Döktaş
Dökümcülük Tic. ve San. A.Ş.

2022
Annual Report

Döktaş

GÜRİŞ
1958

Contents

Güriş Holding

Founded in 1958, Güriş maintains to be one of Turkey's leading groups with a presence in construction, industry, mining, tourism, and energy sectors.

In energy; Mogan Energy Investment and its subsidiaries. Güriş, the largest wind energy investor in Turkey with a total installed power of 1132 MW, makes a great contribution to Turkey's renewable energy with 10 wind power plants, 6 hydro power plants and 8 geothermal power plants.

In industry; under the parent company of Çelik Holding; Parsan Machinery Components, Omtaş Automotive and Transmission Components, Asil Çelik Industry and Trade, Güriş Construction Equipment and joined in 2018 Döktaş Dökümcülük.

In construction; Güriş carries out business activities in Turkey, Middle East, Near and Central Asia, Commonwealth of Independent States and North African countries and has completed turnkey projects in a very wide range, in almost every field of the sector. Group companies operating in construction are Güriş Construction and Engineering and Güriş Machinery and Assembly.

In tourism; Mirage Park Hotel and Mogan Aviation.

In mining; Santral Mining and North Cyprus Santral Mining.

Generating around 2,4 billion USD turnover, holding around 50 affiliates and with more than 8,000 staff, Güriş Group provides added value to Turkish economy.

Çelik Holding

Established in 1974, in order to contribute to national economy, especially to weigh on export-oriented investments, to support foreign capital inflows and to build know-how, brandname, trademark and industrial property rights. Çelik Holding incorporates Güriş Industry Group companies.

By incorporating Parsan in 1968, Omtaş in 1996, Asil Çelik in 2000 and Döktaş in 2018, it has become Turkey's fastest growing group of companies in the industrial sector. With an export rate of 85% and more than 5,000 employees, the company performs as a leading company of our country in forging, iron casting, aluminum casting, steel production facilities and metal forming.

Company Name	Share %	Capital TL
Güriş İnşaat ve Mühendislik A.Ş.	88,33	117.392.933
Güriş Holding A.Ş.	11,67	15.507.067
	100,0	**132.900.000**

Döktaş Dökümcülük

Döktaş Dökümcülük Ticaret ve Sanayi A.Ş. is a leading company in Turkey specialized in manufacturing of pig, ductile and aluminium castings supplied to automotive, heavy commercial vehicles, construction and agricultural machinery industries.

Founded in 1973, Orhangazi Iron Foundry maintains pig and ductile iron casting and machining capabilities and is Turkey's leading iron casting plant.

In Manisa facilities, high and low-pressure aluminium casting and aluminium wheel production activities are performed. Manisa Aluminium Plant is the 2nd largest aluminium casting facility for the automotive sector in Turkey, while Aluminium Wheel Plant is Turkey's 4th largest aluminium wheel manufacturing facility.

In 1973, Döktaş Dökümcülük was established in Bursa Orhangazi in the name of Koç Holding. In December 2006 the company was acquired by Finnish Componenta Corporation. As of September 29, 2017 the company's shares were transferred to Döktaş Metal Sanayi ve Ticaret A.Ş. Subsequently on June 29, 2018 the company became a member of Çelik Holding (Güriş). Company shares have been quoted on Istanbul Stock Exhange since 1986.

Vision

Is to be a world scale reliable business partner that creates innovation, solutions, and opportunities in casting industry.

Mission

Is to protect and strengthen our position as a reliable, preferred and leading supplier of cast iron, light alloy aluminum casting and wheels.

Capital Structure and Affiliates

As of 31 December 2022, our company's registered capital is 250,000,000 TRY and paid in capital is 162,000,000 TRY. Distribution of paid in capital among shareholders is as follows:

Company Name	Share %	Capital TRY
Çelik Holding A.Ş.	90,00	145.800.000,16
Public Shares	10,00	16.199.999,84
	100,00	**162.000.000,00**

Subsidiaries and Associates

Company Name	Business Activity	Capital TL	Participation Rate %
Kumsan Döküm Malzemeleri Sanayi ve Ticaret A.Ş./Turkey	Foundry sand production & Trading	1.200.000 TL	25,1
Döktaş Trading UK Limited/UK	Imports & Exports	13.364.735 GBP	100

Message from Chairman of Board of Directors

We are deeply saddened by the devastating earthquakes in Kahramanmaraş dated February 6, 2023, which affected many of our cities. We express our condolences to all our citizens who lost their lives and their relatives. We will continue to stand by our country with all our resources and we believe we will do the hard yards all together.

2022 was expected to be a year in which problems caused by the pandemic will gradually decrease and global growth will gain momentum again. However, the war started between Russia and Ukraine in February brought new tensions in addition to the existing geopolitical risks.

Increasing energy and commodity prices, inflation rising to record levels in both developed and developing countries, monetary tightening by central banks as a means of fighting inflation, and finally Chinese government's strict quarantine measures within zero-covid-case policy highlighted negative developments on growth. In many countries, especially in Europe and USA, prices reached to peak levels in recent years. In money markets, while dollar reached to record levels against other currencies, there were decreases in cryptocurrencies.

While increasing price levels negatively weigh on global inflation, this also led to an increase in import volume and current account deficit of Turkey. Income loss due to high inflation resulted with the minimum wage to be adjusted twice during the year. The Central Bank tried to suppress the exchange rate appreciation by introducing exchange rate-protected deposits. Industrial production lost momentum in 2022 due to the global recession and declining trade volume.

As a result of recent global developments, increasing commodity, electricity and natural gas prices led to a gradual decrease in profitability. However, especially during the second half of the year, the sustainability of the company maintained through close cooperation established with customers and strong teamwork. On the other hand, capital increase in 2022 aimed to strengthen the financial structure and cash flow.

2022 was a period that Döktaş's sales volume increased. Sales revenues which was 260.7 MEUR in 2021 increased by 40.8% and realized 367.2 MEUR in 2022. With exports of MEUR 259.2 and imports of MEUR 84.4 Döktaş contributed to current account balance by 174.7 MEUR.

Within the scope of R&D studies requiring engineering and know-how, important stages have been completed in the rear axle housing project carried out with our group company Parsan.

In order to increase the machined part capacity, construction works of the additional machineshop annex in Orhangazi Iron Business Unit completed. Trial production started with the gradual installation of machinery and equipment.
By the end of 2022, our personnel number reached 3013. Same as last year, while we were carrying out our investments in efficiency, energy saving, digital transformation, environment and occupational health and safety, we also ramped up our new projects.

In 2023, we will continue adapting to changing world with our know-how and our synergy among our group companies, and will create value through our strategies that prioritise sustainability by keeping society, planet and people at the centre.

On behalf of myself and the esteemed members of the Board of Directors, I would like to thank to our customers, banks, suppliers, employees and all our shareholders for their contributions during these difficult times.

Regards,

Tevfik Yamantürk
Chairman of Board of Directors

Key Financials

	2022	2021	2020	2019	2018
Orhangazi Iron Foundry Business Unit					
Capacity (tons)	**150.000**	150.000	150.000	150.000	150.000
Production (tons)	**127.057**	125.300	78.293	77.354	96.665
Sales (MTRY)	**4.577,7**	1.969,0	931,5	806,9	827,3
Operating profit (MTRY)	**204,6**	293,0	105,5	136,0	166,9
Manisa Aluminium Die Casting Business Unit					
Capacity (tons)	**14.400**	14.400	14.400	14.400	14.400
Production (tons)	**6.693**	6.269	5.036	5.629	6.558
Sales (MTRY)	**761,8**	323,3	193,0	174,8	184,7
Operating profit (MTRY)	**82,1**	56,6	35,0	18,6	13,6
Manisa Wheels Business Unit					
Capacity (units)	**1.200.000**	1.200.000	1.440.000	1.440.000	1.440.000
Production (units)	**897.482**	875.689	671.643	685.097	730.631
Sales (MTRY)	**1.041,2**	429,7	208,9	175,3	167,8
Operating profit (MTRY)	**29,1**	69,4	33,1	22,4	22,5
Döktaş Dökümcülük A.Ş. Total					
Sales (MTRY)	**6.380,7**	2.722,1	1.333,4	1.157,0	1.179,9
Operating profit (MTRY)	**315,7**	419,0	173,5	177,1	203,0
Export MEUR	**259,2**	204,9	127,7	148,6	160,7
Import MEUR	**84,4**	65,5	26,4	31,9	32,8
Investments MEUR	**33,4**	30,3	11,5	10,7	5,9
Number of Personnel	**3.013**	2.918	2.466	2.170	2.260
Orhangazi	**2.139**	2.044	1.649	1.434	1.521
Manisa	**874**	874	817	736	739

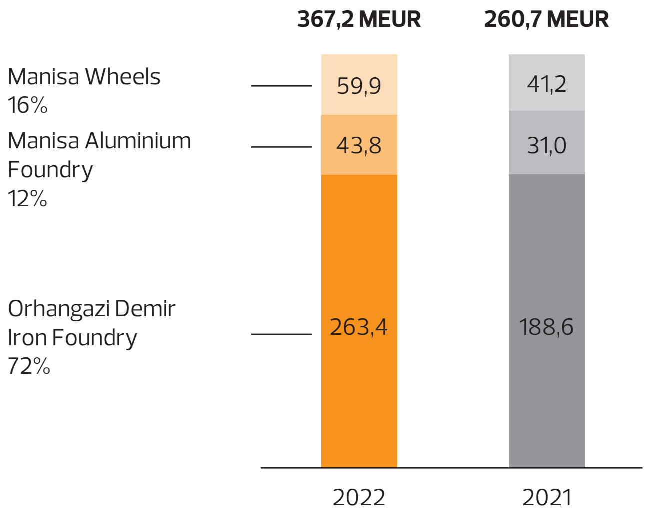
	2022	2021	2020	2019	2018
Döktaş Dökümcülük A.Ş. Total (MTRY)					
Net Sales	**6.380,7**	2.722,1	1.333,4	1.157,0	1.179,9
EBITDA	**501,9**	512,6	224,9	221,0	245,3
Earnings before tax	**40,9**	335,9	91,4	101,6	109,9
Net profit	**104,5**	347,9	84,2	98,2	101,2
Total Assets	**7.105,6**	4.232,6	2.045,8	1.434,2	1.359,7
Total Liabilities	**4.783,7**	3.286,2	1.832,3	1.349,2	1.230,9
Equity	**2.321,9**	946,4	213,5	85,1	128,9
Current ratio	**0,85**	0,93	0,74	1,08	0,54
Leverage ratio	**0,67**	0,78	0,90	0,94	0,91
ST financial debt / Total financial debt	**0,54**	0,45	0,48	0,26	0,53
Net financial debt / Equity	**1,42**	2,61	6,55	12,35	7,66
EBITDA Margin	**%7,9**	%18,8	%16,9	%19,1	%20,8
ROCE (*)	**%7,6**	%17,2	%16,1	%17,8	%29,5

(*)Return on capital employed

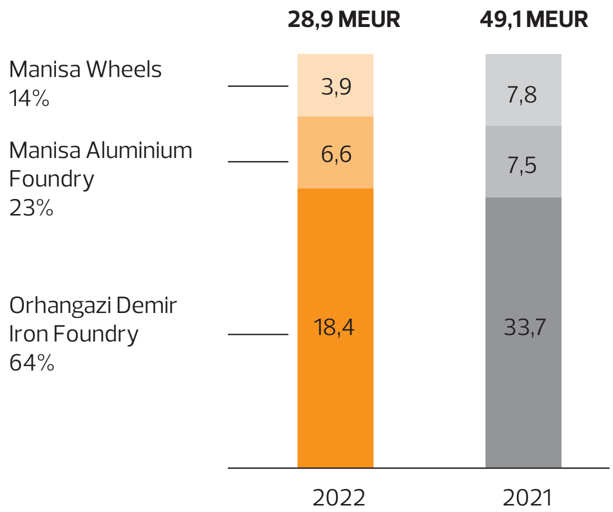
Operations in Brief

Döktaş has 3 main production facilities operating in Turkey; Iron Casting and Machining Facilities in Orhangazi, Bursa, Aluminium Casting and Wheel Production Facilities in Manisa Organised Industrial Zone. In addition, Döktaş Trading UK Ltd., which is a 100% subsidiary of our company, continues its commercial activities in the UK.

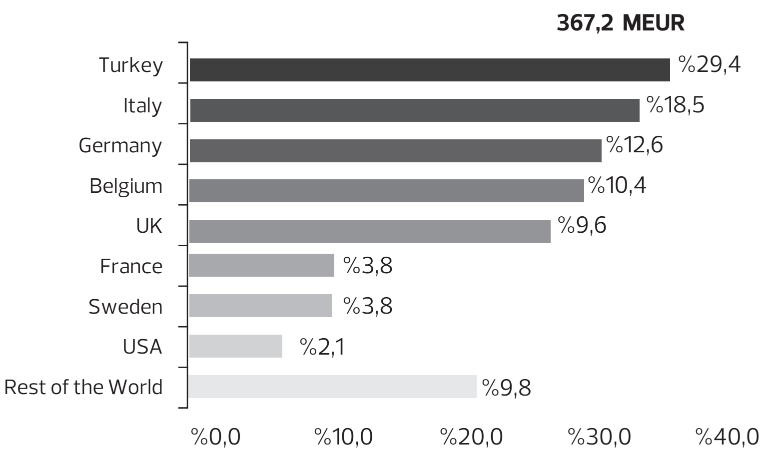
REVENUES



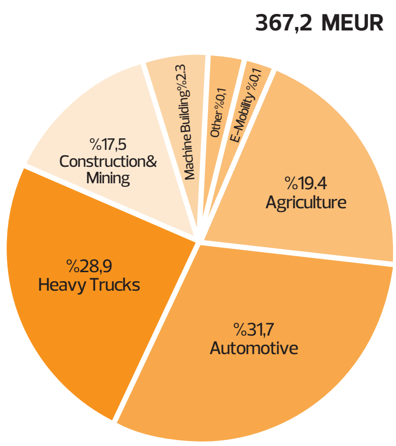
EBITDA



SALES BY COUNTRY



SALES BY CUSTOMER SEGMENT



Customer Segments

AUTOMOTIVE (31,7 %)

Provides iron and aluminum cast parts and light alloy wheels in a wide range of products for the automotive industry including passenger car and light commercial vehicle manufacturers. DJ Wheels and MAXX brands are produced in Manisa Wheels Business Unit. Borbet, Ford, OZ S.p.A, MGTS SA, AAM, Renault, Tofaş, TOGG are some of our customers in this segment.

HEAVY TRUCKS (28,9 %)

For heavy truck industry Döktaş manufactures ready to install components used in the chassis, engines, axles, transmissions, and brakes. We offer all parts of the supply chain from product engineering and manufacturing to surface treatment, painting and preassembly. Customers in heavy trucks segment include Iveco, Scania, Daimler, Volvo Trucks, Ford, Mercedes Benz, Renault Trucks, MAN and DAF.

AGRICULTURE (19,4 %)

Various casting components are supplied for agricultural equipment such as tractors, forestry machinery and combine harvester manufacturers. Türk Traktör, GIMA, Officine Vica, Tümosan, CNH, CLAAS, Dana Italia, John Deere, Carraro are some of our customers in this segment.

CONSTRUCTION AND MINING (17,5 %)

Customers include construction machinery, bucket,crane, excavator and damper manufacturers. Döktaş supplies various components for engines, power transmissions and chassis. Caterpillar, JCB, Volvo Construction Equipment and Carraro Drive Tech are some of our customers in this segment.

MACHINE BUILDING (2,3 %)

Pumps, concrete breakers and hydraulic motor cast iron parts are supplied to lift, robot and various crane manufacturers. Raba, Kolmeks, Cummins, Kone and Kuka are some of our customers in machine building segment.

E-MOBILITY, RAILWAY & OTHERS (0,2%)

Turkey's Largest Iron Casting Facilitiy

Business Unit Results

Consolidated net sales of Döktaş which was 261 MEUR in 2021, reached 367 MEUR in 2022. The 41% increase in business volume is the result of the global fluctuations in commodity and energy prices, which were reflected in sales prices as of the second half of the year.

