	1 January 31 December 2020
Average number of shares outstanding during the period (full value)	11,600,000,000	11,600,000,000
Net profit by Parent Company	347,866,012	84,227,181
Earnings per share with nominal value of 1 KR(TRY)	3.00	0.73

There is no difference between fundamental and relative earnings per share for any period. As of 31 December 2021, no dividend distribution decision has been taken yet by the Board of Directors.

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NOTE 26 -RELATED PARTY DISCLOSURES

a) Due from Related Parties:

As at 31 December 2021 and 31 December 2020 trade receivables due from related parties are as follows:

	31 December 2021	31 December 2020
Parsan Makine Parçaları Sanayi A.Ş.	5,467	264
Güriş İş Makinaları Endüstri A.Ş.	-	4,493,335
Omtaş Otomotiv San Tic A.Ş.	-	4,415
	5,467	4,498,014

A significant portion of trade receivables from related parties consists of advances paid for goods and services.

b) Due to Related Parties:

As at 31 December 2021 and 31 December 2020 trade payables due to related parties are as follows:

	31 December 2021	31 December 2020
Bordo Elektrik Enerjisi A.Ş.	50,171,514	11,427,419
Güriş İş Makinaları Endüstri A.Ş.	9,604,718	
Çelik Holding A.Ş.	5,165,742	1,115,726
Kumsan Döküm Malzemeleri Sanayi ve Ticaret A.Ş.	1,008,970	725,208
Güriş İnşaat ve Mühendislik A.Ş.	552,771	108,314
Güriş Europe GmbH	426,308	426,138
	66,930,023	13,802,805

c) Other Payables to Related Parties:

As at 31 December 2021 and 31 December 2020 other payables due to related parties are as follows:

	31 December 2021	31 December 2020
Çelik Holding A.Ş. (*)	29,425,326	-
	29,425,326	-

(*) As of 31 December 2021, the balance of non-trade payables from related parties consists of debts with financing content in Euro currency and the annual effective interest rate is 4.95%.

d) Sales to Related Parties:

For the years ended 31 December 2021 there are no sales to related parties (31 December 2020: None).

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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NOTE 26 -RELATED PARTY DISCLOSURES (Continued)

e) Goods and services received:

For the year ended 31 December 2021 and 2020 breakdown of the purchases from related parties are as follows:

1 January – 31 December 2021	Trading goods and services	Management services	Other	Total
Bordo Elektrik Enerjisi A.Ş.	208,467,808	-	-	208,467,808
Güriş İş Makinaları Endüstri A.Ş.	26,627,401	-	78,489	26,705,890
Çelik Holding A.Ş.	-	7,391,009	6,668,072	14,059,081
Güris Europe GmbH	4,434,495	-	-	4,434,495
Yamantürk Vakfı	-	-	301,492	301,492
Kumsan Döküm Malzemeleri Sanayi ve Ticaret A.Ş.	2,869,391	-	-	2,869,391
Güriş İnşaat ve Mühendislik A.Ş.	855,113	-	-	855,113
Parsan Makine Parçaları Sanayi A.Ş.	-	-	223,644	223,644
Omtaş Otomotiv San. Tic. A.Ş.	-	-	4,415	4,415
	243,254,208	7,391,009	7,276,112	257,921,329

1 January – 31 December 2020	Trading goods and services	Management services	Other	Total
Bordo Elektrik Enerjisi A.Ş.	93,008,478	-	-	93,008,478
Çelik Holding A.Ş.	-	4,575,747	568,551	5,144,298
Güris Europe GmbH	4,789,869	-	-	4,789,869
Kumsan Döküm Malzemeleri Sanayi ve Ticaret A.Ş.	1,349,341	-	-	1,349,341
Parsan Makine Parçaları Sanayi A.Ş.	257,596	-	1,388	258,984
Güriş İnşaat ve Mühendislik A.Ş.	158,864	-	-	158,864
Yamantürk Vakfı	-	-	194,480	194,480
Güriş İş Makinaları Endüstri A.Ş.	70,681	-	-	70,681
	99,634,829	4,575,747	764,419	104,974,995

e) Remunerations to key management personnel:

Key management personnel include general manager and directors and remunerations provided to key management personnel are as follows:

	1 January 31 December 2021	1 January 31 December 2020
Short term benefits	9,990,459	7,921,118
Long term benefits	447,220	460,191
	10,437,679	8,381,309

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NOTE 27 - CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS

Capital Risk

The Group’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of debt/equity ratio. The Group has not set any specific target in regards to this ratio and determines its strategies by evaluating the market conditions and the needs of the Group arising from operations for each period.

