

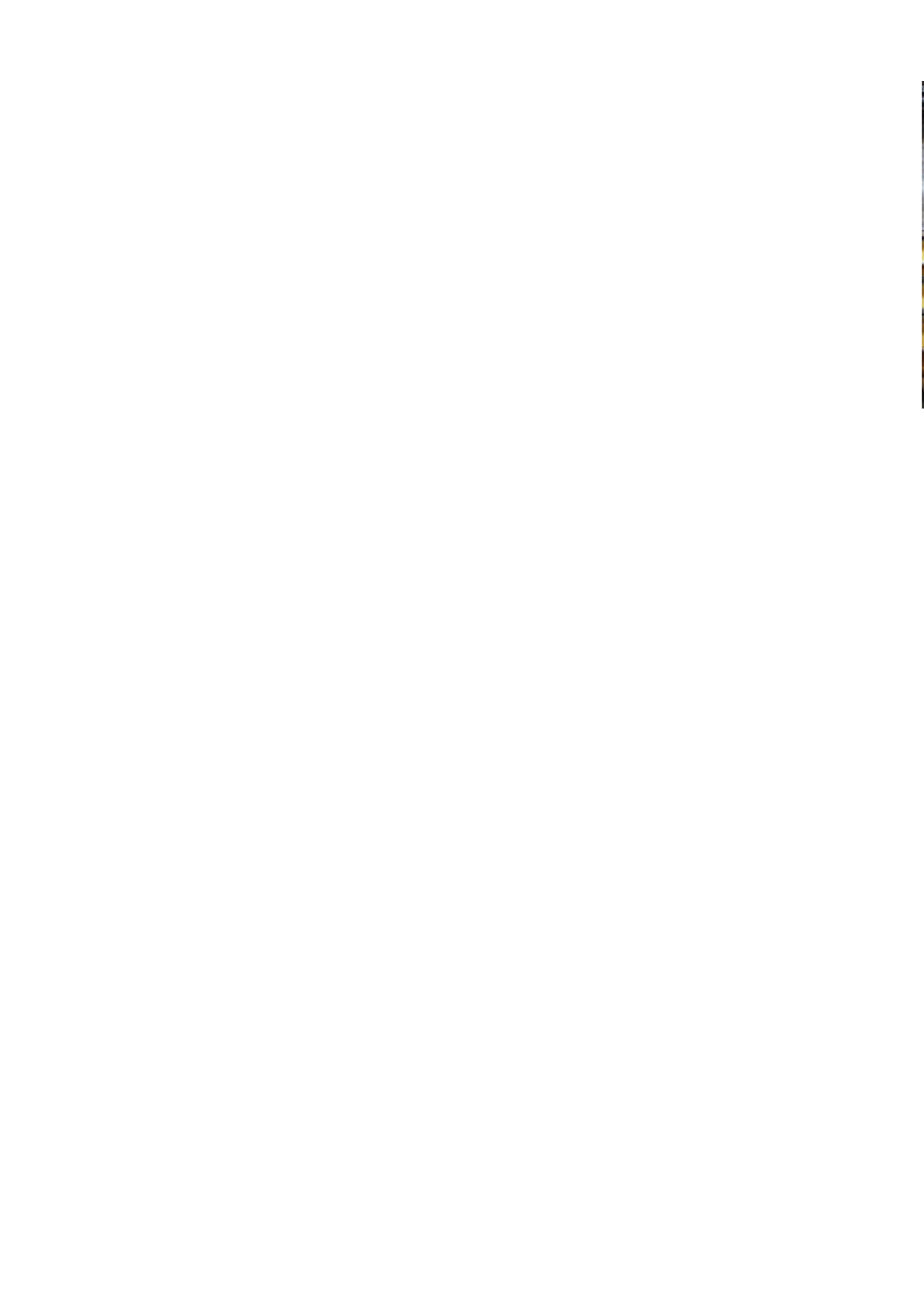


2021

Annual Report

Döktaş Dökümcülük
Ticaret ve Sanayi A.Ş.
www.doktas.com







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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 sector.

In energy; Mogan Energy Investment and its subsidiaries. Güriş, the largest wind energy investor in Turkey with a total installed power of 1065 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.

Güriş has carried 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, namely in almost every field of the construction 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 1,2 billion Euro turnover, holding over 30 affiliates and with more than 7,000 staff Güriş Industry 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 4,000 employees, the company holds the leading companies of our country in forging, iron casting, aluminum casting, steel production facilities and metal forming.

	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 industry.

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.

Company shares have been quoted on Istanbul Stock Exchange 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 and leading company preferred as a supplier of cast iron, light alloy aluminum casting and wheels.