Our total workforce consisted of 396 white-collar and 2,522 blue-collar employees, totaling 2,918 personnel at the end of 2021, and 401 white-collar and 2,612 blue-collar employees, totaling 3,013 personnel at the end of 2022. Compared to the end of 2021, the total increase in employment is 95 employees, corresponding to 3%.

Döktaş consists of three business units: Iron Foundry in Orhangazi, Aluminum Foundry and Wheels production facilities in Manisa. In addition, we have a 100% owned subsidiary, Döktaş Trading UK Ltd, which is carrying out commercial activities in the UK and a 25,1% owned associated company, Kumsan Döküm Malzemeleri A.Ş, a foundry sand manufacturer located in Turkey.

The distribution of Döktaş total sales by sectors in 2022 is as follows: automotive 31.7%, heavy commercial vehicles 28.9%, agricultural machinery 19.4%, construction and mining 17.5%, machinery manufacturing 2.3%, e-mobility & railway, and other sectors 0.2%. The Orhangazi business unit accounts for 72% of the total sales, while export transactions make up 71% of Döktaş total sales.

Orhangazi Iron Foundry

In 2022 Orhangazi business unit sales revenues increased by 40% compared to previous year and reached to 263 MEUR. Export transactions accounted for 72% of sales, while the remaining 28% share represents domestic sales.

Our production and sales volumes continued to increase in 2022 and our capacity utilization rate reached the highest level of the last 5 years with the impact of new parts added to our existing portfolio. However, the rise in raw material and energy prices, which started in the first months of the year, continued throughout the year, making it difficult to achieve cost stability and bringing about a critical period in terms of working capital management. Fluctuations in commodity and energy prices and exchange rate developments resulted in a gradual increase in inflation throughout the year, causing production costs to exceed targets. Nevertheless, especially as of the second half of the year, efforts to increase energy and production efficiency were accelerated, and projects to improve product and process indicators were implemented. As a stakeholder of Döktaş we have seen the positive results of our increasing cooperation with our customers in the last quarter of the year.

In 2022, turnover generated from machined parts realized as 73 MEUR. Building and construction works of the 11,283 m^2 additional machineshop building, in order to increase the capacity of value-added machined parts, have reached to completion stage. With the gradual completion of machinery and equipment investments, trial productions were started partially during the year.

Despite all uncertainties, 2022 has been a period in which investments in working conditions, occupational health& safety and environmental regulations took place, as well as targeting improvement of capacity, scrap rate and productivity. In 2022, approximately 25.5 MEUR capital expenditure was realized at Orhangazi facilities.

2023 will be a period in which we will continue our energy management, sustainability, automation and efficiency improvements through new investments and focus on installation of new projects successfully.

Manisa Aluminium Foundry

Although 2022 reduced the impact of the Covid-19 pandemic on the global economy, it was a year in which the design of economic policies at the global level became more difficult due to uncertainties caused by the Russia-Ukraine war, supply chain problems and rising energy prices.Despite these market conditions, Döktaş Manisa Aluminium Casting Business Unit achieved its production and sales targets in 2022, increased its sales tonnage by 11% compared to 2021 and achieved its just-in-time delivery target to its domestic/foreign customers.

Döktaş Aluminium Casting Business Unit has successfully carried out product development projects for fully electric / hybrid vehicles with domestic and global customers, which require joint advanced engineering applications. In these projects, the process design was carried out by Döktaş and the projects, which will start mass production in 2023 were ensured to progress in accordance with the plans.

With the contribution of intra Group synergy, Döktaş Aluminium Casting Business Unit achieved several projects with companies operating in the non-automotive, agricultural and construction machinery sectors, which also aligns with company's customer / product diversity target.
Döktaş Aluminum Business Unit manages its operational efficiency through lean production and continuous improvement projects, an effective and dynamic system that includes all employees. Improvements aiming increasing energy efficiency have been implemented. In 2022, the first phase of Lean 6 Sigma projects was completed. In 2023, the dissemination of the Lean 6 Sigma approach will continue through new projects focus on energy and production efficiency.

Compliance with OHS (occupational health and safety) rules is a priority in all business unit activities. In 2022, OHS targets were achieved.

Within the scope of the sustainability approach, projects focusing on improving energy performance, supported by product and process design, projects that aim improving the consumption of natural resources such as raw materials and consumables, and joint projects with customers were carried out.

As part of the sustainability approach, projects have been undertaken to improve energy performance, supported by product and process design, aiming to enhance the consumption of natural resources such as raw materials and consumables. Collaborative projects with customers have also been conducted in this regard, and ongoing practices continue in these areas.

The scheduled investment of hybrid electric vehicles' battery housing assembly was completed in 2022 and trial productions have started. Installation-automation applications of the project, which will go into serial production in 2023, will be completed in accordance with the time schedule.

In 2023, growth and high efficiency are the targets in the aluminum die-casting sector. Döktaş Aluminum Business Unit aims to achieve these goals through improvement-focused projects managed with a focus on product development and production capabilities, putting its employees at the forefront, and guided by a lean/continuous improvement mindset.

Manisa Aluminium Wheels

Döktaş Manisa Wheel Business Unit managed to complete its production and sales volumes in 2022 at a similar level to 2021, despite the general supply problems and all the negativities brought about by the war between Russia and Ukraine. In 2022, the Wheel Business Unit incorporated more than 50 new projects and put them into serial production.

In line with the spread of electric vehicles and changing customer demands, the proportion of large-sized and highly complex wheels is increasing day by day. In line with the strategic decisions taken in this context, the planned portion of automation-based production investments was completed in 2022 and used in mass production. With investments in heat treatment, automatic x-ray inspection equipment, automatic machining units and line-type levelling quality and efficient production of high complexity wheels has been successfully achieved.

Especially in the face of increasing energy costs, necessary improvement and revision works were planned and implemented in line with lean production studies and energy committee critical indicators. Efforts in this area are being carried out effectively. The first phase of studies to increase efficiency with Lean 6 Sigma projects have been completed. With the second phase projects, the dissemination of Lean 6 Sigma philosophy will continue.

The Wheel Business Unit aims to increase profitability in 2023 through efficiency-focused efforts in production, energy, and other cost areas as a team.

Board of Directors

Tevfik Yamantürk
Yönetim Kurulu
Başkanı

Yaylalı Günay
Deputy Chairman
Early Detection of
Risk Committee

Dr. Mehmet Tahir Varlık
Member of Board

Olgun Şamlı
Member of Board

Alpaslan Aktuğ
Member of Board

Orhan Metin
Member of Board

Hasan Basri Aktan
Independent
Member of Board
Audit Committee
Early Detection of Risk Committee

Atilla Zeybek
Independent Member of Board
Audit Committee
Early Detection of Risk Committee
Corporate Governance Committee

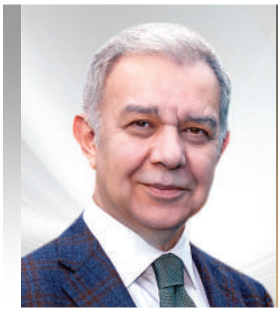
Ömer Lütfi Erten
Independent Member of Board
Audit Committee
Early Detection of Risk Committee
Corporate Governance Committee

Executives

Çağrı Yamantürk
CTO

Sabri Özdoğan
CTO

Sibel Binici
CFO



Uğur Demirci
Director,
Purchasing &
Strategic Projects

İbrahim Keyif
Director,
Orhangazi Foundry

Doğan Alpdoruk
Director,
Manisa Aluminium
Foundry and Wheels
Business Units

Bülent Şirin
Director,
Orhangazi
Engineering and R&D

Corporate Governance Principles Compliance Report

1. Report for Compliance with Corporate Governance Principles

Pursuant to the Communique dated 30 December 2011 and Serial: IV, No: 56 Regarding the Determination and Application of Corporate Governance Principles (the "Communique"), the companies listed on Borsa İstanbul A.Ş. ("BIST") are obliged to comply with some of the principles set forth in the Annex of the Communique. Finally, Corporate Governance Legislation (II-17.1) has been entered to force dated 3 January 2014 by Official Gazette No:28871. Pursuant to the amendment made in the Corporate Governance Communiqué numbered II-17.1 with the CMB's Decision dated 10 January 2019 and numbered 2/49, the Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF) templates are used over the Public Disclosure Platform. In addition, the Corporate Governance Compliance Statement is included in the Board of Directors Activity Report. With the amendment made on the Corporate Governance Communiqué on October 2, 2020, in the annual reports of the companies whose shares are traded, inter alia, whether the sustainability principles are applied or not, and if not, a reasoned explanation should be given, and the effects of environmental and social risk management due to not fully complying with these principles Information on what happened is awaited. As required by the regulation, templates showing the compliance status of companies with respect to sustainability practices were prepared and presented in the Board of Directors Annual Report. The reports by Döktaş Public Companies were published on the Public Disclosure Platform simultaneously with the announcement of their 2022 financial results.

Döktaş Dökümcülük Tic. ve San. A.Ş. ("the Company") always efforts to comply with the Capital Markets Board's ("CMB") Corporate Governance Principles. The Company has adopted the principles of equality, transparency, accountability, and responsibility of the Corporate Governance Principles published by CMB. The "Corporate Governance Principles" as stipulated by the Capital Markets Board are also observed by the Company and these universal principles are implemented by Döktaş Dökümcülük Tic. ve San. A.Ş.

SECTION I SHAREHOLDERS
2. Investor Relations

Relations with the shareholders at Döktaş Dökümcülük Ticaret ve Sanayi A.Ş. are carried out by the responsible unit established under the Treasury department. Investor Relations department responsible contact information is given below:

Handan Dilan Özbilen Investor Relations Manager
(yatirimciiliskileri@doktas.com / 02245734263)

The activities of investor relations are as follows:
1.Promotion of the company to the individual and corporate investors and informing the potential investors and shareholders,

2.Responding information requests of the undergraduate, graduate students, lecturers of the universities making researches on our company and the sector.

3.Holding the general assembly meeting of the company, preparing of the documents that may be useful for shareholders and submitting the minutes to the demanding persons,

4.Informing our shareholders,

5.Submitting Material Disclosures to public in accordance with the communiqué of Capital Markets Board Series II-15.1.

6.Making preparation for meeting prior to General Assembly, preparing the respective documentation and obtaining the preliminary permits for amendment of the articles of association and presenting the same to General Assembly for approval,

7.Following up the amendments in the legislation concerning the Capital Market Law and informing the respective units of the company about such amendments.

8.Following up and keeping records of the decisions of the Board of Directors and the Committee.

9.Representing and communication of the company with other institutions such as CMB, BIST, Takas Istanbul and Central Registry Agency.

Verbal and written applications submitted to the unit during the period answered within the framework of the legislation.

3. Exercise of Shareholders Right to Obtain Information

All shareholders are equally treated under Döktaş Dökümcülük Ticaret ve Sanayi A.Ş. in exercise of right to obtain and review information. In order to expand the shareholders' right to obtain information, any information that may affect the exercise of the rights is made available to the shareholders in electronic media. All the questions directed verbally or written has been answered. Notifications of our Company to BIST are also sent via electronic signature. Additionally, membership of the Central Registry Agency, which was established to monitor capital market instruments, was completed and an important step was taken in dematerializing the stocks. The Company website (www.doktas.com) contains the following financial statements as well as many other information.
- Financial statements and annual reports
- Company policies
- All declarations regarding to General Assembly Meeting
- Material disclosures - Share structure of the company
- Information on members of the Board of Directors and senior management of the company
- Financial announcements and calendar
- Articles of association

Request for the appointment of a special auditor does not exist in our Articles of Association as an individual right. No request has been received from our shareholders in this regard. For 2022 it has been decided and voted in General Assembly Meeting that PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. will be our company's Independent Audit Firm.

4. General Assembly Meeting

The ordinary general assembly meeting where the activities of our Company for the year 2022 will be discussed is planned to be held on a date to be determined by the Board of Directors after the financial statements are published on the Public Disclosure Platform.

Invitations to the General Assembly meeting are made by the Board of Directors as per the provisions of Turkish Commercial Code, Capital Market Law and company's articles of association. Public is informed by notifying the Borsa İstanbul, Public Disclosure Platform and Central Registry Agency immediately after the Board of Directors' decision to hold the General Shareholders' Meeting. Also, the venue, agenda of the General Assembly meeting, amendment drafts for the articles of association and proxy forms are published via all kinds of communication tools including electronic communication and announcements made on the Turkish Trade Registry Gazette and newspapers published in the area where the company headquarters is located at least three weeks prior to the General Assembly. This announcement states where the financial statements for the period that have undergone independent audit may be examined.

In addition, the information specified in the mandatory Corporate Governance Principles is being placed on the website of the company along with the general assembly meeting announcement and other notifications and declarations to be made in accordance with the relevant legislation.

A shareholder can take the floor in the General Assembly, voice his views about the company activities, provide questions to the company management to demand information and his question is answered. Our General Assembly is held under the supervision of a Government Commissioner from the Ministry of Industry and Commerce. The minutes of the General Assembly are available in our website.

In addition, these minutes are made available to the shareholders for examination purposes at the headquarters of the company. In accordance with provisions of the Regulation on Electronic General Assembly Meetings of Joint Stock Companies published on the Official Gazette dated 28 August 2012 and numbered 28395 and entered into force on 1 October 2012 as per article 1527 of the Turkish Commercial Code numbered 6102, necessary actions in relation to attendance of shareholders to general assembly meetings through electronic means, declaration of opinions, raising propositions and casting votes are provided through the electronic general assembly system provided by the Central Registry Agency.

Ordinary General Assembly of the Company was held on 8 April 2022. The results of the General Assembly meeting were published on the Company's website (www.doktas.com) under the Investor Relations tab and in the Public Disclosure Platform notifications.

5. Voting Rights and Minority Rights

For the exercise of voting rights in our company there is no privilege in our Articles of Association and there is no legal entity that is our subsidiary among our partners. In addition, shareholders may participate in the General Assemblies with the proxy given to other shareholders or non-shareholders.

6. Profit Distribution Policy and Profit Distribution Timing

A balanced and consistent policy is followed between the interests of the shareholders and the interests of the Company in accordance with the Corporate Governance Principles.
Our Company makes profit distribution decisions in accordance with the Turkish Commercial Code, Capital Markets Legislation, Capital Markets Law (CMB), Capital Markets Board (CMB) Regulations and Decisions, Tax Laws, other relevant legal regulations and Articles of Association and General Assembly Decision.

Accordingly:
1. In case of not distributing the net distributable profit for the period calculated in accordance with the Capital Market Legislation or distributing profit at a minimum of 5%, the financial structure and budget of our company are taken into consideration in determining the profit distribution ratio.

2. Investments that require significant fund outflow to increase our company value, important issues affecting our financial structure and uncertainties that may arise in the economy, markets, or other areas beyond the control of our company are taken into consideration by the Board of Directors in making profit distribution decisions.

3. The profit distribution proposal shall be disclosed to the public in accordance with the regulations of the CMB taking into consideration the legal periods.

4. Dividend distribution is accepted to be commenced as soon as possible following the General Assembly meeting where the distribution decision has been made. Although the dividend will be distributed to shareholders on the date determined by the General Assembly within the specified legal periods.

5. Our company may distribute its dividend in cash and / or "bonus share" in advance in accordance with the Capital Markets Legislation, CMB Regulations and Decisions and Articles of Association.

6. Our Company may decide to distribute dividend advances in accordance with the Turkish Commercial Code, Capital Markets Legislation, CMB Regulations and Decisions, tax law and other relevant legislative provisions and our articles of association and General Assembly Decision.

7. In case the Board of Directors proposes to the General Assembly not to distribute the profit, the shareholders are informed at the General Assembly regarding the usage of the undistributed profit.

As stated in the Corporate Governance Principles Compliance Report of the previous year and the Minutes of the General Assembly Meeting, Dividend Distribution Policy is determined in compliance with the relevant articles, regulations and practices of the Turkish Commercial Code and the Capital Markets Law, as well as the medium and long-term strategies and investment and financial plans of our company. Our Dividend Distribution Policy, determined in this direction, is presented for the information of the shareholders and the public in both the Annual Report and the General Assembly of Shareholders.

7. Transfer of Shares

The Articles of Association do not contain any practices that make it difficult for shareholders to freely transfer their shares and provisions that restrict the transfer of shares.