	1 January 31 December 2021	1 January 31 December 2020
Financial liabilities	2,496,419,078	1,431,843,629
Less: Cash and cash equivalents	(24,136,658)	(34,285,671)
Net financial liability	2,472,282,420	1,397,557,958
Total equity	946,378,039	213,480,476
Financial liabilities/equity ratio	264%	655%

Credit Risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. Credit risk of the Group mainly arises from trade receivables and trade receivables consist of domestic and foreign receivables. In case of any collection problem with customers, the Group reduces the credit risk by limiting transactions with related customers. Analysis of credit risk exposed by types of financial instruments as at 31 December 2021 and 2020 are as follows:

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NOTE 27 - CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS(Continued)

	<u>Trade Receivables</u>	<u>Trade Receivables</u>	<u>Other Receivables</u>	<u>Other Receivables</u>	
31 December 2021	Related Parties	Other Parties	Related Parties	Other Parties	Bank Deposits
Maximum credit risk as at reporting date (*) (A+B+C+D+E)	5,467	720,239,678	-	3,466,404	24,108,322
Guaranteed portion of the maximum risk	-	40,624,740	-	-	-
A. Net book value of the assets that are not due or that are not impaired	5,467	609,214,034	-	3,466,404	24,108,322
B. Value of the financial assets whose terms have been renegotiated, otherwise considered as overdue or impaired	-	-	-	-	-
C. Book value of the overdue but not impaired assets	-	111,025,644	-	-	-
Secured by collateral, etc.	-	-	-	-	-
D. Net book value of the assets impaired	-	-	-	-	-
Overdue (gross book value) impaired ()	-	44,551,075	-	-	-
Impairment ()	-	(44,551,075)	-	-	-
Secured portion of the net value by guarantees, etc	-	-	-	-	-
Not due (gross book value)	-	-	-	-	-
Impairment ()	-	-	-	-	-
E. Off balance sheet items with credit risk ()	-	-	-	-	-

Overdue periods of overdue but not impaired assets are disclosed in Note 6.

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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NOTE 27 - CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS(Continued)

	Trade	Trade	Other	Other	Bank Deposits
	Receivables	Receivables	Receivables	Receivables	
31 December 2020	Related Parties	Other Parties	Related Parties	Other Parties	
Maximum credit risk as at reporting date (*) (A+B+C+D+E)	4,498,014	357,841,989	-	14,625,327	34,283,374
Guaranteed portion of the maximum risk	-	8,978,198	-	-	-
A. Net book value of the assets that are not due or that are not impaired	4,498,014	220,370,822	-	14,625,327	34,283,374
B. Value of the financial assets whose terms have been renegotiated, otherwise considered as overdue or impaired	-	-	-	-	-
C. Book value of the overdue but not impaired assets	-	137,471,167	-	-	-
Secured by collateral, etc.	-	-	-	-	-
D. Net book value of the assets impaired	-	-	-	-	-
Overdue (gross book value) impaired ()	-	17,005,310	-	-	-
Impairment ()	-	(17,005,310)	-	-	-
Secured portion of the net value by guarantees, etc	-	-	-	-	-
Not due (gross book value)	-	-	-	-	-
Impairment ()	-	-	-	-	-
E. Off balance sheet items with credit risk ()	-	-	-	-	-

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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NOTE 27 - CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS(Continued)

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, providing availability of funds through an adequate amount of committed credit facilities and the ability to close out market positions.

The Group is provided flexibility in funding through available credit lines considering the dynamics of business environment. The Group management holds adequate cash, credit commitment and factoring capacity that will meet the need for cash for 4-weeks in order to manage its liquidity risk.

Remaining maturities of liabilities which includes interest are disclosed in the following page:

31 December 2021	Net Book Value	Agreed Total Cash Outflows	Less than 3 months	3-12 months	1-5 years	5-10 years
Short and long term borrowings	2,466,549,921	2,892,964,670	212,292,637	1,019,415,521	863,161,652	798,094,860
Trade payables	487,805,483	487,805,483	487,805,483	-	-	-
Finance lease liabilities	29,869,157	34,476,198	3,852,318	13,261,469	17,362,411	-
Total borrowings	3,024,053,529	3,415,246,351	703,950,438	1,032,676,990	880,524,063	798,094,860

31 December 2020	Net Book Value	Agreed Total Cash Outflows	Less than 3 months	3-12 months	1-5 years	5-10 years
Short and long term borrowings	1,417,632,261	1,636,288,936	120,074,779	576,591,327	488,212,620	451,410,210
Trade payables	211,897,227	211,897,227	211,897,227	-	-	-
Finance lease liabilities	14,211,368	21,038,782	2,350,842	8,092,689	10,595,251	-
Total borrowings	1,643,740,856	1,869,224,945	334,322,848	584,684,016	498,807,871	451,410,210

Foreign Currency Risk

The Group, due to its TRY and other foreign currency denominated borrowings, TRY and other foreign currency denominated borrowings, and TRY and other foreign currency denominated borrowings, are denominated in a The Group is exposed to foreign exchange rate risk due to the effect of exchange rate changes. This risk is monitored by the Board of Directors at regular meetings. The Group provides natural protection by balancing foreign currency debts and receivables. The fact that the foreign trade receivables used in relation to the liquidity risk is subject to factoring is an important element in this balancing operation.