Capital Structure and Affiliates

As of 31.12.2021, our company's registered capital is 250.000.000 TRY, the issued share capital is 116.000.000 TRY. Capital share of the shareholders who own of paid-in capital are as follows:

	Share %	Capital TL
Çelik Holding A.Ş.	94,71%	109.860.032,34
Public Shares	5,29%	6.139.967,66
	100,00 %	116.000.000,00

Subsidiaries and Associates

Company Name	Field and Operation	Capital	Share %
Kumsan Döküm Malzemeleri Sanayi ve Ticaret A.Ş./Turkey	Foundry sand production and trading	1.200.000 TL	25,1%
Döktaş Trading UK Ltd./United Kingdom	Import and Export	287.850 GBP	100 %



Key Financials

	2021	2020	2019	2018	2017
Orhangazi Iron Foundry Business Unit					
Capacity (tons)	150.000	150.000	150.000	150.000	150.000
Production (tons)	125.300	78.293	77.354	96.665	112.236
Sales (MTRY)	1.969,0	931,5	806,9	827,3	733,7
Operating profit (MTRY)	293,0	105,5	136,0	166,9	94,2
Manisa Aluminium Die Casting Business Unit					
Capacity (tons)	14.400	14.400	14.400	14.400	14.400
Production (tons)	6.269	5.036	5.629	6.558	8.645
Sales (MTRY)	323,3	193,0	174,8	184,7	177,6
Operating profit (MTRY)	56,6	35,0	18,6	13,6	17,2
Manisa Wheels Business Unit					
Capacity (units)	1.200.000	1.440.000	1.440.000	1.440.000	1.440.000
Production (units)	875.689	671.643	685.097	730.631	883.894
Sales (MTRY)	429,7	208,9	175,3	167,8	155,1
Operating profit (MTRY)	69,4	33,1	22,4	22,5	29,5
Döktaş Dökümcülük A.Ş. Total					
Sales (MTRY)	2.722,1	1.333,4	1.157,0	1.179,9	1.066,3
Operating profit (MTRY)	419,0	173,5	177,1	203,0	141,0
Export MEUR	204,9	127,7	148,6	160,7	184,5
Import MEUR	65,5	26,4	31,9	32,8	30,6
Investments MEUR	30,3	11,5	10,7	5,9	5,2
Number of Personnel					
Orhangazi	2.044	1.649	1.434	1.521	1.629
Manisa	874	817	736	739	892
	2021	2020	2019	2018	
Döktaş Dökümcülük A.Ş. Total (MTRY)					
Net Sales	2.722,1	1.333,4	1.157,0	1.179,9	
EBITDA	512,6	224,9	221,0	245,3	
Earnings before tax	335,9	91,4	101,6	109,9	
Net profit	347,9	84,2	98,2	101,2	
Total Assets	4.232,6	2.045,8	1.434,2	1.359,7	
Total Liabilities	3.286,2	1.832,3	1.349,2	1.230,9	
Equity	946,4	213,5	85,1	128,9	
Current ratio	0,93	0,74	1,08	0,54	
Leverage ratio	0,78	0,90	0,94	0,91	
ST financial debt / Total financial debt	0,45	0,48	0,26	0,53	
Net financial debt / Equity	2,61	6,55	12,35	7,66	
EBITDA Margin	19%	17%	19%	21%	
ROCE (*)	17%	16%	18%	30%	

(*)Return on capital employed

Message from the Chairman of Board of Directors



Despite the measures taken and the increase in the rate of vaccination, in 2021 increase in the number of coronavirus cases continued and with the emergence of new variants, new restrictions were implemented in many countries. In addition to pandemic, which limited economic, social and cultural activities, natural disasters were also effective throughout the world this year.

Due to the ongoing pandemic, most countries have changed their monetary policies. The Bank of England has been the first central bank to raise the policy rate since the start of the pandemic. In the USA, inflation reached its highest level in the last 40 years, and retail sales and industrial production remained below expectations. The European Central Bank has announced Pandemic Emergency Asset Purchase Program will end in March 2022. In China, while total industrial production increased, the measures taken against Covid-19 caused exports to lose momentum at the end of the year. Due to the changing monetary policies and high inflation around the world, raw material and energy prices have increased significantly and the importance of the logistics sector emphasized. Companies dealing with import and export operations faced various restrictions due to serious disruptions experienced in the global supply chain. Therefore, it is inevitable that demand for digitalization and e-commerce will increase in the coming periods.

Similarly, pandemic and natural disasters negatively affected Turkey's 2021 targets. Significant deterioration in exchange rates increased many cost items such as raw materials, oil and energy. Reflection of rapid cost increases to customers with delay effect caused companies to bear this burden

alone. Year-end inflation rate reached the highest level of last 19 years. While the depreciation of Turkish Lira accelerated in the last quarter, currency protected measures were announced to support Turkish Lira.

For Döktaş 2021 has been a period that number of new projects, investments and recruitment increased. Despite increasing number of cases, necessary actions were quickly adapted and our personnel's health and safety was set as our top priority. With the 18% increase in total workforce compared to previous year, additional added value created for Turkish economy. Due to increase in customer demand, production and sales volumes increased, and turnover growth reached 57% relative to last year.

It is expected that 2022 will also be a difficult period for the Turkish industry, with the effect of increasing energy prices and logistics costs due to developments in the world, as well as local monetary policies.

As Döktaş, our investments and improvement projects will continue in 2022 within the scope of new parts, automation, occupational health& safety, energy efficiency and sustainability. With increasing production volume, new investments and introduction of new parts, we believe this period will be managed in the best way as it has been in recent years.

Döktaş, Turkey's largest casting facility, will continue to be a reliable and sustainable business partner in line with its vision in the coming years.

On behalf of myself and esteemed members of Board of Directors, I would like to express our thanks to our staff, customers, suppliers, financial institutions and shareholders that support us by cooperating.

Regards,

Tevfik Yamantürk
Chairman of Board of Directors

Yearly Statement by General Manager



The year 2021 was a very challenging year for our foundries with a high demand for castings in all areas. Sales increased by 57% from EUR 166 million to EUR 261 million. Both higher raw material prices and an increased production volume contributed to this result.