SECTION II

PUBLIC DISCLOSURE AND TRANSPARENCY

8. Company Disclosure Policy

In line with the principle of public disclosure and transparency, our company aims to provide accurate, complete, comprehensible, analyzable, and easily accessible information to the relevant parties in a timely manner. It is ensured that all information demanded is evaluated, only if such information is not confidential. Disclosure of material events is made in writing and by electronic signature using BIY over the Public Disclosure Platform. Such disclosures shall be disclosed to the public in a timely manner within the period determined by the legislation.

In 2022, in addition to the ordinary notifications, 61 material event disclosures were made by our company. Since our Company is not listed on foreign stock exchanges, no Material Event Disclosure is required except CMB and BIST. Material Disclosures were made within the period stipulated by the law. Respectively no sanctions were imposed by the CMB.

9. Website of the Company and its Contents

Our company website is www.doktas.com. The Company actively uses the corporate website as stipulated by the CMB Principles to maintain its relations with shareholders more effectively and rapidly, and to maintain constant communication with shareholders. The information contained here is constantly updated and made in accordance with the relevant legislation and does not contain conflicting or incomplete information.

10. Annual Report

The Company's Board of Directors prepares its Annual Report in accordance with the legislation and corporate governance principles to ensure that the public can obtain complete and accurate information about the company's activities.

Our corporate presentation, products, and services, our management systems and the information listed in Section II Article 1.11.5 of the Capital Markets Law Corporate Governance Principles are available on our website. CMB Corporate Governance Principles information is included in the Annual Report.

CMB Corporate Governance Principles is included in the Annual Report.

Management Annual Activity Report "Communiqué on Principles of Financial Reporting in the Capital Markets" numbered II-14.1, which was published in the Official Gazette dated 13.06.2013 and numbered 28676, and II-14.1. I- It has been prepared using the Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF) templates over the KAP Platform of the Corporate Governance Compliance Reporting made in accordance with the Corporate Governance Communiqué No. 17.1.

SECTION III

STAKEHOLDERS

11. Disclosure to Stakeholders

Partners : Pursuant to the stock exchange communiqués and the provisions of the Turkish Commercial Code the Company announces issues such as general assembly meetings, capital increases, dividend distribution to the stakeholders in the Trade Registry Gazette and Material Disclosure.

Customers : In line with the importance attached to service and product quality, the Company continues its activities to improve customer satisfaction. Customer satisfaction is measured by regular surveys. Trainings and seminars for customers are planned and held regularly. In addition, research and development activities are continued.

Personnel : All kinds of practices related to employees are carried out in accordance with the laws regulating the working life. Recruitment, promotion, training and performance improvement policies and various practices for employees are determined in writing. The Company communicates clearly with employees on matters related to occupational health and safety.

Employees are also informed through meetings, seminars and trainings held in their fields of expertise and general interest.

Stakeholders learn about the Company's developments through disclosures made to the public in accordance with the relevant legislation.

In addition, stakeholders can communicate with the Corporate Governance Committee, Audit Committee or Investor Relations Department by telephone and/or e-mail regarding the Company's unethical transactions.

Stakeholders of the Company are invited to meetings as required and informed via telecommunication tools.

Relations with our employees within the scope of Labor Agreement are carried out through union representatives. The blue-collar employees of our company are members of the Turkish Metal Union.

12. Stakeholders' Participation to the Company Management

The decisions are taken together with the trade union regarding the implementation of the stakeholders' participation in management, activities carried out, working conditions and rights provided to the employees.

13. Human Resources Policy

The criteria for recruitment and promotion mechanism have been determined written in human resources policy of our company. Our most important strength is our experienced, knowledgeable, enthusiastic, and highly qualified human resources. Our aim as Human Resources process is:

- The right person for the right job
- Equal pay for the equal job
- Merit associated with success
- Equal opportunity for all,

for continuously improving the competencies of our workforce and maintaining our permanent superiority in the global competitive environment. The functioning of the human resources systems determined for this purpose is defined by the procedures and announced to all employees.

Employee satisfaction is measured with surveys and areas that need improvement are determined and remedial measures are taken. A representative has not been appointed to conduct relations with employees other than union workplace representatives designated under the collective labor agreement. This function is mainly carried out by the Human Resources Department. There were no complaints from employees regarding discrimination.

14. Ethic Rules and Social Responsibility

Activities are organized according to the criteria of corporate social responsibility and impact on the society. Information about our projects performed during the period are available on our website. Corporate values include institutionalism, transparency, and sustainability.

In this context, we reflect our values in our daily work in the following ways:

- In all our activities, we act in compliance with ethical rules, laws, and corporate governance principles, respecting the environment, and respecting occupational health and safety principles.

- We communicate with all our stakeholders in a transparent, open, and trust-based manner.

- We ensure continuity in all our processes and consider the effects of our actions on the environment and society. Our ethical policy approved by the resolution of the Board of Directors has been published in the human resources tab of our website (www.doktas.com)

SECTION IV
BOARD OF DIRECTORS

15. Structure of the Board of Directors

Most of the members of our Board of Directors are non-executive members of the company.These members include independent members who are able to perform their duties without being influenced under any circumstances. The number and qualifications of the independent members of the Board of Directors are determined according to the regulations of the CMB regarding corporate governance.

The procedures set forth in the said regulations are followed in the appointment of independent members of the Board of Directors. Following the General Assembly meetings in which the members of the Board of Directors are elected, the Chairman and the Deputy Chairman are determined regarding the distribution of duties. If there is a vacancy in the memberships of the Board of Directors during the period, the provisions of Article 363 of the Turkish Commercial Code shall apply.

As per Turkish Commercial Code Article 395 & 396, the approval of the General Assembly is taken for the chairman and members of the board of directors to carry out the business that are in the scope of the company in person or on behalf of others and to become partners in the companies that do such works. the background of the members of the Board of Directors are available on the website.

The Board of Directors consists of the following persons:

Tevfik Yamantürk
Chairman of Board, non-executive member

Yaylalı Günay
Deputy Chairman, executive member

Dr. Mehmet Tahir
Varlık Member of Board, executive member

Olgun Şamlı
Member of Board, non-executive member

Alpaslan Aktuğ
Member of Board, non-executive member

Orhan Metin
Member of Board, non-executive member

Hasan Basri Aktan
Independent Member of Board

Atilla Zeybek
Independent Member of Board

Ömer Lütfi Erten
Independent Member of Board

Duties carried out by Members of the Board of Directors:

Chairman of Board Tevfik Yamantürk: A member of Board of Directors in the Güriş Group companies.

Deputy Chairman Yaylalı Günay: Served as a consultant and board member in many companies operating in the foundry sector.

Member of Board Dr. Mehmet Tahir Varlık: CEO and Board Member of Güriş Industry Group companies (Parsan, Omtaş).

Member of Board Olgun Şamlı: Board member of Omtaş Otomotiv Transmisyon Aksamı Sanayi ve Ticaret A.Ş.

Member of Board Alpaslan Aktuğ: Board Member in Güriş Group Companies.

Member of Board Orhan Metin: Board Member in Güriş Group Companies and Founding Chairman of DÖVSADER.

Independent Member of Board Hasan Basri Aktan: Board Member in Güriş Group Companies.

Independent Member of Board Atilla Zeybek: The founder partner and Chairman of the Board of Directors of As Finansal Danışmanlık Tic. and Board Member in in Güriş Group Companies.

Independent Member of Board Ömer Lütfi Erten: Do not perform any duties other than the membership of Döktaş Dökümcülük Board of Directors.

The Members of the Board of Directors declared that there has not been a direct and indirect interest relationship in terms of employment, capital or trade within the last 10 years of Döktaş or one of its affiliates or in-group companies and of the person, spouse and blood relatives and have not taken part in the independent audit process within the last 6 years. Independent members submitted their independence declarations in writing.

16. Fundamentals of Activities of the Board of Directors

The agenda of the meetings of the Board of Directors is determined by information from relevant units to senior management and members of the Board of Directors of the matters that the Company's Articles of Association explicitly order to be resolved by the Board of Directors. Additionally, the agenda of the meeting is determined when any of the members of the Board of Directors notifies the senior management about the decision to be taken on a specific issue. e matters to be discussed in the Board of Directors meeting are collected and consolidated in the Finance Department and the agenda is formed. Finance Director has been assigned to determine the agenda of the meetings of the Board of Directors, to prepare the decisions of the Board of Directors taken in the provision of Turkish Trade Code article 390/4, to inform the members of the board and to ensure communication.

The Board of Directors takes decisions to the extent required by the business and to the minimum number determined by the articles of association.

CMB's corporate governance regulations shall be complied with in all transactions where the corporate governance principles are deemed important, in all related party transactions of the company and in the transactions regarding the issuance of collaterals, pledges and mortgages in favor of third parties.

The responsibilities of the members of the Board of Directors are clearly defined in the articles of association of the company. the different opinions and the reasons for opposing votes arising at the meetings of the Board of Directors are recorded in the resolution records. However, since no such opposition or different views were declared recently, no public announcements were made.

17. Number, Structure and Independence of the Committees established under the Board

The Board of Directors manages and represents the company by taking into consideration the long-term interests of the company with a rational and prudent risk management approach by keeping the risk, growth and return balance of the company at the most appropriate level through strategic decisions to be taken. The Board of Directors determines the human and financial resources required by the company in line with the strategic goals of the company and audits the performance of the management. The Board of Directors is responsible for overseeing the compliance of the Company's activities with the legislation, articles of association, internal regulations and policies established.

The formation and election of the Board of Directors is carried out in accordance with the corporate governance principles and the relevant principles are included in the articles of association. As determined by the articles of association of the Company, one third of the members are independent board members as defined in the CMB's Corporate Governance Principles. Detailed explanations regarding the committees of the board of directors determined in accordance with the articles of association are given below. In accordance with the CMB Corporate Governance Principles, many of the Board Members are non-executive members.

Corporate Governance Committee; has determined whether the corporate governance principles have been applied in the company, if not, the reasons and conflicts of interest arising from non-compliance with these principles, provided remedial recommendations to the board of directors and supervised the work of the investor relations department.

The Chairman of the Corporate Governance Committee is elected among the independent members in accordance with the corporate governance principles. It meets as often as needed, at least twice a year. Since no separate Nomination Committee and Remuneration Committee is established in the current structure, the Corporate Governance Committee also fulfills the duties of these committees. The members of the Corporate Governance Committee are as follows and 4 meetings were held during 2022.

Chairman Atilla Zeybek
Member Nuri Okutan
Member Ömer Lütfi Erten
Member Sibel Binici

Early Detection of Risk Committee; is responsible for early identification of risks that may endanger the existence, development and maintenance of the company, taking measures and managing risk. It reviews risk management systems at least 4 times a year. Committee members are as follows and 6 meetings were held during 2022.

Chairman Atilla Zeybek
Member Hasan Basri Aktan
Member Ömer Lütfi Erten
Member Yaylalı Günay

Audit Committee; carries out activities to monitor and assist the healthy functioning of internal audit activities, to plan independent audit activities, to select the audit firm and to review the auditor reports. . Committee members are as follows and 4 meetings were held during 2022.

Chairman Hasan Basri Aktan
Member Atilla Zeybek
Member Ömer Lütfi Erten

18. Risk Management and Internal Control Mechanism

The Board of Directors conducts its activities in a transparent, accountable, fair and responsible manner. The Board of Directors set out management, information system and processes that can minimize the risks that may affect stakeholders, especially the shareholders, by taking into consideration the opinions of the relevant committees.

The Early Detection of Risk Committee, which was formed among the members of the Board of Directors, held 6 meetings during 2022. The Risk Management Committee advises the Board of Directors to determine all kinds of strategic, financial and operational risks that may affect the company, to calculate the effects and probabilities, to manage and report the risks in line with the company's profile, to implement the necessary measures and to establish effective internal control systems accordingly.

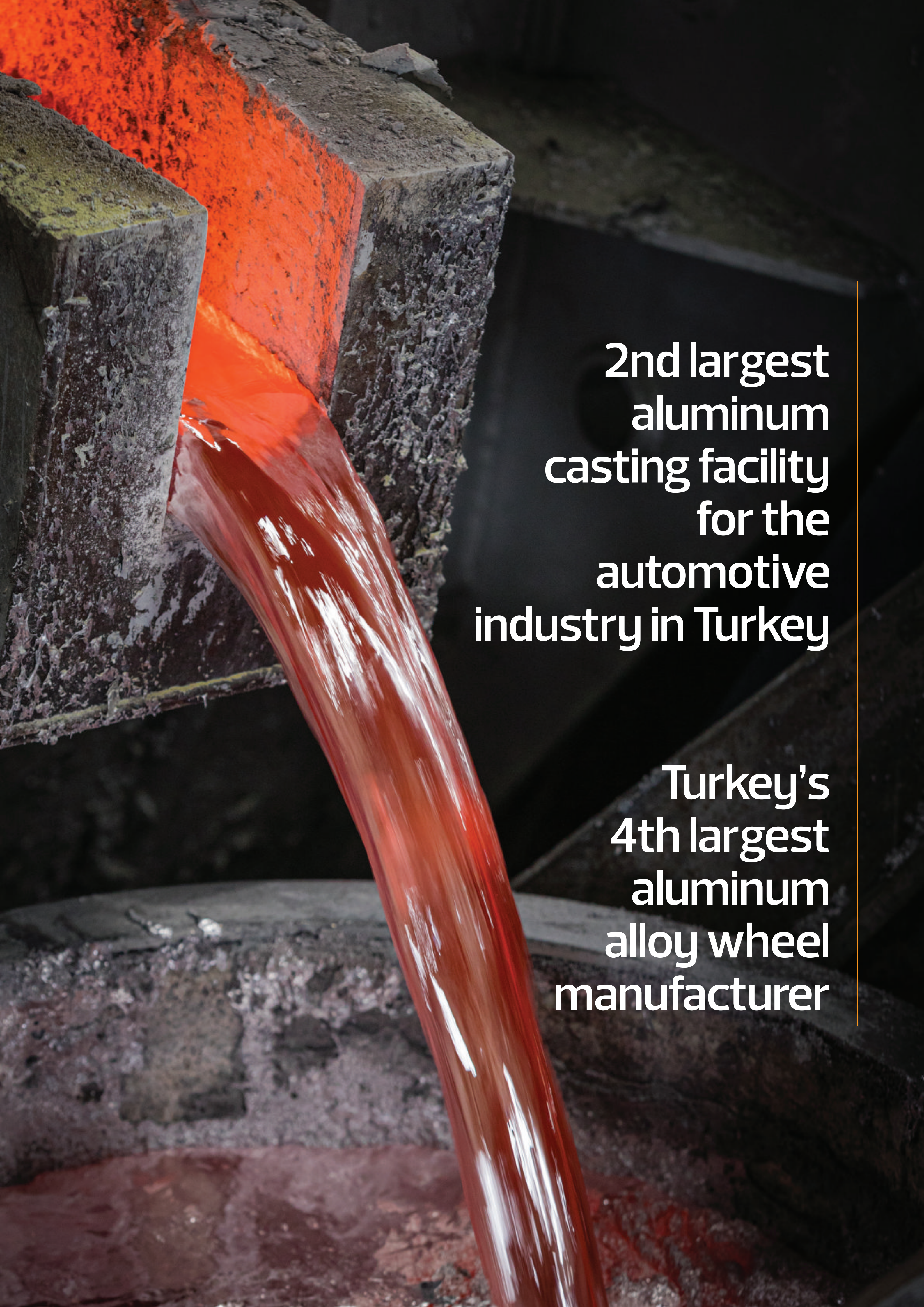
19. Strategic Goals of Company

The Board of Directors manages and represents the company by taking into consideration the long-term interests of the company with a rational and prudent risk management approach by keeping the risk, growth and return balance of the company at the most appropriate level through strategic decisions to be taken. The Board of Directors determines the human and financial resources required by the company in line with the strategic goals of the company and audits the performance of the management. The Board of Directors is responsible for overseeing the compliance of the Company's activities with the legislation, articles of association, internal regulations and policies established.

20. Financial Rights Offered to the Board of Directors

No benefit is granted to the chairman and members of the board of directors except for the remuneration determined in the General Assembly. The Company complies with the corporate governance principles that are obliged to be fulfilled by the CMB regarding the fees to be paid. There is no application based on performance or reward for the Board of Directors. As of December 31, 2022, the members of the Board of Directors were provided with the attendance fees approved by the General Assembly (net 12.000 TL per person per month).