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NOTE 28 - FOREIGN CURRENCY POSITION TABLE

	31 December 2021					31 December 2020					
	TRY Equivalent (Functional currency Euro)	Euro	USD	TRY	GBP	TRY Equivalent (Functional currency Euro)	Euro	USD	TRY	GBP	Other
1. Trade Receivables	184,786,333	-	10,603	167,730,789	969,343	125,429,229	-	28,352	118,133,560	712,761	-
2a. Monetary Financial Assets (including Cash, Banks accounts)	91,258	-	-	91,258	-	4,339,538	-	5,560	147,542	415,912	17,279
2b. Non monetary Financial Assets	-	-	-	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	21,330,618	-	-	-	2,145,117	-
4. Current Assets (1+2+3)	184,877,591	-	10,603	167,822,047	969,343	151,099,385	-	33,912	118,281,102	3,273,790	17,279
5. Trade Receivables	-	-	-	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-	-
6b. Non monetary Financial Assets	-	-	-	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-	-	-	-
8. Non current assets (5+6+7)	-	-	-	-	-	-	-	-	-	-	-
9. Total Assets (4+8)	184,877,591	-	10,603	167,822,047	969,343	151,099,385	-	33,912	118,281,102	3,273,790	17,279
10. Trade Payables	349,975,462	-	7,043,559	252,863,127	326,852	140,689,918	-	2,297,145	122,262,466	140,330	190,170
11. Financial Liabilities	172,000,000	-	-	172,000,000	-	39,304,018	-	-	39,304,018	-	-
12a. Other Monetary Liabilities	-	-	-	-	-	-	-	-	-	-	-
12b. Other Non monetary Liabilities	-	-	-	-	-	-	-	-	-	-	-
13. Short term Liabilities (10+11+12)	521,975,462	-	7,043,559	424,863,127	326,852	179,993,936	-	2,297,145	161,566,484	140,330	190,170
14. Trade Payables	-	-	-	-	-	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	25,500,000	-	-	25,500,000	-	-
16a. Other Monetary Liabilities	-	-	-	-	-	-	-	-	-	-	-
16b. Other Nonmonetary Liabilities	-	-	-	-	-	-	-	-	-	-	-
17. Long term Liabilities ((14+15+16)	-	-	-	-	-	25,500,000	-	-	25,500,000	-	-
18. Total Liabilities (13+17)	521,975,462	-	7,043,559	424,863,127	326,852	205,493,936	-	2,297,145	187,066,484	140,330	190,170
19. Net Asset/(Liability) Position of the Off Balance Sheet Foreign Exchange Based Derivatives (19a 19b)	-	-	-	-	-	-	-	-	-	-	-
19a. The Amount of the Asset Type Off Balance Sheet Foreign Exchange Based Derivatives	-	-	-	-	-	-	-	-	-	-	-
19b. The Amount of the Liability Type Off Balance Sheet Foreign Exchange Based Derivatives	-	-	-	-	-	-	-	-	-	-	-
20. Net Foreign Exchange Asset/(Liability) (9 18+19)	(337,097,871)	-	(7,032,956)	(257,041,080)	642,491	(54,394,551)	-	(2,263,233)	(68,785,382)	3,133,460	(172,891)
21. Net Foreign Exchange Asset/(Liability) Position of the Monetary Item (UFRS 7.B23) (=1+2a+5+6a 10 11 12a 14 15 16)	(337,097,871)	-	(7,032,956)	(257,041,080)	642,491	(75,725,169)	-	(2,263,233)	(68,785,382)	988,343	(172,891)
22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging	-	-	-	-	-	-	-	-	-	-	-
23. Export	2,085,608,456	198,475,507	1,555	-	5,000,277	996,601,149	123,787,717	14,836	-	2,487,671	-
24. Import	686,085,631	38,596,475	31,734,309	-	78,420	216,952,508	20,133,446	11,110,251	-	86,438	-

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(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated)

NOTE 28 - FOREIGN CURRENCY POSITION TABLE (Continued)