The global chip crisis has caused difficulties in all manufacturing sectors of the industry. Orders were cancelled and postponed at short notice. The production of various goods was significantly influenced. As a result, the requirements for production, planning, logistics and purchasing were considerable and could be mastered well.

Despite the difficulties in this chip and raw material crisis, it was possible to realize considerable investments this year to achieve efficiency, process stability, production volume and modernization of plants in production.

In our wheels production unit in Manisa, we have put a fully automatic machining line including the latest X-ray technology into operation. This facility represents the latest state of the art and expands our competitiveness on the market. Investments in new products were also further

accelerated in our aluminium foundry.

With the increased demand of our customers for machined castings, the construction activity for the expansion of machineshop unit was started in Orhangazi in the summer. We expect completion in May this year.

In the area of new parts, we were able to record a large increase in new projects for our customers with our engineering activities. In particular, we are proud that assemblies from the electromobility sector in both aluminium and iron could be started in our companies.

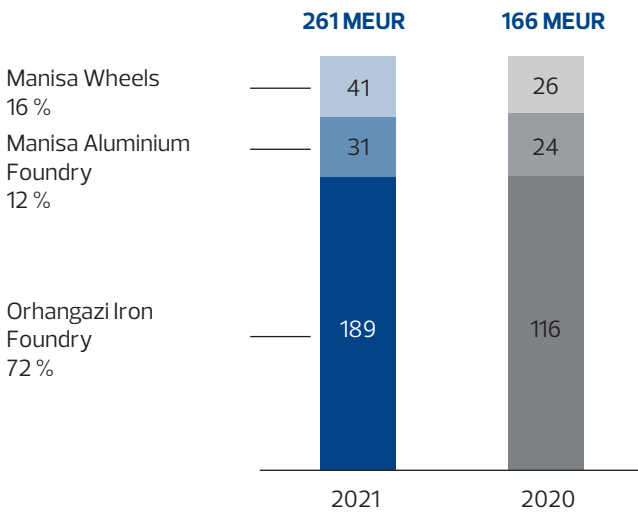
The successful launch of the new products, which will go into series production in the near future, will be a hallmark of the company's technological capabilities. In particular well-trained engineers are an important guarantee for the future.

Regards,
Andreas Hecker
General Manager

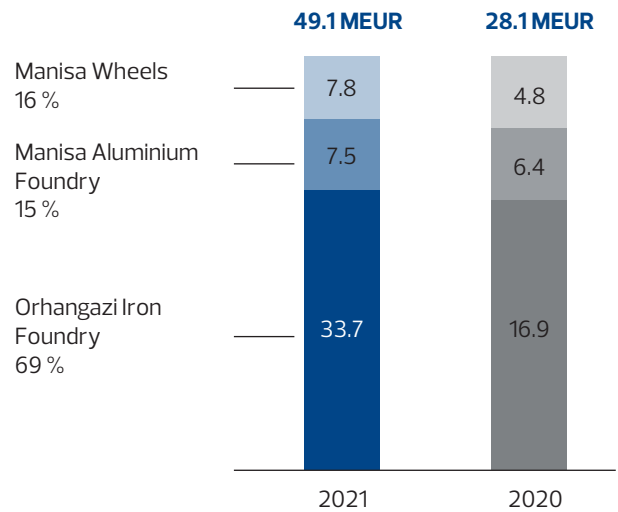
Operations in Brief

Döktaş consists of three business units: Iron Foundry in Orhangazi, Aluminum Foundry and Wheels Production facility in Manisa.

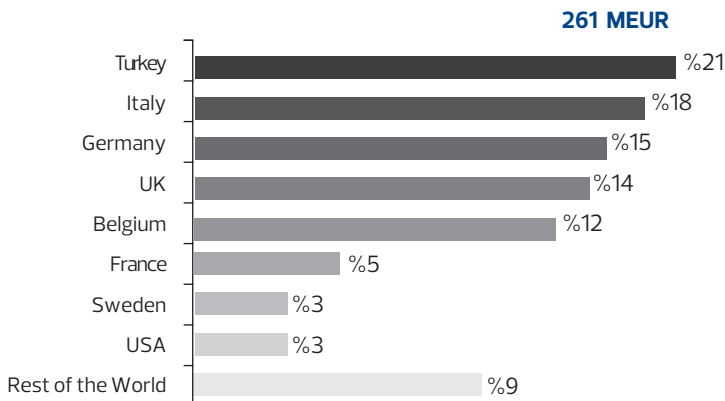
REVENUES



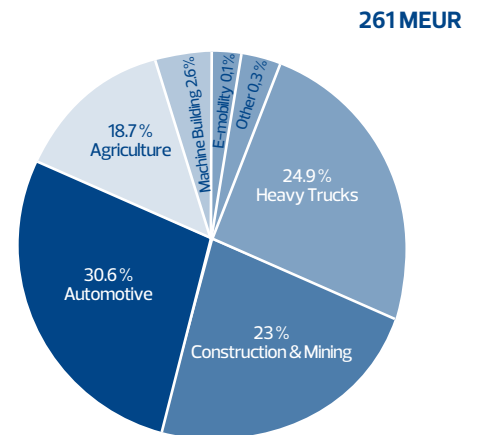
EBITDA



Sales by Country



Sales by Customer Segment



Customer Segments



HEAVY TRUCKS (25 %)

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, Ford Otosan, Daimler, Scania, Volvo, Mercedes Benz and MAN.