During the reporting period, no loans were made to any member of the board of directors or managers, no loans were granted directly or through a third party under the name of personal loans, and no guarantees were given in favor of bail.



2nd largest aluminum casting facility for the automotive industry in Turkey

Turkey's 4th largest aluminum alloy wheel manufacturer

Sustainability Policy

SUSTAINABILITY FOR DÖKTAŞ

Within the scope of our Döktaş Sustainability Policy, we prioritise our responsibility to the environment, society and the future while creating economic value for our stakeholders.

Our sustainability approach is categorised under four main strategic headings: "Governance, Employees, Environment and Society". Supporting economic development in order to improve the quality of life, following policies that respect the environment in all our activities, supporting various projects prepared for social and cultural purposes in this direction, internalising transparency, fairness, accountability and responsibility, which are the basic principles of corporate governance, and encouraging efforts to provide valuable services in the fields of education, health, environment, culture, etc. are among the basic values that constitute our corporate culture.

OUR SUSTAINABILITY POLICY

On the environmental, social and corporate governance basis of our corporate sustainability policy;
We are aware of our production responsibility. We create innovative solutions and opportunities on a global scale, strive to be a reliable business partner to all our stakeholders and prioritise our responsibility to the environment, society and the future while creating economic value. We follow new technologies, improve our production processes and product quality through innovation and R&D activities and aim to offer high quality products to our customers.

We are aware of the importance of good governance. As a responsible corporate citizen, we manage our business in compliance with local and international laws within the framework of ethical rules, and fulfil all obligations required to prevent bribery and corruption in our business relations.
While carrying out our activities, we prioritise the condition of full compliance with the legal framework and legislation regulating human rights and working life. We respect the rights of our employees, provide equal opportunities, and take measures to prevent discrimination, inequality and forced labour by observing human rights.
It is our priority to ensure occupational health and safety in our operations. Our companies take steps to prevent accidents before they occur with a proactive approach to occupational health and safety, and ensure a healthier and safer environment for our employees and stakeholders.
We make continuous improvements in order to establish a working environment and comply with national and international OHS legislation and relevant standards.
We work to improve the corporate, social and environmental sustainability practices of our suppliers. We carry out our activities for the benefit of society. We work for the benefit of the society in all our activities, and through our co-operations, we will serve the development of the local community. we develop projects.

We take responsibility for the environment and climate.
We prioritise effective resource use, waste management and energy efficiency with an environmentally responsible producer approach. In all our activities, we evaluate environmental management and environmental performance with a focus on risk and opportunity, we carry out studies to reduce sustainability and natural resource consumption, we take into account the environmental impacts of our products within the scope of the entire life cycle and support continuous improvement. Within the framework of circular economy, in accordance with national & international legislation: we prevent pollution, observe efficient use of resources and contribute to recycling. Within the scope of combating climate change, we carry out energy efficiency studies in our facilities and supply chain, and carry out activities to reduce greenhouse gas emissions and water consumption.

COMPLIANCE WITH DÖKTAŞ ENVIRONMENTAL PRINCIPLES

Our company has set among its main goals to use existing resources effectively and correctly, and to continuously improve its environmental policy in order to leave a cleaner and more livable world to future generations. In this context, preventing environmental pollution, ensuring energy efficiency, reducing greenhouse gas emissions, minimising water consumption, contributing to recycling and carrying out all these activities in accordance with the legislation are taken into consideration in our activities. The effects of the products produced from design to raw material procurement process, from processing to logistics stages and after the end of the product life are also taken into consideration.

Environmental Management Activities
Döktaş manages environmental issues in accordance with national and international standards. Since 2002, our company, which has ISO 14001 Environmental Management System Certificate, carries out activities to increase environmental awareness in all of its production facilities and supports all activities that will contribute to this goal.

Effective Waste Management and Waste Minimisation
With the Zero Waste Management System Studies, it is aimed to prevent waste and reuse and more efficient use of resources in Döktaş facilities. In this context, paper, plastic, wood and metal packaging wastes are collected separately and recycled in all facilities to ensure the separation and recycling of packaging wastes at source. Silica sand, one of the main production raw materials, is re-included in the casting process after use, thereby reducing the consumption of natural resources.

Recycling
We prioritise the reuse of waste as economic value. We carry out effective studies for the re-inclusion of wastes in production by evaluating them as alternative raw materials within the enterprise or in different sectors.

Climate Protection
Climate change and global warming are recognised as one of the most important problems of the century. Our greenhouse gas inventory work is ongoing as of 2022. In order to reduce carbon emissions, we provide our company's electricity supply from a wholesale company that uses renewable energy sources. With ISO 50001 Energy Management System Certificate, we prioritise the efficient use of energy.

COMPLIANCE WITH SOCIAL PRINCIPLES FOR DÖKTAŞ

OUR EMPLOYEES
While carrying out all its activities, Döktaş prioritises human rights and full compliance with the legal framework and legislation regulating working life.

WE ARE ALL ONE, WE ARE THE FUTURE...
By adhering to the principles of the right person for the right job, merit based on success and equal opportunity for all, we aim to maintain our permanent superiority in the global competitive environment by continuously improving the competencies of our experienced, knowledgeable, enthusiastic and highly committed human resources, which is our most important strength.

In this direction, as Döktaş Human Resources
- Our company recruits candidates who are in line with the values and corporate culture of our company, who are open to learning and development, who follow technology and innovations, and who are compatible with teamwork,
- It ensures that the candidates we recruit are successful in their business goals by ensuring their professional and personal development in line with the company's goals and strategies,
- We contribute to maximising performance and efficiency.

As **Döktaş,** we aim to create and expand relationships with our employees based on our ethical principles and mutual trust. We carry out all our activities in full compliance with laws, legislation and regulations. We closely follow and pay attention to the requirements for compliance with laws and regulations and update our systems and practices according to changing requirements.

Döktaş stands against discrimination based on people's ethnic origin, religion, language, race, age, gender, sexual orientation, disability or cultural differences and acts in accordance with fair treatment and merit in all human resources processes.

Döktaş is undertakes to promote and maintain a business environment that offers equal opportunities for all. It supports gender equality and women's participation in social and economic environments on equal terms in order to contribute to equal and fair societies.

As **Döktaş,** we respect our employees' right to organise and unionise within the scope of our industrial relations policy. Within the framework of the trust we have established with our employees and trade unions, we work to act in compliance with the requirements of legislation and collective agreements and to protect the peaceful environment in our workplace.

Being aware of the fact that one of our most important resources is HUMAN, employee satisfaction, talent development and increasing employee loyalty are among the main elements of our sustainability efforts.

OCCUPATIONAL HEALTH AND SAFETY

The issue of occupational health and safety is an important element of our human rights and human resources policy. Döktaş is internationally valid ISO 45001 certified. The "0" accident policy is an integral part of Döktaş's corporate policy. We know and believe that all accidents and occupational diseases can be prevented. Our company with its proactive approach in this regard, it takes steps to prevent accidents before they occur and makes continuous improvements in order to establish a healthier and safer working environment for our employees and stakeholders, complies with national and international OHS legislation and relevant standards, trains and informs personnel at all levels and tries to establish an approach where everyone is responsible for themselves and their colleagues.

We are aware that we can only achieve our goals with the participation and contribution of all our employees. For this reason, we are constantly reviewing and improving our policy. Trainings are provided to increase the consciousness and awareness levels of employees. All occupational accidents, including minor accidents, are examined in detail by occupational safety experts and representatives of the relevant units and necessary preventive and corrective measures are taken. Our company attaches importance to the fact that visitors as well as its employees are informed about occupational health and safety. In order to ensure the safety of visitors and to protect company employees from the dangers that may arise due to rule violations by outsiders, information is provided with video screenings.

INFORMATION SECURITY

Döktaş also complies with the regulations on the protection of personal data at a high level and our Disclosure Statement on the Protection of Personal Data has been prepared in writing and disclosed to the public on our website. In addition, necessary written and verbal information was given to employees regarding the protection of personal data. Our company has ISO 27001 certification and corporate data and information of all stakeholders are secured.

Our company carries out its rights and responsibilities with all its stakeholders with an understanding of accountability, equality, transparency, fairness and responsibility. All stakeholders and stakeholders are fully and timely informed through material event disclosures, press releases, financial reports, and announcements made on the Company's website.

BENEFIT TO COMMUNITY

As a part of the society, we support the participation of our employees in social responsibility projects that will contribute to the society and carry out activities as a company. Our company supports the society within the scope of social responsibility by sponsoring women, children, sports, many sectoral organisations and conferences, and evaluates the situation of inclusion in the said principles / organisations by developing sustainability studies, especially in terms of environmental and social impacts. In our company, throughout the value chain, our company pays great attention to the issue of equal opportunities for those who are sensitive to certain economic, environmental and social factors and minority rights. Although there is no provision in the Articles of Association to grant minority rights to shareholders holding less than one-twentieth of the share capital Care is taken to exercise minority rights within the scope of the TCC and CMB regulations.

CORPORATE GOVERNANCE

As Döktaş Dökümcülük, we ensure compliance with ethical rules, accountable, transparent and fair management in all our activities by fully complying with legal requirements. In accordance with these requirements, we establish our Döktaş management system in accordance with the Corporate Governance Principles determined by the Capital Markets Board (CMB). We consider sustainability as a part of our management system. We aim to raise the awareness of all requirements of sustainability in our organisation and all our stakeholders and to move forward by sharing the responsibility.

Risk Management; Döktaş is aware of the fact that effective risk management in the sector in which it operates can only be possible through correct corporate governance practices and determination of management strategy, establishment of internal control mechanism, determination of ethical rules, fulfilment of investor relations activities and public disclosure obligation at the required quality and transparent execution of the activities of the board of directors. Our Company carries out all its activities by adopting the concepts of "Equality, Transparency, Accountability and Responsibility", which are the four main elements of the Corporate Governance Principles, and by It carries out its operations by observing compliance with these principles.
"Corporate Governance Communiqué" numbered II-17.1, prepared within the scope of compliance with the Capital Markets Law No. 6362 (CML), which came into force after being published in the Official Gazette dated 30.12.2012 and numbered 28513, was published in the Official Gazette dated 3 January 2014 and numbered 28871. According to the Capital Markets Board's Decision dated 10.01.2019 and numbered 2/49, Corporate Governance Compliance Reporting, conducted in accordance with the Corporate Governance Communiqué numbered I-17.1, continues to be carried out using the Corporate Governance Compliance Report (URF) and the Corporate Governance Information Form (KYBF) templates through the Public Disclosure Platform (KAP).
Ethics and Compliance; Our Company conducts its relations with all stakeholders within the framework of ethical rules in addition to legal regulations. Ethical rules are published under the title of "Ethical Policy" in the "Sustainability" section of the Company website. Ethical rules, which are one of the cornerstones of our corporate culture, are shared with our employees and all our stakeholders.
"Ethical Policies" include detailed explanations and regulations under the main headings of conflicts of interest, rules regulating the flow of information, relations with stakeholders, customers, suppliers and human resources. The purpose of these principles is to prevent all kinds of disputes and conflicts of interest that may arise between employees, shareholders, customers and the organisation.
Döktaş prioritises equal opportunities in recruitment processes and employee training. Considering the effects of supply and value chain, fair labour, improvement of labour standards, women's employment and inclusiveness issues (such as no discrimination against women, men, religious beliefs, language, race, ethnic origin, age, disability, refugee, etc.) are paid attention. Measures to prevent discrimination, inequality, human rights violations and forced labour have been implemented. It is of vital importance not to employ child labour, which is also prohibited by law. During the year, there were no complaints received by Human Resources regarding the mentioned issues.
Responsible Procurement; Our goals are to fulfil environmental, social and governance requirements, which are the cornerstones of sustainability, and to work with the same principles and codes of conduct by knowing the "Döktaş Code of Ethics" by all our stakeholders in our supply chain.
Innovation and R&D; We are aware that the world is in a process of rapid change and we believe that the basis of adapting to this change is based on innovation. For this reason, we develop our products and processes with our R&D centres in our facilities, produce projects that ensure the continuity and sustainability of the business and increase our engineering power day by day. We are carrying out targeted studies in order to improve our design power, to be dynamic and to increase our prototype production capabilities.



Statement of Responsibility

THE BOARD OF DIRECTORS RESOLUTION REGARDING THE ACCEPTANCE OF FINANCIAL STATEMENTS AND ANNUAL REPORT

RESOLUTION DATE: 01.03.2023

RESOLUTION NUMBER: 2023/5

STATEMENT OF RESPONSIBILITY PURSUANT TO CAPITAL MARKETS BOARD FINANCIAL REPORTING COMMUNIQUE, SECTION 2 ARTICLE 9

Approved by the Board of Directors and the Audit Committee, independently audited consolidated financial statements, accompanying footnotes and annual report of our company for the accounting period of January – December 2022, were prepared pursuant to the CMB's Financial Reporting Communique (II-14.1) and in compliance with the Turkish Accounting Standards / Turkish Financial Reporting Standards adopted by the Public Oversight Accounting and Auditing Standards Authority, are attached below. We declare that:

a) We have examined the consolidated financial statements and annual report dated 31.12.2022,

b) With the available information in accordance with our duties and responsibilities, the consolidated financial statements and the annual report do not contain material misstatements on key issues or any omissions that may be misleading as of the date of the disclosure,

c) With the available information in accordance with our duties and responsibilities, the consolidated financial statements prepared in accordance with the current financial reporting standards provide an accurate view on the company's assets, liabilities, profit and loss and the annual report reflects the performance of the business and financial position of the company including the principal risks and uncertainties our company is exposed to.

Sincerely,
DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş.

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2022 AND 2021

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

	Notes	31 December 2022	31 December 2022
ASSETS			
Current assets			
Cash and cash equivalents	4	**170.173.137**	24.136.658
Trade receivables		**726.238.513**	709.333.568
– Trade receivables from related parties	26	**–**	5.467
– Trade receivables from third parties	6	**726.238.513**	709.328.101
Other receivables		**1.340.761**	3.466.404
– Other receivables from third parties	7	**1.340.761**	3.466.404
Inventories	8	**1.295.639.960**	824.076.139
Prepaid expenses	10	**2.085.071**	1.837.182
Other current assets	15	**294.219.967**	109.547.533
Current assets		**2.489.697.409**	**1.672.397.484**
Non-current assets			
Trade receivables		**5.980.470**	10.911.577
– Trade receivables from third parties	6	**5.980.470**	10.911.577
Investments valued for using equity method	11	**17.750.175**	6.093.786
Property, plant and equipment	12	**4.319.111.045**	2.363.313.397
Goodwill	14	**22.603.266**	16.647.585
Intangible assets	13	**130.535.081**	75.307.190
Prepaid expenses	10	**53.001.829**	61.048.416
Deferred tax assets	24	**15.412.608**	–
Other non-current assets	15	**51.551.630**	26.833.665
Non-current assets		**4.615.946.104**	**2.560.155.616**
TOTAL ASSETS		**7.105.643.513**	**4.232.553.100**

These consolidated financial statements at 1 January – 31 December 2022 and for the year then ended were authorized for issue by the Board of Directors of Döktaş Dökümcülük Tic. ve San. A.Ş. on 3 March 2023. General Assembly have the power to amend the consolidated financial statements.