	31 December 2021			
	Profit/Loss		Profit/Loss	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
TRY Equivalent				
50% change in USD against EUR/in case of depreciation				
1 USD net asset/liability	(9,127,019)	9,127,019	(9,127,019)	9,127,019
2 Hedged from the USD risk ()	-	-	-	-
3 USD Net Effect (1+2)	(9,127,019)	9,127,019	(9,127,019)	9,127,019
50% change in TRY against EUR/in case of depreciation				
4 TRY net asset/liability	(25,704,108)	25,704,108	(25,704,108)	25,704,108
5 Hedged from the TRY risk ()	-	-	-	-
6 TRY Net Effect (4+5)	(25,704,108)	25,704,108	(25,704,108)	25,704,108
50% change in GBP against EUR/in case of depreciation				
7 GBP net asset/liability	1,121,340	(1,121,340)	1,121,340	(1,121,340)
8 Hedged from the GBP risk ()	-	-	-	-
9 GBP Net Effect (7+8)	1,121,340	(1,121,340)	1,121,340	(1,121,340)
TOTAL (3+6+9)	(33,709,787)	33,709,787	(33,709,787)	33,709,787

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021**

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated)

NOTE 28 - FOREIGN CURRENCY POSITION TABLE (Continued)

	31 December 2020			
	Profit/Loss		Shareholder's Equity	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
TRY Equivalent				
10% change in USD against EUR/in case of depreciation				
1 USD net asset/liability	(536,067)	536,067	(536,067)	536,067
2 Hedged from the USD risk ()	-	-	-	-
3 USD Net Effect (1+2)	(536,067)	536,067	(536,067)	536,067
10% change in TRY against EUR/in case of depreciation				
4 TRY net asset/liability	751,454	(751,454)	751,454	(751,454)
5 Hedged from the TRY risk ()	-	-	-	-
6 TRY Net Effect (4+5)	751,454	(751,454)	751,454	(751,454)
10% change in GBP against EUR/in case of depreciation				
7 GBP net asset/liability	(6,138,255)	6,138,255	(6,138,255)	6,138,255
8 Hedged from the GBP risk ()	-	-	-	-
9 GBP Net Effect (7+8)	(6,138,255)	6,138,255	(6,138,255)	6,138,255
10% change in Other against EUR/in case of depreciation				
10 Other currency net asset/liability	(193,150)	193,150	(193,150)	193,150
11 Hedged from the other currency risk ()	-	-	-	-
12 Other Net Effect (10+11)	(193,150)	193,150	(193,150)	193,150
TOTAL (3+6+9+12)	(6,116,018)	6,116,018	(6,116,018)	6,116,018

NOTE 29 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

Classification of financial instruments

The Group has classified its financial assets and liabilities as financial investments, loans and receivables. The Group's financial assets are classified as cash and cash equivalents, trade receivables and other receivables, loans and derivative instruments and are presented at amortized cost using the effective interest method. The Group's financial liabilities consist of financial liabilities, trade payables, derivative instruments payables and other payables and are classified as financial liabilities carried at discounted cost and presented at amortized cost using the effective interest method. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between voluntary parties, other than in a forced sale or liquidation, and is best determined by an established market price, if any.

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş. AND SUBSIDIARY

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

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated)

NOTE 29 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methods. However, judgment is used in interpreting market data for the purpose of estimating fair value. Accordingly, the estimates presented here may not be indicative of the values that the Group could realize in a current market transaction. The following methods and assumptions are used in estimating the fair value of financial instruments whose fair value can be determined:

Financial assets

The fair value of balances based on foreign currency converted by year-end exchange rates is considered to approximate their respective carrying values. Cash and cash equivalents and banks are stated at their fair values. It is estimated that the carrying values of trade and other receivables together with the related allowances for doubtful receivables are stated at their fair values.

Financial liabilities

Fair values of trade payables, due to related parties and other monetary liabilities are considered to approximate their respective carrying values.

The table below contains an analysis of financial instruments carried at fair value and determined by fair value valuation method. Different levels are defined as follows:

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

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

Due to the data used in the valuation, fair valuation measurements of land, plots, ground and surface improvements and buildings are categorized as Level 2.

NOTE 30 - SUBSEQUENT EVENTS

On 2 March 2022, the Board of Directors decided to increase the issued capital (paid) from TRY 116,000,000 within the registered capital upper limit of TRY 250,000,000, to TRY 162,000,000, by adding TRY 46,000,000 in cash. Accordingly, with controlling shareholder Çelik Holding A.Ş.’s Board of Directors decision No. 2022/03-01 dated 2 March 2022, TRY 43,565,174, which corresponds to Çelik Holding A.Ş.’s share as a result of this capital increase, will be paid to the company as a “capital advance”.

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