AUTOMOTIVE (31%)

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. Tofaş, Gruner, Borbet, ThyssenKrupp, Ford Otosan, Ford of Europe, Renault, PSA, ATU, OZ and R.O.D Wheels are some of our customers in this segment.



CONSTRUCTION AND MINING (23 %)

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.

AGRICULTURE (19 %)

Various casting components are supplied for agricultural equipment such as tractors, forestry machinery and combine harvester manufacturers. Türk Traktör Fabrikası, New Holland, Tümosan, AGCO Grup, Claas, Gima and Raba are some of our customers in this segment.



MACHINE BUILDING (2 %)

Pumps, concrete breakers and hydraulic motor cast iron parts are supplied to lift, robot and various crane manufacturers. Cummins, Kone, Atlas Copco and ZF Friedrichshafen AG are some of our customers in machine building segment.

Business Unit Results



In 2021 consolidated net sales of Döktaş, which was 166 MEUR in 2020, reached 261 MEUR. Fluctuations in exchange rates, increase in raw material prices, correspondingly sales prices and increased production volume contributed to 57% growth in business volume.

Total workforce consists of 396 white collars and 2.522 blue collars (including leased personnel) in 2021 whereas, 368 white collars and 2.098 blue collars (including leased personnel) in 2020. The headcount increased by 452 employees, approx. 18% compared to previous year end.

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.

Compared to 2020, share of automotive business in total sales increased from 27% to 31% and share of construction and mining increased from 19% to 23%, whereas share of heavy trucks decreased from 32% to 25%. On the other hand, agricultural machinery and machine building segments maintained their shares as 19% and 3% respectively. E-mobility segment, which became operational as of 2020 completed 2021 at the same level as well. While 72% of total sales generated from Orhangazi business unit, 12% generated from Manisa Aluminum Casting and 16% generated from Manisa Wheel business unit, 79% of Döktaş sales refer to export operations.

Orhangazi Iron Foundry

Orhangazi Iron Foundry, which is the largest foundry in Turkey with an installed capacity of 150.000 tons, increased its revenues from 116 MEUR in 2020 to 189 MEUR in 2021 with an increase of 62%. While 75% of sales were generated by export operations, the remaining 25% represents domestic sales.

After the disruptions in global supply chain caused by Covid-19 in 2020, our customers' increasing orders in 2021 positively contributed to the sales volume being 23% above the budget in 2021.

With a machining ratio of 31%, 60 MEUR of Orhangazi revenues generated from machined part sales. Our goal for the coming periods is to enhance our value added after the ramp up of new machinshop facility.

The microchip crisis was experienced on a global scale this year determined by pandemic. However, did not have a negative impact on our sales due to our wide product range. Similarly, logistics problems were managed without any disruption to our customers via our transportation partners with large vehicle fleets.

With the prediction of trend will be upwards during 2022, investments will continue in all production centers. Accordingly, 260 MEUR sales revenue is expected be generated in 2022, with an increase of 38%.

In 2021, a total of 19,2 MEUR investment made in Orhangazi facility regarding robotic grinding cell installment, production line and core machine revisions, efficiency, automatization, environment, health & safety and energy improvements.

2022 will be a period in which we continue automation, efficiency and continuous quality improvement projects, focus on successfully implementation of new parts and improvement of working conditions, health and safety, sustainability, environmental and energy arrangements through new investments.

Manisa Aluminium Foundry

Döktaş Manisa Aluminum Casting Business Unit has successfully completed 2021 by prioritizing the Covid-19 pandemic measures experienced in 2021 and the H&S of its employees. Despite the chip crisis and general supply chain problems in the automotive sector, it has managed to achieve its production and sales targets for 2021. As a new product development, it has successfully completed the design, production, and sample submissions of a record number of projects.

Döktaş Manisa Aluminum Casting Business Unit has successfully completed 2021 by fulfilling the budgeted turnover and profitability targets. 4,9 MEUR investment was completed during the year.

Within the scope of sustainability, simultaneous improvement projects were carried out on the issues of labor and machinery efficiency as well as improvements in the consumption of natural resources such as raw materials, energy, and consumables consumption. It carries out sustainability studies collaborating with its customers.

The EV Battery Housing Project has successfully been managed by Döktaş to obtain customer approval. The project, which will start serial production in 2023, has started its investment efforts and is scheduled to be completed by the end of 2022.

In 2022, Döktaş Aluminum Casting Business Unit aims to grow in the sector with its product development and production capabilities by prioritizing its customers and employees and increase its productivity and efficiency with new automation projects applications.

Manisa Aluminium Wheels

Despite the general supply chain problems, Döktaş Manisa Wheel Business Unit has managed to achieve its production and sales targets in 2021. Wheel Business Unit increased its sales and production volumes by over 30% in 2021 compared to the previous year. More than 80 new projects approval processes have been successfully completed and started serial production.

In line with customer demands, the proportion of high-complex wheels increases every day. Depending on the wheel market tendency Döktaş took a strategic decisions to invest in automation-based production, it completed the first part of investments in 2021 and strated using in serial production. In 2021, Döktaş Manisa Wheel invested over 6 MEUR. Döktaş has successfully produced high-quality wheels and increased its production efficiency with heat treatment, automatic X-ray control equipments, automatic machining cell and line type deburring investments.

In line with lean production plans, Wheel Business Unit completed some production lines rearrangements and improvement in cycle times and energy efforts to increase productivity continued with the contributions of all our employees. In this context, cost reduction studies are carried out effectively.