	Dipnotlar	31 Aralık 2022	31 Aralık 2021
LIABILITIES			
Current liabilities			
Short-term borrowings	5	**1.606.849.669**	991.358.249
Short-term portion of long-term borrowings	5	**218.347.407**	117.446.405
Lease liabilities	5	**53.971.087**	16.953.637
Trade payables		**882.003.152**	487.805.483
– Trade payables to related parties	26	**260.138.962**	66.930.023
– Trade payables to third parties	6	**621.864.190**	420.875.460
Payables related to employee benefits	9	**71.772.998**	22.409.682
Other payables		**1.066.521**	33.122.182
– Other payables to related parties	26	**–**	29.425.326
– Other payables to third parties	7	**1.066.521**	3.696.856
Deferred income	10	**49.033.626**	34.610.028
Short-term provisions		**37.910.090**	61.691.531
– Short-term provisions for employee benefits	9	**16.845.609**	36.536.325
– Other short-term provisions	16	**21.064.481**	25.155.206
Other current liabilities	**15**	**6.619.282**	**27.239.102**
Current liabilities		**2.927.573.832**	**1.792.636.299**
Non-current liabilities			
Long-term borrowings	5	**1.492.057.771**	1.357.745.267
Long-term lease liabilities	5	**92.259.823**	12.915.520
Long-term provisions		**271.816.627**	87.653.977
– Long-term provisions for employee benefits	9	**271.816.627**	87.653.977
Deferred tax liabilities	24	**–**	35.223.998
Non-current liabilities		**1.856.134.221**	**1.493.538.762**
TOTAL LIABILITIES		**4.783.708.053**	**3.286.175.061**
Equity of the parent company		**2.321.935.460**	946.378.039
Paid-in capital	17	**162.000.000**	116.000.000
Inflation adjustment differences on paid-in capital	17	**45.195.347**	45.195.347
Capital Premium	17	**345.414.238**	–
Other equity interests	17	**(424.245.815)**	(424.245.815)
Share premium		**161.041**	161.041
Other comprehensive income		**1.499.554.946**	627.198.059
– Items that will not to be reclassified to profit or loss		**615.406.156**	111.119.978
– Items that are or may be reclassified subsequently to profit or loss		**884.148.790**	516.078.081
Restricted reserves	17	**16.035.194**	16.035.194
Retained earnings		**573.361.608**	218.168.201
Net profit for the year		**104.458.901**	347.866.012
TOTAL EQUITY		**2.321.935.460**	**946.378.039**
TOTAL LIABILITIES AND EQUITY		**7.105.643.513**	**4.232.553.100**

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

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

	Notes	1 January – 31 December 2022	1 January – 31 December 2021
Revenue	18	**6.380.697.108**	2.722.072.097
Cost of sales (-)	18	**(5.637.425.321)**	(2.227.897.945)
GROSS PROFIT		**743.271.787**	**494.174.152**
General administrative expenses (-)	19	**(176.170.645)**	(93.028.250)
Marketing expenses (-)	19	**(283.039.437)**	(137.646.948)
Research and development expenses (-)	19	**(27.017.425)**	(6.781.598)
Other operating income	21	**436.991.350**	401.039.624
Other operating expenses (-)	21	**(389.735.775)**	(224.844.360)
OPERATING PROFIT		**304.299.855**	**432.912.620**
Income from investing activities	22	**1.668.362**	362.651
Expenses from investing activities	22	**–**	(15.295.052)
Investments valued for using equity method	11	**9.737.256**	1.014.396
OPERATING PROFIT BEFORE FINANCE COSTS		**315.705.473**	**418.994.615**
Finance income	23	**50.811.532**	55.867.703
Finance expenses (-)	23	**(325.647.850)**	(138.941.085)
OPERATING PROFIT BEFORE TAX		**40.869.155**	**335.921.233**
Income tax expense		**63.589.746**	**11.944.779**
Deferred tax income/(expense)	24	**63.589.746**	11.944.779
NET PROFIT FOR THE YEAR		**104.458.901**	**347.866.012**
Ordinary and diluted Earnings/(Loss) per share	25	**0,64**	3,00
OTHER COMPREHENSIVE INCOME			
Profit or loss not to be reclassified, before tax		**528.077.397**	**88.393.345**
Gains on remeasurements of property, plant and equipment, before tax	12	**699.010.630**	105.664.575
Remeasurements of defined benefit liability, before tax	9	**(170.933.233)**	(17.271.230)
Profit or loss to be reclassified, before tax		**368.070.709**	**270.373.803**
Foreign currency translation differences		**368.070.709**	270.373.803
Other comprehensive income, before tax		**896.148.106**	**358.767.148**
Total taxes on other comprehensive income items		**(16.463.824)**	**26.264.403**
Deferred tax income/expenses	24	**(16.463.824)**	26.264.403
OTHER COMPREHENSIVE INCOME		**879.684.282**	**385.031.551**
TOTAL COMPREHENSIVE INCOME		**984.143.183**	**732.897.563**

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

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

	Paid-in capital	Capital advance	Capital Premium	Other Equity Interest	Share premium	Gain on property, plant and equipment re-measurement	Gain/(Loss) on re-measurements of defined benefit liability	Foreign currency translation differences	Restricted reserves	Prior years' profits	Net profit/(loss) for the year	Total equity
Balances at 1 January 2021	**116.000.000**	**45.195.347**	**–**	**(424.245.815)**	**161.041**	**43.120.241**	**(42.481.579)**	**245.704.278**	**16.035.194**	**129.764.588**	**84.227.181**	**213.480.476**
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**
Balances at 1 January 2022	**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**
Transfers	–	–	–	–	–	(7.327.395)	–	–	–	355.193.407	(347.866.012)	–
Capital increase (*)	46.000.000	–	345.414.238	–	–	–	–	–	–	–	–	391.414.238
Total comprehensive income	–	–	–	–	–	648.360.159	(136.746.586)	368.070.709	–	–	104.458.901	984.143.183
Balances at 31 December 2022	**162.000.000**	**45.195.347**	**345.414.238**	**(424.245.815)**	**161.041**	**808.451.308**	**(193.045.152)**	**884.148.790**	**16.035.194**	**573.361.608**	**104.458.901**	**2.321.935.460**

(*) Note 17.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

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

	Notes	1 January– 31 December 2022	1 January – 31 December 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit/(loss)		104.458.901	347.866.012
Adjustments to reconcile net profit to cash provided by operating activities:			
Adjustments related to tax (income)/expense	24	(63.589.746)	(11.944.779)
Adjustments related to interest expenses	23	208.132.675	104.774.473
Adjustments related to interest income (-)	23	(1.041.833)	(799.713)
Unrealized foreign currency translation differences		316.668.187	290.104.539
Adjustments related to inventories	7	(508.500.611)	(512.707.410)
Adjustments related to increase/decrease in trade receivables		(11.973.838)	(385.450.907)
Adjustments related to increase/decrease in other receivables related to operations		(185.042.452)	(131.969.031)
Adjustments related to decrease in trade payables		394.197.669	275.908.256
Adjustments related to increase/decrease in other payables related to operations		(3.312.165)	61.526.437
Depreciation and amortisation expenses	20	186.233.032	93.597.707
Adjustments related to provisions		21.707.171	92.890.888
Adjustments related to losses from disposals of fixed assets	21	(1.668.362)	14.932.401
Total adjustments for the period net profit/(loss) reconciliation		351.809.727	(109.137.139)
Cash from operating activities		456.268.628	238.728.873
Payments made within the scope of provisions for employee benefits	9	(16.152.740)	(5.567.855)
Net cash provided from operating activities		440.115.888	233.161.018
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment	12	7.377.149	439.539
Acquisition of property, plant and equipment (-)	12	(534.804.498)	(291.546.361)
Acquisition of intangible assets	12	437.944	-
Acquisition of intangible assets	13	(40.691.394)	(22.112.296)
Interest received		1.041.833	799.713
Net cash used in investing activities (+/-)		(566.638.966)	(312.419.405)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank loans	5	2.145.647.155	1.111.225.314
Repayment of borrowings (-)	5	(1.963.667.300)	(943.094.780)
Cash outflows from other lease liabilities (-)	5	(93.856.704)	(15.657.789)
Proceeds from capital increase	17	391.414.238	-
Interest paid (-)		(214.028.702)	(83.555.825)
Net cash provided from financing activities		265.508.687	68.916.920
DECREASE IN CASH AND CASH EQUIVALENTS BEFORE FOREIGN EXCHANGE		138.985.609	(10.341.467)
FOREIGN EXCHANGE DIFFERENCES ON CASH AND CASH EUQIVALENTS (+/-)		7.050.870	192.454
NET DECREASE IN CASH AND CASH EQUIVALENTS		146.036.479	(10.149.013)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		24.136.658	34.285.671
NET CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	4	170.173.137	24.136.658

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022

(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 93.57% 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 10.00% (31 December 2021: 5.29%).

The average number of employees for the period 1 January–31 December 2022 was 2,461 (1 January – 31 December 2021: 2,636).

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 2022 (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.

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. 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.

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. TRY").

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.

iii. Translation to the presentation currency (TRY)

(a) As at 31 December 2022, 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 19,9349 TRY/Euro (31 December 2021: 14,6823).Liability items were translated into TRY at the ("CRBT") selling exchange rate of 19,9709 TRY/Euro (31 December 2021: 14,6823). On the 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 2022 have been translated into TRY by using yearly average of CBRT's Euro bid rate, which corresponds to 17,3775 (For the year ended 31 December 2021, yearly average CBRT Euro exchange buying rate of 10,4408 TRY/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:

End of term:	**31 December 2022**	**31 December 2022**
Euro / British Pound	**0,8864**	0,8412

Average:	**1 January – 31 December 2022**	**1 January – 31 December 2021**
Euro / British Pound	**0,8547**	0,8602

2.2. Changes in TAS

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2022 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2022. The effects of these standards and interpretations on the Group's financial position and performance has disclosed in the related paragraphs.

a) Standards, amendments, and interpretations applicable as of 31 December 2022:

· **Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021);** As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. 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.

· **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from annual periods beginning on or after 1 January 2022.

· **Amendments to IFRS 3,** 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

· **Amendments to IAS 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.

· **Amendments to IAS 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 amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial Instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

b) Standards, amendments, and interpretations that are issued but not effective as of 31 December 2022:

· **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

· **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

· **Amendment to IFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

· **Amendment to IAS 1 – Non current liabilities with covenants;;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

· **IFRS 17, 'Insurance Contracts', as amended in December 2021;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

Grup yukarıda yer alan değişikliklerin operasyonlarına olan etkilerini değerlendirip geçerlilik tarihinden itibaren uygulayacaktır. Yukarıdaki standart ve yorumların, uygulanmasının gelecek dönemlerde Grup'un konsolide finansal tabloları üzerinde önemli bir etki yaratmayacağı beklenmektedir.

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.

The table below sets out all subsidiaries included in the scope of consolidation at and shows the related controlling interests at 31 December 2022 and 2021:

	Group's shareholdings direct and indirect owned (%)		Effective share ratio (%)	
Subsidiary	2022	2021	2022	2021
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.

Kontrol gücü olmayan paylara hisse satış işlemlerinde ise, satış bedeli ile ortaklığın satılan payı nispetindeki net varlıklarının kayıtlı değeri arasındaki fark sonucu oluşan kayıp veya kazançlar da özkaynaklar içerisinde muhasebeleştirilir.

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 2022 and 2021 the details of the investments in associates are as follows:

	Group's shareholdings direct and indirect owned (%)		Effective share ratio (%)	
Investment in associates	2022	2021	2022	2021
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 2022 in comparison with its consolidated balance sheet as at 31 December 2021 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 2022 were presented in comparison with the period of 1 January – 31 December 2021.

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. As of 31 December 2022, the Group's short-term liabilities are higher than its current assets by TRY 437,876,423 higher than its current assets. It is planned to meet the short-term liabilities in the following year in line with the cash flow expectations arising from the operations and financing activities of the Group and the restructuring of the maturities of the financial borrowings to the following periods with partial principal payments.

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.

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) Grup devredilecek mal veya hizmetlerle ilgili ödeme koşulları tanımlayabilmektedir,

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.

<u>Revenue from product sales</u>

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.

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.

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.

Deferred tax is calculated over the temporary differences between the values of assets and liabilities in the consolidated financial statements and the amounts taken into account in the legal tax base calculation, using the liability method. However, deferred tax asset or liability is not included in the consolidated financial statements, except for business combinations, when assets and liabilities that do not affect both commercial and financial profit or loss are recognized for the first time. Deferred tax assets and liabilities are calculated over the tax rates expected to be applied in the period when the tax asset will be realized or the liability will be fulfilled, taking into account the tax rates and tax legislation that are in effect or effective as of the financial statement on balance sheet date (Note 24).

When calculating the deferred tax liability for all taxable temporary differences, the deferred tax asset is recognized in the consolidated financial statements provided that it is highly probable that the deductible temporary differences will be derived from future taxable profits.

Tax on income and deferred tax

Government incentives that allow discounted corporate tax payments are evaluated within the scope of TAS 12 Income Taxes standard; Deferred tax asset is recognized over the vested tax advantage amount, provided that it is highly probable to benefit from this advantage by earning taxable profit in the future. Since deferred tax assets and liabilities related to income tax are followed by the same tax authority, deferred tax assets and liabilities are mutually offset at each company level. However, the net deferred tax position of the parent and each subsidiary is not offset in the consolidated financial statements.

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.

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 2022, 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.

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.

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.

The Group management has evaluated the effect of the said calculation as of 31 December 2022 and 2021, and the expected credit losses calculation does not have a significant impact on the consolidated financial statements.

Impairment of financial assets

- Financial assets shown at amortized cost

The Group evaluates at the end of each reporting period whether there is an objective indication that one or a group of financial assets is impaired. If a financial asset or group of financial assets is impaired, the impairment loss is objectively recognized as a result of one or more events that arise only after the asset is initially recognized and have an impact on the estimated future cash flows of those financial assets. If there is any evidence, it is reflected in the financial statements.

The Group considers the following criteria for impairment testing of all financial assets:

- The issuer or the undertaker of the financial asset is in significant financial difficulty;

- Breach of contract, eg non-performance or omission of interest or principal payments;

- The Group grants the debtor a privilege that it would not otherwise grant due to economic or legal reasons related to the financial difficulty of the debtor;

- There is a high probability that the borrower will enter bankruptcy or some other form of financial restructuring;

- Observable data indicating that there is a measurable decrease in the estimated future cash flows of a group of financial assets after initial recognition, although it is not possible to identify them for each financial asset in the portfolio. This type of data usually occurs in the following situations:

(i) adverse changes in the payment status of debtors in the portfolio; and

(ii) national or regional economic conditions that may result in non-repayment of assets in the portfolio.

The group first assesses whether there is an independent indication of impairment.

For financial assets carried at amortized cost, the amount of loss is measured as the difference between the carrying amount of the assets and the present value of the estimated future cash flows of the financial assets discounted using the original effective interest rate (excluding future unrealized expenses). The carrying amount of the assets is reduced and the resulting loss is recognized in the profit or loss 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 borrower's credit rating), the reversal of the previously recorded impairment loss is recorded in the income statement.

Impairment of non-financial assets

The Group evaluates at each asset other than deferred tax assets, balance sheet date whether there is any indication that the asset is impaired. For intangible assets that are not ready for use, the recoverable amount is estimated at each balance sheet date. If such an indicator exists, the recoverable amount of that asset is estimated. The asset's recoverable value is the higher of the asset's net fair value less costs to sell and its value in use.

To determine impairment, assets are grouped at the lowest level, which are cash-generating units. If the carrying value of the asset or any cash generating unit of that asset is higher than the amount that will be recovered through sale after deducting the expenses necessary for its use or sale, an impairment has occurred. Impairment losses are charged to the statement of comprehensive income. If the impaired asset is a revalued property, plant and equipment, the impairment loss is deducted from the fund corresponding to the increases in the revaluation fund in previous periods and the remaining amount is associated with the statement of comprehensive income. An impairment loss on an asset is reversed up to a level that does not exceed the amount previously recorded if the subsequent increase in the recoverable amount of that asset can be attributed to an event occurring in the periods following the recognition of the impairment.

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).

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.

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 2022 and 2021, the Group does not have an important lease agreement in which it is a tenant. For this reason, as of 31 December 2022 and 2021, 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.

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 2022, 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.

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 it 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 2022, 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.

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 . 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.

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 2022**	31 December 2021
Gray cast iron	4.939.367.301	2.945.308.844
High pressure	1.579.325.112	941.740.093
Wheel	569.200.925	339.410.377
Unallocated assets (*)	17.750.175	6.093.786
Total assets per consolidated financial statements	**7.105.643.513**	**4.232.553.100**

(*) As at 31 December 2022, unallocated assets consist (31 December 2021: TRY 6,093,789), financial investments in Kumsan.

Segment liabilities	**31 December 2022**	31 December 2021
Gray cast iron	1.020.342.563	545.777.982
High pressure	341.084.771	182.445.156
Wheel	105.025.872	56.178.004
Unallocated assets (*)	3.317.254.847	2.501.773.919
Total liabilities per consolidated financial statements	**4.783.708.053**	**3.286.175.061**

(*) As at 31 December 2022 and 31 December 2021, unallocated liabilities consist of bank borrowings and deferred tax liabilities.

Segmental analysis for the year ended 31 December 2022:

	Gray Cast Iron	High Pressure	Wheel	Total
External revenues	4.577.711.556	761.779.954	1.041.205.598	6.380.697.108
Operating expenses	(4.431.811.816)	(679.700.975)	(1.012.140.037)	(6.123.652.828)
Operating profit	**145.899.740**	**82.078.979**	**29.065.561**	**257.044.280**
Other operating income, net				47.255.575
Finance income				50.811.532
Finance costs				(325.647.850)
Share of profit of equity accounted investees				9.737.256
Income from investing activities				1.668.362
Loss before tax				**40.869.155**
Tax income				63.589.746
Net loss for the year				**104.458.901**

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)	(360.346.349)	(2.465.354.740)
Operating profit	**130.727.830**	**56.602.989**	**69.386.538**	**256.717.357**
Other operating income, net				176.195.263
Finance income				55.867.703
Finance costs				(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**

NOTE 4 – CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash	**41.500**	28.336
Banks	**169.881.514**	24.108.322
– Time deposits – TRY	**95.100.000**	999.997
– Demand deposits – TRY	**4.101.905**	339.704
– Demand deposits – EUR	**66.927.511**	22.608.775
– Time deposits – GBP	**3.752.098**	159.846
Other cash and cash equivalents	**250.123**	–
	170.173.137	24.136.658

As at 31 December 2022, the interest rate of the time deposit is 8% – 18.00% due 1 day. (As at 31 December 2021, the interest rate of the time deposit is 14.75% due 1–3 days). There is no blocked deposits as of 31 December 2022 (31 December 2021: 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. Currency and interest rate risk and sensitivity analysis for the Group's financial assets and liabilities are described in Note 23.

NOTE 5 – BORROWINGS

	31 December 2022	31 December 2021
Short term borrowings		
Short term bank loans and factoring payables	1.606.849.669	991.358.249
Short-term portion of long-term borrowings	218.347.407	117.446.405
Short term financial lease liabilities	53.971.087	16.953.637
Total short term borrowings	**1.879.168.163**	**1.125.758.291**
Long term borrowings		
Long term bank loans	1.492.057.771	1.357.745.267
Long term financial lease liabilities	92.259.823	12.915.520
Total long term borrowings	**1.584.317.594**	**1.370.660.787**
Total financial liabilities	**3.463.485.757**	**2.496.419.078**

Redemption schedules of short term and long term borrowings at 31 December 2022 and 31 December 2021 were as follows:

	31 December 2022	31 December 2021
Up to 1 year	1.825.197.076	1.108.804.654
1 to 2 years	405.550.736	9.205.891
2 to 3 years	151.428.550	236.385.035
3 to 4 years	342.379.234	167.304.809
Over 4 years	592.699.251	944.849.532
	3.317.254.847	**2.466.549.921**

31 December 2022

Currency	Annual average interest rate (%)	Amount in original	TRY
Short term EUR borrowings	8,09	61.874.458	1.235.682.433
Short term TRY borrowings	15,86	371.167.236	371.167.236
Short term portion of long term EUR bank loans	6,30	10.933.333	218.347.407
Long term EUR bank loans	7,04	74.711.968	1.492.057.771
			3.317.254.847

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

The movements of bank loans for the years ended 31 December are 2022 and 31 December 2021 as follows:

	2022	2021
1 January	**2.496.419.078**	**1.431.843.629**
New financial debts liability	2.145.647.155	1.111.225.314
Principal payments	(2.057.524.004)	(958.752.569)
Exchange differences	867.725.578	900.458.189
Change in interest accruals	8.150.545	11.403.906
Foreign exchange difference	3.067.405	240.609
31 December	**3.463.485.757**	**2.496.419.078**

Details of the Group's variable and fixed interest rate loans as at 31 December 2022 and 31 December 2021 were as follows:

	31 December 2022	31 December 2021
Variable interest rate loans	1.112.909.207	944.849.532
Fixed interest rate loans	2.204.345.640	1.521.700.389
	3.317.254.847	**2.466.549.921**

As of 31 December 2022, 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 2021: Euro denominated and 3-month EURIBOR + 6% 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 2022, interest expense would have been TRY 11,129,092 higher/lower (31 December 2021: TRY 9,448,495 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.

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.

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.

Redemption schedule of finance lease liabilities were 31 December 2022 and 2021 as follows:

	31 December 2022			31 December 2021		
	Minimum financial leasing payment	Interest	Total liabilities	Minimum financial leasing payment	Interest	Total liabilities
Term of less than one year	62.546.988	(8.575.901)	53.971.087	19.322.625	(2.368.988)	16.953.637
Term of less than one year	**62.546.988**	**(8.575.901)**	**53.971.087**	**19.322.625**	**(2.368.988)**	**16.953.637**
1 to 4 years	100.386.601	(8.126.778)	92.259.823	13.680.061	(764.541)	12.915.520
Term of more than one year	**100.386.601**	**(8.126.778)**	**92.259.823**	**13.680.061**	**(764.541)**	**12.915.520**
	162.933.589	**(16.702.679)**	**146.230.910**	**33.002.686**	**(3.133.529)**	**29.869.157**

As at 31 December 2022 and 31 December 2021, financial lease payables are denominated in Euro and the interest rate is between 4.00% and 12.00%.
Currency and interest rate risk and sensitivity analysis for the group's financial assets and liabilities are described in Note 27.

NOTE 6 – TRADE RECEIVABLES AND PAYABLES

	31 December 2022	31 December 2021
Short term trade receivables		
Customer accounts	**768.890.368**	753.779.175
Trade receivables from related parties	–	5.467
Cheques received from third parties	–	100.001
Less: Discounts and returns	**(42.651.855)**	(44.551.075)
	726.238.513	**709.333.568**

There is a letter of guarantee amounting to TRY 3,000,000 (December 31, 2021: TRY 1,300,000) received from customers for trade receivables.

	31 December 2022	31 December 2022
Long term trade receivables		
Customer accounts	**5.980.470**	10.911.577
	5.980.470	**10.911.577**

As of 31 December 2022 and 31 December 2021, the carrying value of the Group's trade receivables approximates their fair value. Long-term trade receivables are to be paid in 2 monthly installments and it is planned to be collected in November 2024. The average maturity period of short-term trade receivables is 2 months (31 December 2021: 2 months).

As at 31 December 2022 and 31 December 2021, maturities of trade receivables were as follows:

	31 December 2022	31 December 2022
Overdue receivables	**114.445.922**	111.025.644
0 – 30 days maturity	**223.818.786**	196.629.820
31 – 90 days maturity	**359.495.525**	398.554.557
91 – 180 days maturity	**28.478.280**	3.118.080
365 days and over	**5.980.470**	10.911.577
	732.218.983	**720.239.678**

As at 31 December 2022 and 31 December 2021, overdue days of receivables are as follows:

	31 December 2022	31 December 2022
0 – 1 month	**54.049.534**	80.768.404
1 – 3 month	**44.464.017**	21.914.552
3 months and over	**15.932.371**	8.342.688
	114.445.922	**111.025.644**

The Group management has accounted for doubtful receivables provisions in line with their past experience in trade receivables. Credit risk analysis as of 31 December 2022 and 2021 is explained in detail in Note 27.

The movement of provision for doubtful receivables were as follows:

	2022	2021
Beginning of the period – 1 January	**44.551.075**	39.069.132
Provisions made during the period	**1.542.896**	2.464.766
Terminated provisions	**(3.678.852)**	–
Foreign exchange difference	**236.736**	3.017.177
End of the period – 31 December	**42.651.855**	**44.551.075**

As at 31 December 2022 and 31 December 2021, the details of the Group's trade payables were as follows:

	31 December 2022	31 December 2022
Short term trade payables		
Trade payables due to third parties	**621.864.190**	420.875.460
Trade payables due to related parties	**260.138.962**	66.930.023
	882.003.152	**487.805.483**

Trade Payables have approximately 1-3 months of maturity terms on average (31 December 2021: 1-3 month).The Group amortized cost value of the Group's short-term trade payables to unrelated parties approximates the book value of these payables.

NOTE 7 – OTHER RECEIVABLES AND PAYABLES

	31 December 2022	31 December 2022
Short term other receivables		
Deposits and guarantees given	**1.340.761**	3.466.404
	1.340.761	3.466.404

	31 December 2022	31 December 2022
Short term other payables		
Other refundable VAT	**1.066.521**	3.696.856
	1.066.521	**3.696.856**

NOTE 8 – INVENTORIES

	31 December 2022	31 December 2022
Hammadde	**435.542.181**	210.803.927
Yarı mamul	**237.930.746**	128.179.856
Mamul	**494.154.395**	302.629.805
Ticari mallar	**53.439.845**	35.273.565
Diğer stoklar (*)	**130.914.621**	166.594.024
Eksi: Stok değer düşüklüğü karşılığı (**)	**(56.341.828)**	(19.405.038)
	1.295.639.960	**824.076.139**

(*) As of 31 December 2022, the relevant amount consists of patterns made for customers and not yet invoiced.

(**) The net realizable value difference includes provisions for impairment of slow-moving stocks and moulds.

In the accounting period of 1 January – 31 December 2022, the materials associated with the cost of sales is TRY 3,167,074,985(1 January – 31 December 2021: TRY 1,313,102,198) (Note 20).

For the years ended 31 December 2022 and 31 December 2021, movement of impairment provision is as follows:

	2022	2021
Beginning of the period – 1 January	**19.405.038**	**2.119.712**
Increase during the period	**36.936.790**	**17.285.326**
End of the period – 31 December	**56.341.828**	**19.405.038**

NOTE 9 – EMPLOYEE BENEFITS

Short term Payables Related to Employee Benefits

	31 December 2022	31 December 2022
Payables to social security institution	**43.376.418**	6.916.053
Payables to the personnel	**28.396.580**	15.493.629
	71.772.998	**22.409.682**

Short term Provisions Related to Employee Benefits

	31 December 2022	31 December 2022
Unused vacation provisions	**16.845.609**	8.324.380
Collective bargaining provisions	**–**	28.211.945
	16.845.609	**36.536.325**

Long term Provisions Related to Employee Benefits

	31 December 2022	31 December 2022
Provision for employment termination benefits	**271.816.627**	87.653.977
	271.816.627	**87.653.977**

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 15,371.40 for each year of service as at 31 December 2022 (31 December

2021: TRY 8,284.51). 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 2022	31 December 2022
Discount rate (%)	0,50	3,67
Turnover rate to estimate the probability of retirement (%)	97,90	99,00

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 19,982.83 (1 July 2022: TRY 10,848.59) effective as of 1 July 2023.

The movement table of provisions for termination benefits as of 31 December 2022 and 2021 is as follows:

	2022	2021
Beginning of the period – 1 January	87.653.977	64.205.230
Service costs	8.551.832	5.759.235
Interest costs	18.253.664	8.562.827
Losses on remeasurements of defined benefit plans	170.933.223	17.271.230
Payments	(16.152.740)	(5.567.855)
Foreign currency translation differences	2.576.671	(2.576.690)
End of the period – 31 December	271.816.627	87.653.977

As of 31 December 2022, the current period service and interest cost amounting to TRY 26,805,496 TRY 7,696,649 is shown in cost of goods sold, TRY 855,183 is shown in general administrative expenses and TRY 18,253,664 is shown in short-term borrowing expenses.(31 December 2021: TRY 14,322,062 of service and interest costs, TRY 5,183,312 is shown as cost of goods sold, TRY 575,923 is shown in general administrative expenses and TRY 8,562,827 is shown in short-term borrowing expenses).

NOTE 10 – PREPAID EXPENSES

As at 31 December 2022 and 31 December 2021, the details of the short term prepaid expenses were as follows:

Short term prepaid expenses	31 December 2022	31 December 2022
Short term prepaid expenses	2.085.071	1.837.182
	2.085.071	1.837.182
Long term prepaid expenses		
Advances given (*)	39.791.855	45.838.875
Expenses for incoming years	13.209.974	15.209.541
	53.001.829	61.048.416

(*) As of 31 December 2022 and 31 December 2021, the Group's long-term order advances consist of cash advances for property, plant and equipment investments.

Deferred income	31 December 2022	31 December 2022
Received advances (*)	41.847.413	25.769.639
Income for the next months	7.186.213	8.840.389
	49.033.626	34.610.028

(*) As of 31 December 2022 and 2021, the Group's short-term order advances were received from domestic and foreign customers.

NOTE 11 – INVESTMENTS VALUED FOR USING EQUITY METHOD

Investment in associates:

As at 31 December 2022 and 31 December 2021, the details equity accounted investees were as follows:

	Associate Share (%) 31 December 2022	Associate Share (%) 31 December 2021	31 December 2022	31 December 2022
Kumsan	25,10	25,10	17.750.175	6.093.786
			17.750.175	6.093.786

As at 1 January – 31 December 2022 and 1 January – 31 December 2021, information related with the financial statements of Kumsan were as follows:

	31 December 2022		31 December 2021	
	Total assets	Total liabilities	Total assets	Total liabilities
Kumsan	92.469.243	21.751.414	42.809.056	18.531.024

	1 January – 31 December 2022		1 January – 31 December 2021	
	Revenue	Net income	Revenue	Net income
Kumsan	173.125.273	38.793.829	79.656.835	4.041.418

For the year ended 31 December 2022 and 2021, movements of the equity accounted investees are as follows:

	2022	2021
1 January	6.093.786	6.682.709
Share of profit of equity accounted investees	9.737.251	1.014.396
Foreign currency translation differences	1.919.138	(1.603.319)
31 December	17.750.175	6.093.786

NOTE 12 – PROPERTY PLANT AND EQUIPMENT

	1 January 2022	Additions	Disposals	Transfers (*)	Foreign currency translation differences	Revaluation Increase	31 December 2022
Cost/Revaluation							
Lands	469.073.428	-	-	-	167.811.243	444.565.934	1.081.450.605
Buildings and land improvements	316.420.611	1.940.945	-	3.031.140	110.403.109	230.470.471	662.266.276
Machinery and equipment	3.885.137.276	299.250.626	(54.715.683)	105.955.870	1.471.674.666	-	5.707.302.755
Motor vehicles	3.481.064	663.178	-	-	1.396.285	-	5.540.527
Furniture and fixtures	255.821.374	22.223.494	(618.517)	15.509.228	84.054.463	-	376.990.042
Construction in progress	171.536.549	210.726.255	-	(128.010.937)	56.554.455	-	310.806.322
	5.101.470.302	**534.804.498**	**(55.334.200)**	**(3.514.699)**	**1.891.894.221**	**675.036.405**	**8.144.356.527**
Accumulated amortization							
Buildings and land improvements	-	(23.974.225)	-	-	-	23.974.225	-
Machinery and equipment	(2.541.715.967)	(126.899.049)	49.006.896	-	(920.763.301)	-	(3.540.371.421)
Motor vehicles	(2.910.652)	(398.014)	-	-	(1.324.879)	-	(4.633.545)
Furniture and fixtures	(193.530.286)	(15.851.408)	618.517	-	(71.477.339)	-	(280.240.516)
	(2.738.156.905)	**(167.122.696)**	**49.625.413**	**-**	**(993.565.519)**	**23.974.225**	**(3.825.245.482)**
Net book value	**2.363.313.397**						**4.319.111.045**

(*) Note 13.

TRY 164,381,947 (31 December 2021: TRY 89,395,909) of tangible and intangible fixed assets, depreciation and amortization expenses for the period to the cost of sales, TRY 14,693,206 (31 December 2021: TRY 2,058,957), research and development expenses and TRY 7,157,879 (31 December 2021: TRY 2,142,841) was reflected in general administrative expenses. As of 31 December 2022, a significant portion of the Group's property, plant and equipment increases consists of machinery and equipment investments.

	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	199.487.294	4.846.268	-	10.634.522	126.552.501	(25.099.974)	316.420.611
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
	2.901.299.500	**291.546.361**	**(85.694.278)**	**(2.852.685)**	**1.904.801.041**	**92.370.363**	**5.101.470.302**
Accumulated amortization							
Buildings and land improvements	-	(13.294.217)	-	-	-	13.294.217	-
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)
Net book value	**(1.678.658.475)**	**(85.027.270)**	**70.322.338**	**-**	**(1.058.087.715)**	**13.294.217**	**(2.738.156.905)**
Net defter değeri	**1.222.641.025**						**2.363.313.397**

(*) Note 13.