2022 will be a year in which full capacity will be used as production and sales for Döktaş Wheel Business Unit. Our work in this context continues as a whole team towards our goal.

Exports and Imports

Export volume, which was 127,7 MEUR in 2020, increased by 61% during 2021 and realized as 205,1 MEUR. In 2021, imports amounted to 65,5 MEUR, including investment expenditures.

Investments

In 2021, investments regarding efficiency, environment, building, machinery and equipment, automatization, health & safety, energy efficiency, information technology and quality system were made. Distribution of our 30,3 MEUR investment expenditure is as follows; Orhangazi Iron Foundry & Machineshop 19,2 MEUR, Manisa Aluminium Foundry 4,9 MEUR, and Manisa Wheels Unit 6,2 MEUR.

Board of Directors



Tevfik Yamantürk
Chairman of Board



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

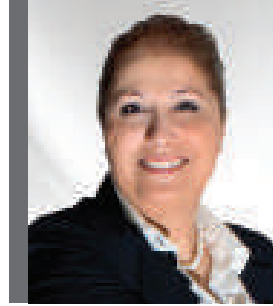
Executives



Andreas Hecker
General Manager



Sabri Özdoğan
Vice General
Manager
Aluminium &
Wheels



Sibel Binici
CFO



Uğur Demirci
Director,
Purchasing and
Strategic Projects



İbrahim Keyif
Director,
Orhangazi
Foundry



Bülent Şirin
Director,
Orhangazi
Engineering and
R&D



Doğan Alpdoruk
Director,
Manisa Aluminium
Foundry and Wheels

Corporate Governance Principles Compliance Report

1. Report for Compliance with Corporate Governance Principles

Pursuant to the Communiqué dated 30 December 2011 and Serial: IV, No: 56 Regarding the Determination and Application of Corporate Governance Principles (the "Communiqué"), the companies listed on Borsa İstanbul A.Ş. ("BİST") are obliged to comply with some of the principles set forth in the Annex of the Communiqué. 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 PDP. 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 2021 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:

Sibel BİNİCİ / CFO (sibel.binici@doktas.com.
/02245734263-8107)

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, BİST, Takas İstanbul and Central Registry Agency.

During the fiscal period nearly 47 verbal and written questions were submitted to the department and they were answered according to 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 2021 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 to discuss the activities of our Company in 2019 is planned to be held on a date to be determined by the Board of Directors after the financial statements are published in PDP.

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 2021. 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 PDP 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 2021, in addition to the ordinary notifications, 47 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. The 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 2021.

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 2021.

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 2021.

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 2020. 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, 2021, the members of the Board of Directors were provided with the attendance fees approved by the General Assembly (net 7.500TL 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.

Sustainability Policy



Döktaş Dökümcülük Tic. ve San. A.Ş. 2021 Sustainability Principles Compliance Report

A. General Principles

Within the framework of compliance with the corporate governance principles and sustainability principles of the Capital Markets Board, Döktaş prioritizes its responsibility to the environment, society and the future while creating economic value for its stakeholders.

Döktaş's "Sustainability" and "Social Responsibility" activities are discussed in the context of social, environmental and economic dimensions. Döktaş aims to consider the "sustainability" approach and "corporate social responsibility" practices as a whole and offers its employees a business life that gives priority to occupational health and safety, supports professional development, and provides fair and equal opportunities to everyone. Within the scope of Döktaş's management principles, Quality, Environment, Process Development, R&D and Innovation, Digital Transformation and Technology, Information Security, Energy, Occupational Health and Safety policies are defined.

"Corporate Sustainability Policy", within the scope of a holistic approach; business models based on sustainable future strategies are handled within the framework of company policies and objectives. Döktaş aims to address the "sustainability" approach and "corporate social responsibility" practices as a whole.

In order to be a reliable business partner that creates innovative solutions and opportunities on a world scale in the casting industry;

- To fulfill the legal and other requirements, customer special requests and applicable conditions related to quality, environment, energy and Occupational Health and Safety,
- To ensure customer and employee satisfaction,
- To set and follow measurable goals and targets in order to increase quality, environment, energy and OHS performance,

- To create safe and healthy workspaces to prevent errors in quality, zero accidents in occupational safety, work-related health problems and injuries, and to reach the targets determined in environmental impacts and energy performance,
- To receive the opinions of employees and employee representatives and to ensure their participation in the development and improvement of the management system,
- To reduce and eliminate dangers and risks with error-free, risk & opportunity evaluation studies and problem solving methods in the management of processes and investment planning,
- To ensure continuous improvement and development by using all the necessary resources and information in accordance with the goals and objectives,
- To protect the environment, to prevent environmental pollution at its source, to reduce our waste and consumption of natural resources, and to carry out activities that will ensure efficient use of energy in purchasing products and services that will affect energy performance,
- Recognizing that quality, environment, energy and occupational safety are the responsibility of all our employees, supporting product and process design activities that focus on improving energy performance, creating environment-friendly, clean, safe and healthy workspaces, and increasing the awareness and awareness of all our stakeholders affected by our activities. to create,
- We are committed to creating a culture that will preserve and strengthen our position as a preferred, reliable and leading company for our employees and all our stakeholders, with our business ethics policies and social responsibilities.