As of 31 December 2022, 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:

	2022	2021
1 January	**167.418.544**	43.120.241
Depreciation transfer of land and lands and buildings improvements	**(7.327.395)**	(4.176.432)
Revaluation increases of land and lands and buildings	**699.010.630**	117.470.337
Revaluation decreases of land and lands and buildings	**-**	(11.805.757)
Property, plant and equipment revaluation increases, net deferred tax effect	**(95.345.532)**	(9.385.882)
Property, plant and equipment revaluation increases, tax effect (*)	**44.695.061**	32.196.037
31 December	**808.451.308**	**167.418.544**

(*) 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).

As of 31 December 2022 and 2021, the pre-valuation cost values of the land, plots and buildings, and underground and surface arrangements are as follows:

	31 December 2022	31 December 2021
Lands	**9.935.081**	9.935.081
Buildings and land improvements	**82.123.745**	82.123.745
	92.058.826	**92.058.826**

NOTE 13 – INTANGIBLE ASSETS

	1 January 2022	Additions	Disposals	Transfers (*)	Foreign currency translation differences	31 December 2022
Cost						
Rights	95.836.423	1.613.118	(1.167.851)	3.514.699	34.868.403	134.664.792
R&D	81.214.735	39.078.276	-	-	34.805.633	155.098.644
	177.051.158	**40.691.394**	**(1.167.851)**	**3.514.699**	**69.674.036**	**289.763.436**
Accumulated amortization						
Rights	(83.654.199)	(4.417.128)	729.907	-	(30.469.992)	(117.811.412)
R&D	(18.089.769)	(14.693.208)	-	-	(8.633.966)	(41.416.943)
	(101.743.968)	**(19.110.336)**	**729.907**	**-**	**(39.103.958)**	**(159.228.355)**
Net book value	**75.307.190**					**130.535.081**

(*) Note 12.

A significant portion of the inflows into development costs includes development costs, which are predominantly personnel and material expenses related to newly acquired client projects.

	1 January 2022	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**
Accumulated amortization						
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 14 – GOODWILL

Goodwill is amounting as at 31 December 2022 (31 December 2021;TRY16,647,585). Goodwill has arisen due to the acquisition of Componenta UK Ltd. shares in 2006

	2021	2020
1 January	**16.647.585**	10.213.643
Foreign currency translation differences	**5.955.681**	6.433.942
31 December	**22.603.266**	**16.647.585**

NOTE 15 – OTHER ASSETS AND LIABILITIES

	31 December 2022	31 December 2021
Other Current Assets		
VAT receivables	276.302.299	101.362.635
Value added tax receivables to be refunded	12.550.734	4.206.273
Other	5.366.934	3.978.625
	294.219.967	109.547.533

	31 December 2022	31 December 2021
Other Non Current Assets		
VAT receivables (*)	51.551.630	26.833.665
	51.551.630	26.833.665

(*) 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 2022 and 31 December 2021.

	31 December 2022	31 December 2021
Other Short Term Liabilities		
Taxes and funds payable excluding corporate tax	6.619.282	13.822.299
VAT Payable	-	13.416.803
	6.619.282	27.239.102

NOTE 16 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

i) Short term provisions

	31 December 2022	31 December 2021
Provisions for litigation (*)	11.386.012	11.627.774
Provisions for sales expenses and price differences	4.415.179	3.375.492
Provisions for management bonuses	-	4.526.045
Provisions for energy and water expenses (**)	67.717	3.364.985
Other (***)	5.195.573	2.260.910
	21.064.481	25.155.206

(*) 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 2022 and 31 December 2021 by deducting the compensable amount of insurance from estimated payments.

(**) As at 31 December 2022, provision consists of not invoiced electricity, natural gas and water expense accruals for the year 2022.

(***) As at 31 December 2022, other short term provisions consist of uninvoiced selling expenses, quality expenses, model cost provisions and other provisions.

As at 31 December 2022 and 31 December 2021, litigation of the Group is as follows:

	2022	2021
1 January	11.627.774	10.135.033
Paid during the period	(813.475)	(4.891.678)
Foreign currency translation differences	571.713	6.384.419
31 December	11.386.012	11.627.774

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 2022	31 December 2021
A. GPMs given on behalf of the Company's legal personality	26.747.082.842	21.052.035.819
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	-	-
	26.747.082.842	21.052.035.819
The ratio of total amount of other CPM to Equity	%0	%0

As at 31 December 2022, 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 ranking to EUR 50,000,000 and TRY 100,000,000. With the loan agreement dated 27 September 2017, the fourth 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.

Apart from this, the same banks' movable business installation, trade name, business name, patent certificates, brands, models, pictures, licenses and all kinds of accessories, outbuildings, supplementary parts, curriculum and details, unconditionally and irrevocably, jointly and irrevocably. There is a commercial enterprise pledge of TRY 400,000,000 in the first degree and in the first place, indefinitely and valid until the termination is notified by the banks, provided that it is divided by their shares. Pursuant to the amendment agreement dated 17 June 2015, the commercial enterprise pledge has been amended and increased to TRY 600,000,000, in accordance with the previous scope. In accordance with the amendment agreement dated 24 November 2016, the commercial enterprise pledge has been amended and increased to TRY 720,000,000, with the previous scope valid. Pursuant to the amendment agreement dated April 21, 2021, the commercial enterprise pledge has been amended, in accordance with the previous scope, in addition to TRY 720,000,000, on the entire enterprise. 216,660,000 Euros were pledged. As of 17 November 2021, an additional 220,000,000 EUR movable pledge has been placed, with the previous scope being valid.

Letters of guarantees given which are amounting to TRY 70,157,908 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.

Letter of Guarantees Received:

As at 31 December 2022 and 31 December 2021, guarantee of the Group is as follows:

	31 December 2022	31 December 2021
Guarantee cheques and notes received	15.470.000	19.312.609
Guarantee letters received	7.698.680	21.312.131
Total guarantees received	23.168.680	40.624.740

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 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Registered capital (with historical value)	**250.000.000**	250.000.000
Approved and paid in capital (nominal value)	**162.000.000**	116.000.000

The composition of the Company's statutory paid in capital at 31 December 2022 and 31 December 2021 were as follows:

	31 December 2022		31 December 2021	
	Percentage (%)	Amount	Percentage (%)	Amount
Çelik Holding A.Ş	**90,00**	**145.800.000**	94,71	109.860.032
Held by public	**10,00**	**16.200.000**	5,29	6.139.968
Total paid in capital		**162.000.000**		**116.000.000**
Adjustment differences on paid in capital		**45.195.347**	**-**	**45.195.347**
Total capital		**207.195.347**	**-**	**161.195.347**

The Company has 16,200,000,000 shares (31 December 2021: 11,600,000,000 shares) each with the nominal value of Kr 1 as at 31 December 2022. The Company has no privileged shares.

ii) Capital Premium

The main partner of the Group is Çelik Holding A.Ş. On March 2, 2022, a capital payment of EUR 2,800,000 equivalent to TRY 46,000,000 was paid to the Group, and a total of TRY 46,000,000 was paid between 8-15 December 2022. It made a capital advance payment of 345,414,238 TRY equivalent to 17,517,772 Euro and this amount was reflected to the company as capital advance.

iii) Inflation Adjustment Differences on Paid in Capital

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

iv) Share Premium

As at 31 December 2022 and 31 December 2021, 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) Prior Year's Profits

As at 31 December 2022 and 31 December 2021, the Group's prior year's profits are amounting to TRY 573,361,608 and TRY 218,168,201 respectively.

viii) Prior Year's Profits

As at 31 December 2022 and 31 December 2021, the Group's prior year's profits are amounting to TRY 573,361,608 and TRY 218,168,201 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 2022, legal reserves of the Group is amounting to TRY 16,035,194 (31 December 2021: 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.

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.

NOTE 18 – REVENUE AND COST OF SALES

	1 January – 31 December 2022	1 January – 31 December 2021
Export sales	**4.334.367.298**	2.085.608.456
Domestic sales	**1.877.226.490**	582.808.248
Other sales	**290.372.221**	92.665.986
Less: Discounts and returns	**(121.268.901)**	(39.010.593)
Sales revenue (net)	**6.380.697.108**	**2.722.072.097**
Cost of sales	**(5.637.425.321)**	**(2.227.897.945)**
Gross profit	**743.271.787**	**494.174.152**

The cost of sales breakdown is as follows:

	1 Ocak-31 Aralık 2022	1 Ocak -31 Aralık 2021
Raw material costs	**3.167.074.985**	1.313.102.198
Energy expenses	**1.075.533.353**	231.323.842
Personnel expenses	**628.510.825**	296.927.896
General production costs	**599.263.331**	295.924.656
Depreciation and amortization expenses	**164.381.947**	89.395.909
Other	**2.660.880**	1.223.444
	5.637.425.321	**2.227.897.945**

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

Marketing expense

	1 January – 31 December 2022	1 January – 31 December 2021
Insurance premiums related to freight and customs procedures	199.004.297	80.231.500
Transportation	23.136.290	16.852.235
Transportation	18.365.105	12.403.542
Packaging	15.343.100	10.766.140
Personnel	7.119.368	5.292.621
Licence fee	1.284.917	835.149
Other	18.786.360	11.265.761
	283.039.437	137.646.948

General administrative expenses

	1 January – 31 December 2022	1 January – 31 December 2021
Personnel expenses	79.239.047	41.140.940
Information technology services expenses	21.606.594	11.255.188
Taxes and stamp duty	20.366.850	14.011.999
Repair, maintenance and cleaning	8.422.425	6.091.584
Depreciation and amortization	7.157.879	2.142.841
Legal counseling expenses	6.690.535	4.339.294
Subcontractor expenses	5.777.814	3.165.368
Travel expenses	2.895.815	807.617
Other	24.013.686	10.073.419
	176.170.645	93.028.250

Araştırma ve geliştirme giderleri

	1 January – 31 December 2022	1 January – 31 December 2021
Depreciation and amortization	14.693.206	2.058.957
Personnel expenses	6.700.256	1.943.377
Raw material costs	4.834.878	2.449.328
General production costs	668.554	280.878
Other	120.531	49.058
	27.017.425	6.781.598

NOTE 20 – EXPENSE BY NATURE

	1 January – 31 December 2022	1 January – 31 December 2021
Raw material costs	3.167.074.985	1.313.102.198
Energy expenses	1.075.533.353	231.323.842
Labor expenses	628.510.825	296.927.896
General production costs	599.931.885	295.924.656
Freight costs	199.004.297	80.231.500
Depreciation and amortization	186.233.032	93.597.707
Personnel expenses	93.058.671	48.376.938
Transportation	23.136.290	16.852.235
Information technology services expenses	21.606.594	11.255.188
Taxes and stamp duty	20.366.850	14.011.999
Warehousing	18.365.105	12.403.542
Packaging expenses	15.343.100	10.766.140
Repair, maintenance and cleaning	8.422.425	6.091.584
Legal counseling expenses	6.690.535	4.339.294
Subcontractor expenses	5.777.814	3.165.368
Raw material and material expenses	4.834.878	2.449.328
Travel expenses	2.895.815	2.395.021
Licence fee	1.284.917	835.149
Other	45.581.457	21.305.156
	6.123.652.828	2.465.354.741

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 2022	1 January – 31 December 2021
Independent audit fee for the reporting period	497.000	355.000
	497.000	355.000

NOTE 21 – OTHER OPERATING INCOME AND EXPENSES

For the 2022 and 2021 December 31 December, details of other operating income were as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
Foreign exchange gains arising from commercial transactions	410.456.237	282.899.419
Provisions for trade receivables (*)	14.659.752	110.032.282
Terminated provisions	3.854.781	–
Other	8.020.580	8.107.923
	436.991.350	401.039.624

(*) The significant part of the related amount is related to the parts of the provisions set aside for the receivables of the Group from its former parent, Componenta Group, which are no longer subject as a result of the collections realized during the accounting periods.

For the 2022 and 2021 December 31 December, details of other operating income were as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
Exchange difference expenses arising from commercial transactions	(315,405,222)	(214.375.899)
Interest expense to related parties (*)	(66.079.374)	–
Doubtful trade receivables provision expenses	(1.542.896)	(2.464.766)
Other	(6.708.283)	(8.003.695)
	(389.735.775)	(224.844.360)

(*) Due date interest expenses to related parties are related to the late fee applied by Bordo Enerji for late payment of electricity bills to the Group.

NOTE 22 – INCOME FROM INVESTING ACTIVITIES

For the 31 December 2022 and 2021, details of income from investing activities were as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
Gain on sale of property, plant and equipment	1.668.362	362.651
	1.668.362	362.651

For the 31 December 2022 and 2021, details of income from investing activities were as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
Loss on sales of tangible and intangible assets	–	(15.295.052)
	–	(15.295.052)

NOTE 23 – FINANCE INCOME/(COSTS)

Income from financial activities:

	1 January – 31 December 2022	1 January – 31 December 2021
Foreign exchange gains related to financing activities	49.769.699	55.067.990
Interest income	1.041.833	799.713
	50.811.532	55.867.703

Expenses arising from financing activities:

	1 January – 31 December 2022	1 January – 31 December 2021
Interest expenses	(187.022.811)	(89.334.884)
Exchange difference expenses related to financing activities	(93.365.484)	(27.084.852)
Loan other expenses	(23.046.654)	(6.287.604)
Employee termination interest expense	(18.253.664)	(8.562.827)
Finance leasing interest expenses	(2.856.200)	(6.876.762)
Comission expenses	(1.103.037)	(794.156)
	(325.647.850)	(138.941.085)

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 2022 is 23%

(31 December 2021: 25%). 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 23% for the 2022 fiscal year and to 20% for the 2023 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.

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.

The R&D discount rate to be calculated over research and development expenditures has been increased from 40% to 100% with the amendment made with Article 35 of the Law No. 5746 on Supporting Research and Development Activities by amending Article 10 of the Corporate Tax Law No. 5520.

The aforementioned law entered into force on April 1, 2008. Accordingly, corporate taxpayers, within the framework of research and development activities for the search for new technology and information, can take into account 100% of the expenditures they have made within the enterprise since 2008 as an R&D deduction for the determination of corporate income. A 100% R&D deduction must be calculated over the total.

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.

The tax amounts reflected in the profit or loss statement for the years ended 31 December 2022 and 2021 are summarized below:

	1 January – 31 December 2022	1 January – 31 December 2021
Current period deferred tax income/(expense)	63.589.746	11.944.779
Total Tax Income/(Expense)	63.589.746	11.944.779

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 rate applied for foreseeable short-term and long-term temporary differences is 20% (31 December 2021: 20% for long-term temporary differences, 23% for short-term temporary differences). The tax rate applicable to the Group's subsidiary in England is 19% (31 December 2021: 19%).