The corporate sustainability policy is based on environmental, social and corporate governance;

- To continuously improve all processes by effectively managing risks,
- Working with zero accident principle on occupational health and safety,
- Increasing company performance and productivity of production,
- Adopting ethical values and Corporate Governance Principles as a company culture

- To provide an open communication environment by encouraging active participation of the employees,
- To disseminate the suggestion and reward system for the innovative participation of the employees in production,
- To comply with all quality standards for the expectations of our customers,
- To use energy efficiently, to protect the environmental balance and natural resources,
- To increase the knowledge and social awareness of stakeholders on climate change,
- To follow a sustainable environmental management policy based on national environmental legislation, relevant environmental standards and the best technologies in this field,
- To ensure information security and business continuity in all its activities,
- To comply with national and international legislation requirements,
- To manage relations with its stakeholders in a transparent manner and with common sense,
- To ensure continuity in customer satisfaction,
- Developing its suppliers towards sustainability practices,
- To share the sustainable environmental policy practices with the public in a transparent manner,
- Presenting Corporate Social Responsibility activities to its stakeholders in line with the Company's strategies, targets and priorities covers its principles.

In this context, the Company's Corporate Governance Structure, Risk Management, Business Ethics and Anti-Corruption, Sustainability Management and all Stakeholder Engagement are important within the scope of "Sustainability".

While carrying out sustainability activities, our company aims to support economic development in order to improve the quality of life of the society, to follow policies that respect the environment in all its activities, to support various projects prepared for social and cultural purposes in this direction, by internalizing the basic principles of corporate governance such as transparency, fairness, accountability and responsibility, education, health, environment, culture etc. It aims to provide valuable services in all areas, to support social development in all business processes, to take part in social responsibility projects with its employees and to encourage efforts to increase employee awareness.

In this framework, ensuring sustainability in the company's corporate activities, along with equality of all stakeholders, responsibility for information and corporate governance practices, are among the main objectives of the company.

B. Environmental Principles

As an iron casting facility, our company is dependent on natural resources and includes energy-intensive processes. Industry-induced carbon dioxide emissions directly affect global climate change. Climate change, limited natural resources and rapidly decreasing biodiversity pose environmental risks. Our company; It has set among its main objectives to use existing resources effectively, efficiently and correctly, to continuously improve its environmental policy in order to inherit a cleaner and more livable world for future generations. and it is important to take part in studies that will support the sector in this direction and to be a pioneer.

Döktaş maintains the management of environmental issues in accordance with national and international standards. Our company, which has ISO 14001 Environmental Management System Certificate, carries out activities to increase environmental awareness in all of its factories.

Within the scope of the Zero Waste Management System, it is aimed to prevent waste in Döktaş factories and to use resources again and more efficiently.

The use of silica sand, which is one of the main production materials, in the recasting process after use, reduces natural resource consumption. Between 2017 € 2021, 206.420 tons of waste sand was reused with regeneration.

Our electronic wastes are evaluated within the scope of the "Computer for Village Schools" project carried out by the "Association for Supporting the Recycling of Electronic Waste - EAGD, and we support the establishment of computer classes.

In accordance with the legal TS EN and International ISO Environmental Management System Standards, it adopts a sustainable environmental approach as a part of all its processes and supports all studies that will contribute to this goal.



Climate change and global warming are considered to be one of the most important problems of the century. We take measures to reduce carbon footprint by calculating that extreme weather events that may occur as a result of climate change may cause disruptions in operations and the supply chain, and bring about effects such as carbon costs. In order to reduce carbon emissions, our company supplies electricity with a wholesale company that trades electricity using renewable energy sources.

In addition, our company is among the companies that have ISO 50001 International Energy Management System certificate. In this context, prevention of pollution, ensuring energy efficiency, reducing greenhouse gas emissions, minimizing water consumption, contributing to recycling and carrying out all these studies in accordance with the legislation are taken into consideration in all our activities. In the design of manufactured products, in the raw material procurement process, during processing, at all logistics stages and after the product life is completed, its effects are taken into consideration.

C. Social Principles

While performing all its activities, Döktaş prioritizes full compliance with the legal framework and legislation regulating human rights and working life.

In addition to the activities related to the continuation and implementation of the works in line with the Corporate Governance approach within the Company, it tries to give due importance to the continuation of the "Social Responsibility" activities in this direction by paying due attention to the works for the realization of this together with the Company's stakeholders.

Our company carries out its relations with all stakeholders it is in contact with, in addition to legal regulations, within the framework of ethical rules. Ethical Rules are published under the heading "Ethics Policy" in the "Management Systems" section of the Company's website. "Ethical Policies"; It includes detailed explanations and regulations under the main headings of conflicts of interest, information flow regulating rules, 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 institution.

Our company's human resources policy; In reaching the company's mission, vision and goals; It is based on bringing in human resources with the necessary qualifications and ability to develop to the institution and ensuring the continuous development and motivation of its qualified personnel. In our company, a holistic approach is followed in the management of different human resources processes

such as recruitment to leaving, from performance management to promotion and remuneration. In all human resources processes, objective evaluations are made based on the individual's competency and personality inventory results, without discrimination based on gender, language, race, ethnic origin, political thought, belief, religion, sect, age, physical disability and similar reasons. All decisions taken regarding the employees are carried out within the scope of the said regulation within the Human Resources department. Personal dignity of each individual employee and all legally recognized rights are protected within the framework of legal practices and Ethical Rules, and all kinds of grounds have been prepared for our human resources to work in a safe and healthy environment. Social rights of our personnel are provided regularly and periodically within the scope of legal legislation.