The composition of cumulative temporary differences and the related deferred tax assets and liabilities calculated using the enacted tax rates at 31 December 2022 and 31 December 2021, were as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
Income/(loss) before tax rate	**40.869.155**	335.921.233
Current tax rate	**%23**	%25
Tax expense/(income) calculated at legal tax rate	**(9.399.906)**	(83.980.308)
Effect of disallowable expenses	**(78.244.030)**	(14.006.779)
R&D incentive effect	**28.562.826**	756.669
Current period financial losses for which deferred tax assets are not calculated	**(54.961.806)**	(33.347.603)
Effect of tax exemptions	**–**	8.043.786
Effect of tax rate change	**(71.202.196)**	12.109.543
Investment incentive effect	**266.508.276**	45.293.312
Differences for which no deferred tax asset has been calculated	**(17.673.418)**	77.076.159
Tax Income/(Expense)	**63.589.746**	**11.944.779**

The reconciliation of the taxation on income in the consolidated statement of profit or loss and other comprehensive income for 2022 and 2021 31 December and the taxation on income/expenses calculated with the current tax rate over income from continuing operations before tax is as follows:

	Cumulative Temporary Differences		Deferred Tax Assets/(Liabilities)	
Deferred Tax Assets/(Liabilities)	**31 December 2022**	31 December 2021	**31 December 2022**	31 December 2021
Other differences related to revaluation of tangible assets	**2.838.845.741**	1.365.315.828	**(471.152.031)**	(177.567.502)
Investment incentives (*)	**359.808.689**	93.300.413	**359.808.689**	93.300.413
R&D Discount	**168.999.278**	11.637.844	**33.799.856**	5.237.030
Net difference between the tax base and carrying value of inventories	**(56.341.828)**	(22.860.033)	**11.268.369**	5.257.805
Timing differences in recognition of revenue	**(8.408.282)**	(7.125.335)	**1.681.656**	1.638.824
Provisions for short term employee benefit	**(16.845.609)**	(8.324.380)	**3.369.122**	1.914.601
Legal provisions	**(11.386.012)**	(11.627.774)	**2.277.202**	2.674.396
Provisions for prepaid expenses	**(5.164.574)**	(27.122.613)	**1.032.915**	6.238.201
Uncollectible receivables	**(29.083.444)**	(24.528.588)	**5.816.689**	4.905.723
Provision for employment termination benefits and notification payments	**(271.816.627)**	(87.653.977)	**54.363.325**	17.530.798
Loan provisions	**(66.392.845)**	(9.205.890)	**13.278.569**	2.117.349
Other	**658.765**	7.641.820	**(131.753)**	1.528.364
Deferred tax liabilities – net			**15.412.608**	**(35.223.998)**

(*) 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 1,121,292,963 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 2022 for the contribution to the investment amounting to TRY 359,808,689, which has been entitled but not utilized within the scope of tax deduction and transferred to the following periods.

Carried financial losses for which no deferred tax asset is recognized are as follows:

	31 December 2022	31 December 2021
Expiration as of 2023	**45.607.720**	**45.607.720**
Expiration as of 2025	**82.335.170**	**82.335.170**
Expiration as of 2026	**111.021.485**	133.390.413
Expiration as of 2027	**254.164.108**	–
	493.128.483	**261.333.303**

Movements of deferred tax assets and liabilities for the periods of 31 December 2022 and 2021 are as follows:

	2022	2021
Beginning of the period 1 January	**(35.223.998)**	**(51.866.858)**
Associated with the profit or loss statement	**63.589.746**	11.944.779
Associated with other comprehensive income statement	**(16.463.824)**	26.264.403
Foreign currency conversion differences	**3.510.684**	(21.566.322)
End of the period – 31 Decemberv	**15.412.608**	**(35.223.998)**

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 2022	1 January – 31 December 2021
Average number of shares outstanding during the period (full value)	16.200.000.000	11.600.000.000
Net profit by Parent Company	104.458.901	347.866.012
Earnings per share with nominal value of 1 KR(TRY)	0,64	3,00

There is no difference between fundamental and relative earnings per share for any period. As of

31 December 2022, no dividend distribution decision has been taken yet by the Board of Directors.

NOTE 26 – TRANSACTIONS WITH RELATED PARTIES

a) Due from Related Parties:

	31 December 2022 Trade Payables	31 December 2021 Trade Payables
Parsan Makine Parçaları Sanayii A.Ş.	–	5.467
	–	5.467

b) Due to Related Parties:

As at 31 December 2022 and 31 December 2021 trade payables due to related parties are as follows:

	31 December 2022		31 December 2021	
	Trade Receivable	Other Receivable	Trade Receivable	Other Receivable
Bordo Elektrik Enerjisi A.Ş. (*)	253.193.580	–	50.171.514	–
Çelik Holding A.Ş.	3.008.701	–	5.165.742	29.425.326
Kumsan Döküm Malzemeleri Sanayi ve Ticaret A.Ş.	2.442.964	–	1.008.970	–
Güriş Europe GmbH	943.505	–	426.308	–
Güriş İş Makinaları Endüstri A.Ş.	288.995	–	9.604.718	–
Güriş İnşaat ve Mühendislik A.Ş.	256.811	–	552.771	–
Parsan Makine Parçaları Sanayi A.Ş.	4.406	–	–	–
	260.138.962	–	66.930.023	29.425.326

(*) The Group overdue trade payables of to Bordo Elektrik Enerjisi A.Ş. amounted to TRY 66,079,374 in total in 2022 and were accounted for under other operating expenses. As of 31 December 2022, the monthly effective interest rate applied for the overdue trade payables in TRY currency is 3%.

c) Goods and services received:

Goods and services purchase transactions with related parties during the reported periods are as follows:

1 January – 31 December 2022	Trading goods and services	Management services	Other	Total
Bordo Elektrik Enerjisi A.Ş.	929.521.276	–	–	929.521.276
Güriş İş Makinaları Endüstri A.Ş.	1.760.934		209.816	1.970.750
Çelik Holding A.Ş.	–	12.369.230	16.360.552	28.729.782
Güris Europe GmbH	9.199.676	–	–	9.199.676
Kumsan Döküm Malzemeleri Sanayi ve Ticaret A.Ş..	9.615.221	–	–	9.615.221
Güriş İnşaat ve Mühendislik A.Ş.	1.234.846	–	13.108	1.247.954
Parsan Makine Parçaları Sanayi A.Ş.	990.144	–	–	990.144
Omtaş Otomotiv San. Tic. A.Ş.	77.500	–	–	77.500
Yamantürk Vakfı		–	842.322	842.322
Güriş Holding A.Ş.	995.441	–	–	995.441
Mirage Park Otelcilik A.Ş.	213.988	–	–	213.988
	953.609.026	12.369.230	17.425.798	983.404.054

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
Yamantürk Vakfı	**–**	–	301.492	301.492
Güris Europe GmbH	**4.434.495**	–	–	4.434.495
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**

d) Sales of goods and services from related parties:

Goods and services sales transactions with related parties during the reported periods are as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
Parsan Makine Parçaları Sanayi A.Ş.	**174.972**	8.951
Omtaş Otomotiv San. Tic. A.Ş.	**76.078**	–
	251.050	**8.951**

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 2022	1 January – 31 December 2021
Short term benefits	**13.618.721**	9.990.459
Other long term benefits	**770.773**	447.220
	14.389.494	**10.437.679**

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 2022	1 January – 31 December 2021
Financial liabilities	**3.463.485.757**	**2.496.419.078**
Less: Cash and cash equivalents	**(170.173.137)**	**(24.136.658)**
Net financial liability	**3.293.312.620**	**2.472.282.420**
Total equity	**2.321.935.460**	**946.378.039**
Financial liabilities/equity ratio	**%142**	**%261**

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 2022 and 2021 are as follows.

31 December 2022	Trade Receivables Related Parties	Trade Receivables Other Parties	Other Receivables Related Parties	Other Receivables Other Parties	Bank Deposits
Maximum credit risk as at reporting date (*) (A+B+C+D+E)	–	732.218.983	–	1.340.761	170.173.137
Guaranteed portion of the maximum risk	–	3.000.000	–	–	–
A. Net book value of the assets that are not due or that are not impaired	–	617.773.061	–	1.340.761	170.173.137
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	–	114.445.922	–	–	–
Secured by collateral, etc.	–	2.100.000	–	–	–
D. Net book value of the assets impaired	–	–	–	–	–
Overdue (gross book value) impaired ( ))	–	42.651.855	–	–	–
Impairment ( )	–	(42.651.855)	–	–	–
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.

31 December 2021	Trade Receivables Related Parties	Trade Receivables Other Parties	Other Receivables Related Parties	Other Receivables 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	–	1.700.000	–	–	–
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.

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 2022	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	3.317.254.847	3.890.039.514	262.348.462	1.625.353.866	1.200.846.688	801.490.498
Trade payables	882.003.152	882.003.152	882.003.152	–	–	–
Finance lease liabilities	146.230.910	180.315.451	19.208.911	50.290.875	110.815.665	–
Total borrowings	**4.345.488.909**	**4.952.358.117**	**1.163.560.525**	**1.675.644.741**	**1.311.662.353**	**801.490.498**

31 December 2021	Net Book Value	Agreed Total Cash Outflows	Less than 3 months	3-12 months	1-5 years	5-10 years
Banka kredileri	2.466.549.921	2.892.964.670	212.292.637	1.019.415.521	863.161.652	798.094.860
Ticari borçlar	487.805.483	487.805.483	487.805.483	–	–	–
Finansal kiralama yükümlülükleri	29.869.157	34.476.198	3.852.318	13.261.469	17.362.411	–
Toplam borçlar	**2.984.224.561**	**3.415.246.351**	**703.950.438**	**1.032.676.990**	**880.524.063**	**798.094.860**

NOTE 28 – FOREIGN CURRENCY POSITION

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.

	31 December 2022					31 December 2021					
	TRY Equivalent (Functional currency Euro)	Euro	USD	TRY	GBP	TRY Equivalent (Functional currency Euro)	Euro	USD	TRY	GBP	Diğer
1. Trade Receivables	262.339.606	–	303.068	231.702.811	1.110.308		184.786.333	–	10.603	167.730.789	969.343
2a. Monetary Financial Assets (including Cash, Banks accounts)	99.207.704	–	–	99.207.704	–		91.258	–	–	91.258	–
2b. Non-monetary Financial Assets	–	–	–	–	–		–	–	–	–	–
3. Other	12.603	–	**674**	–	–		–	–	–	–	–
4. Current Assets (1+2+3)	361.559.913		303.742	330.910.515	1.110.308		184.877.591	–	10.603	167.822.047	969.343
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)	361.559.913	–	303.742	330.910.515	1.110.308		184.877.591	–	10.603	167.822.047	969.343
10. Trade Payables	625.700.481	–	4.942.318	524.567.079	387.762		349.975.462	–	7.043.559	252.863.127	326.852
11. Financial Liabilities	371.167.236	–	–	371.167.236	–		172.000.000	–	–	172.000.000	–
12a.Other Monetary Liabilities	686.882	–	36.735	–	–		–	–	–	–	–
12b.Other Non monetary Liabilities	–	–	–	–	–		–	–	–	–	–
13. Short term Liabilities (10+11+12)	997.554.599	–	4.979.053	895.734.315	387.762		521.975.462	–	7.043.559	424.863.127	326.852
14. Trade Payables	–	–	–	–	–		–	–	–	–	–
15. Financial Liabilities	–	–	–	–	–		–	–	–	–	–
16a. Other Monetary Liabilities	–	–	–	–	–		–	–	–	–	–
16b. Other Nonmonetary Liabilities	–	–	–	–	–		–	–	–	–	–
17. Long term Liabilities (14+15+16)	–	–	–	–	–		–	–	–	–	–
18. Total Liabilities (13+17)	997.554.599	–	**4.979.053**	**895.734.315**	**387.762**		**521.975.462**	–	**7.043.559**	**424.863.127**	**326.852**
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)	(635.994.686)	–	(4.675.311)	(564.823.800)	722.546		(337.097.871)	–	(7.032.956)	(257.041.080)	642.491
21.Net Foreign Exchange Asset/(Liability) Position of the Monetary Item (UFRS 7.B23) (=1+2a+5+6a 10 11 12a 14 15 16)	(636.007.289)	–	(4.675.985)	(564.823.800)	722.546		(337.097.871)	–	(7.032.956)	(257.041.080)	642.491
22.Total Fair Value of Financial Instruments Used for Foreign Currency Hedging	–	–	–	–	–		–	–	–	–	–
23. Export	**4.334.367.298**	256.638.032	2.018.942	–	4.984.274		2.085.608.456	198.475.507	1.555	–	5.000.277
24. Import	**1.451.223.147**	26.761.393	60.049.535	–	130.698		686.085.631	38.596.475	31.734.309	–	78.420

TRY Equivalent	31 December 2022			
	Profit/Loss		Shareholder's Equity	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
10% change in USD against EUR/in case of depreciation				
1 - USD net asset/liability	(8.742.037)	8.742.037	(8.742.037)	8.742.037
2- Hedged from the USD risk ( )	-	-	-	-
3- USD Net Effect (1+2)	**(8.742.037)**	**8.742.037**	**(8.742.037)**	**8.742.037**
4-TRY net asset/liability	(56.482.380)	56.482.380	(56.482.380)	56.482.380
5- Hedged from the TRY risk ( )	-	-	-	-
6- TRY Net Effect (4+5)	**(56.482.380)**	**56.482.380**	**(56.482.380)**	**56.482.380**
7- GBP net asset/liability	1.624.948	(1.624.948)	1.624.948	(1.624.948)
8- Hedged from the GBP risk ( )	-	-	-	-
9- GBP Net Effect (7+8)	**1.624.948**	**(1.624.948)**	**1.624.948**	**(1.624.948)**
TOTAL (3 + 6 +9)	**(63.599.469)**	**63.599.469**	**(63.599.469)**	**63.599.469**

TRY Equivalent	31 December 2021			
	Profit/Loss		Shareholder's Equity	
	Appreciation of Foreign Currency	Depreciation of Foreign Currencyi	Appreciation of Foreign Currency	Depreciation of Foreign Currencyi
10% 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**
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**
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**

DİPNOT 29 - FİNANSAL ARAÇLAR (GERÇEĞE UYGUN DEĞER AÇIKLAMALARI VE FİNANSAL RİSKTEN KORUNMA MUHASEBESİ ÇERÇEVESİNDEKİ AÇIKLAMALAR)

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.

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).

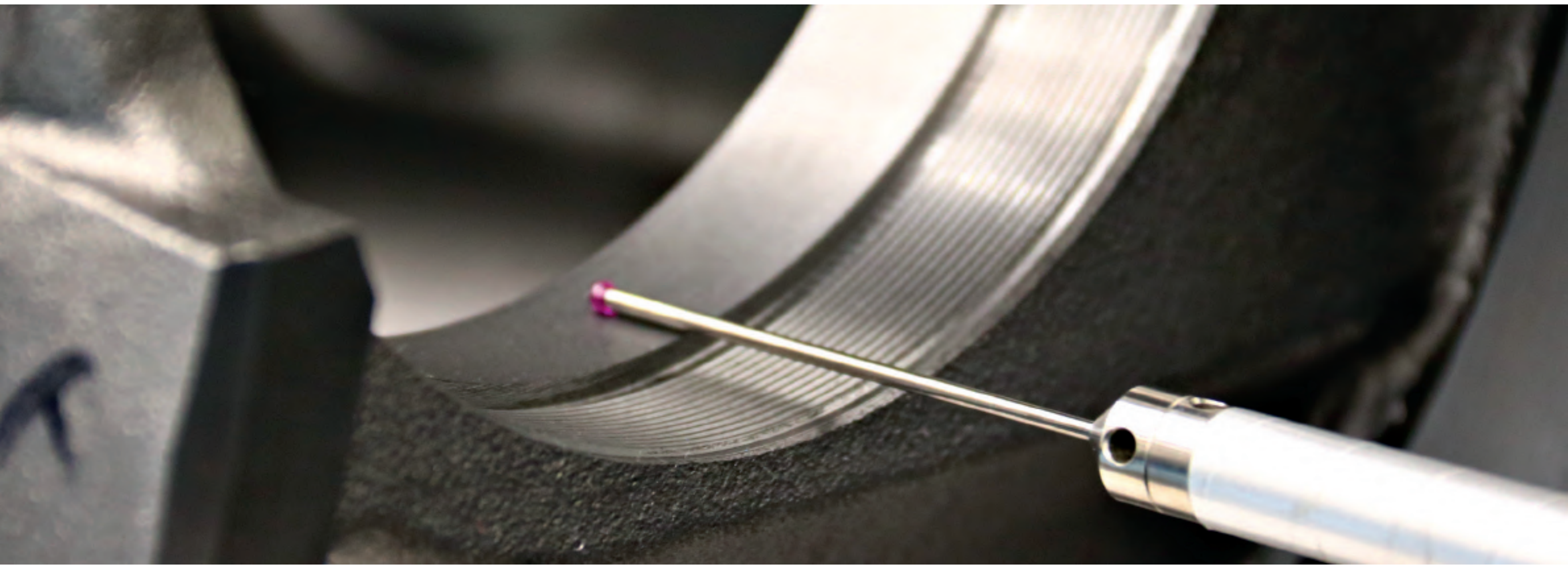
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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 – EVENTS AFTER THE REPORTING PERIOD

With the 2023-3 Board of Directors decision taken by the Board of Directors on January 24, 2023, it has been decided to increase the registered capital ceiling of the Group from TRY 250,000,000 to TRY 1,500,000,000, and to update the current registered capital ceiling validity period to cover the years 2023-2027.

Contact Information



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