Döktaş prioritizes equality of opportunity in recruitment processes and employee training. Considering the effects of supply and value chain, it pays attention to fair workforce, improvement of labor standards, women's employment and inclusion issues (such as non-discrimination of women, men, religious belief, language, race, ethnicity, age, disability, refugee, etc.). It has taken measures to prevent discrimination, inequality, human rights violations and forced labor. It is of vital importance not to employ child labor, which is also prohibited by law. During the year, there were no complaints received by the Human Resources regarding the mentioned issues.

Today, various systems are being developed in order to increase the motivation of the employees by bringing the knowledge and skills of the employees to the enterprise with the aim of providing competitive advantage, increasing efficiency and quality. In this context, the "Suggestion System" is implemented in our company in order to encourage the participation of our employees in improvement and business development processes. Suggestions are implemented if deemed appropriate. Implemented recommendations; It is implemented and rewarded within the scope of issues such as improving working conditions, increasing productivity, preventing work accidents, and saving energy.

Training activities that support the professional and basic competencies of the employees are carried out in line with the training objectives of the Company. In order to increase the personal and professional skills of the employees, personal development and technical training programs continue for different employee categories. In this context, due to the pandemic conditions, many trainings were redesigned and implemented to be delivered remotely. In this context, close cooperation is made with Uludağ University, Asil Çelik Vocational School and other universities on education and joint projects.

The issue of Occupational Health and Safety is one of the important elements of our Human Rights and Human Resources Policy.

Our company; With its proactive approach on occupational health and safety, 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. It complies with national and international OHS legislation and relevant standards. In this context, our company has the internationally valid ISO 45001 certificate. It works to instill an approach where everyone is responsible for themselves and their colleagues, by training and informing staff at all levels. Trainings are provided in order to increase the awareness and awareness of employees on occupational health and safety. All occupational accidents, including minor accidents, are examined in detail by occupational safety experts and representatives of the relevant unit, 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 external dangers that may occur due to rule violations by outsiders, information is provided with video screenings.

Döktaş also ensures a high level of compliance with the regulations on the protection of personal data, and our Disclosure Notice 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 the employees regarding the protection of personal data. Our company has ISO 27001 certificate 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 informed fully and in a timely manner through material disclosures made to the public by the Company, press releases, financial reports, and announcements made on the website.

Care is taken along the value chain to protect the rights of certain groups (low-income groups, women, etc.) or minority rights/equality of opportunity who are sensitive to certain economic, environmental, social factors.

Although there is no provision in the Articles of Association regarding granting minority rights to shareholders holding

less than one-twentieth of the capital, care is taken to exercise minority rights within the scope of TCC and CMB regulations.

Our company maintains relations with non-governmental organizations and sectoral associations on a balanced and continuous basis. Our company supports the development of the sector by sponsoring many sectoral organizations and conferences.

Our company evaluates the situation of being included in the mentioned principles/organizations by developing sustainability studies, especially in terms of environmental and social impacts.

Within the framework of our Sustainability Policies and practices that are planned to be developed, the issue of being included in the sustainability indices in the upcoming periods can also be evaluated.

D. Corporate Governance Principles

Döktaş, in the sector in which it operates, the right corporate management practices; It is aware that it is possible with practices such as determining the management strategy, establishing an effective risk management and internal control mechanism, determining ethical rules, fulfilling the obligation of investor relations and public disclosure with the required quality, and carrying out the works of the Board of Directors in a transparent manner.

Our company carries out all its activities by adopting the concepts of "Equality, Transparency, Accountability and Responsibility", which are the four essential elements of the Corporate Governance Principles, and by observing compliance with these principles.

Our company published in the Official Gazette dated 30.12.2012 and numbered 28513 and published in the Official Gazette No. Corporate Governance Compliance Report (URF) and Corporate Governance Information Form on KAP Platform of the Corporate Governance Compliance Reporting made in accordance with the communiqué that entered into force and in accordance with the CMB's Decision dated 10.01.2019 and numbered 2/49 and the Corporate Governance Communiqué numbered I-17.1. (KYBF) continues its activities using templates.

Regarding the issues in this title of the Sustainability Principles, this chapter's "A. There are detailed explanations in the "General Principles" section and the "Corporate Governance Principles Compliance Report" section of the annual report.

Statement of Responsibility

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

RESOLUTION DATE: 03.02.2022

RESOLUTION NUMBER: 2022/01

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 2021, 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 31.12.2021,
- 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.

2021

CONSOLIDATED FINANCIAL STATEMENTS

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

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

(ORIGINALLY ISSUED IN TURKISH)



Independent Auditor's Report

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

A. Audit of the Consolidated Financial Statements

1. Our Opinion

We have audited the accompanying consolidated financial statements of Döktaş Dökümcülük Sanayi ve Ticaret A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for Opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key Audit matters

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

Key Audit Matters

Fair value determination of lands, land improvements and buildings (See Notes 2.7 and 12)

The Group measured land, land improvements and buildings in the consolidated financial statements at their fair value in accordance with the related provisions of TAS 16 "Property, Plant and Equipment".

As a result of the revaluation performed by the independent professional valuation company as of 31 December 2021, lands, land improvements and buildings were measured with their revalued amounts amounting to TRY785.494.040 and the increase in the value of these assets as a result of the revaluation amounted to TRY105.615.276 as at 31 December 2021. The increase arising from the revaluation of the lands, land improvements and buildings is recognized in the revaluation fund of property, plant and equipment by deducting deferred tax effect in the consolidated statement of financial position within other comprehensive income under equity.

We considered the fair value determination of lands, land improvements and buildings as a key audit matter since the amount of these assets has a significant share in the Group's assets, as of 31 December 2021 and the valuation techniques applied such as market comparison and cost approaches in determining their fair values include significant assumptions and judgements which are subjective.

How the key audit matter was addressed in the audit	Periodicity of Revenue (Refer to Notes 2.7 ve 18)
<p>We have performed following procedures regarding to the fair value determination of the lands, land improvements and buildings during our audit work:</p> <ul style="list-style-type: none"> • We evaluated the competence, capabilities, and objectivity of the independent professional valuation company appointed by the Group management. • We checked the completeness of lands, land improvements and buildings by comparing the accounting records of the Group and the valuation reports whether all lands, land improvements and buildings were subject to valuation. • The title deed records and ownership rates of the lands were tested by sampling method. • We have checked the consistency and completeness of the data used by the professional independent valuation company assigned by the Group management, such as the square meter, real estate's position and zoning status by comparing with the Group's records on a sample basis. • In order to evaluate the assumptions and methods used by the Group management and the independent professional valuation company appointed by the Group management, the external expert was included for the examination of the opinion letters and valuation reports selected on a sample basis in accordance with TSA 620 "Using the Work of an Expert". • The following audit procedures were applied with the support of the auditor's external expert: <ul style="list-style-type: none"> – comparing location, owner and square meter information for the lands, land improvements and buildings stated in valuation reports with the information in title deeds, – evaluating the nature of the real estate, – evaluating the appropriateness of the market comparison method used in valuing the relevant lands, – evaluation of whether the lands of which were considered in the market comparison method are similar to the Group's lands, – evaluating if some estimates and assumptions such as square meters, unit square-meter costs and depreciation of the assets that were the subject of the calculation based on the cost approach used for the revaluation of buildings and land improvements were reasonable, – checking if valuation reports were prepared in line with the main principles. • The appropriateness and adequacy of the explanations in the footnotes of the consolidated financial statements regarding the fair value determination of the lands, land improvements and buildings in accordance with TFRS have been evaluated. 	<p>Revenue is a significant criterion for evaluating the results of the strategies implemented during the year and in terms of performance monitoring.</p> <p>As mentioned in Note 2 to the consolidated financial statements, the Group's revenue mainly consists of sale of cast iron, ductile iron and aluminum cast parts and aluminum wheels for various industries.</p> <p>When the Group fulfills its performance obligation by transferring a promised good or service to its customer, it records the transaction price corresponding to this performance obligation as revenue in its consolidated financial statements. A good or service is transferred when the control of the goods or services is delivered to the customers. Due to the nature of the Group's operations and customer contracts, sales transactions are completed after the customers' product acceptance processes, and sales price differences may occur after the delivery date of the products to the customers.</p> <p>Revenue recognition was a key audit matter since the revenue is an important performance measurement criteria for the aforementioned reasons, revenue represents a significant amount in the financial statements for the period between 1 January – 31 December 2021 and revenue recognition is subject to the customers' acceptance of the products.</p> <p>How the key audit matter was addressed in the audit</p> <p>The following procedures were performed for the audit of the periodicity of revenue:</p> <ul style="list-style-type: none"> • Business processes on revenue recognition performed by the Group were understood. • Customer sales contracts were examined and contract terms for the periodicity of revenue were evaluated. • Supporting sales invoices, product shipment and delivery documents and sales orders of customers were tested on a sample basis. • Sales transactions were tested on a sample basis for the assessment of the revenue recognition in the correct period in terms of cut off principle. • Trade receivables from non-related parties was tested by obtaining confirmation letters from customers on a sample basis. • The aging of trade receivables from non-related parties was tested on a sample basis. • Collections from non-related parties in the subsequent period were tested on a sample basis. • The Group management's previous estimations and assumptions were compared to the actual sales price differences in the current period. • Sales discounts related to the sales price differences of the Group in the current period were tested on a sample basis. • The appropriateness and adequacy of the disclosures in the notes to the consolidated financial statements in accordance with TFRS related to the revenue recognition were assessed.

4. Other Matters

4.1. The consolidated financial statements of the Group for the year ended 31 December 2020 were audited by another firm of auditors whose report, dated 2 March 2021, expressed a qualified opinion on those statements.

4.2. Within the scope of our independent audit on the consolidated financial statements for the accounting period ending as at 31 December 2021, we have also audited the adjustments that restate the consolidated financial statements for the accounting period ending as at 31 December 2020 and the adjustments explained in the Note 2.5. We are of the opinion that these adjustments are accurate and correct. As we have not been assigned for independent audit, limited review or any procedures related to the Group's consolidated financial statements as of and for the year ended 31 December 2020, we cannot provide audit opinion or any other assurance on the consolidated financial statements as of and for the year ended 31 December 2020, except for the adjustments.

5. Responsibilities Of Management And Those Charged With Governance For The Consolidated Financial Statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's financial reporting process.

6. Auditor's Responsibilities For The Audit Of The Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B. Other Responsibilities Arising From Regulatory Requirements

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

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

**Özgür Beşikçioğlu, SMMM
Partner**

Istanbul, 3 March 2022

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2021 AND 2020

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

	Notes	Audited 31 December 2021	Audited 31 December 2020
ASSETS			
Current assets			
Cash and cash equivalents	4	24.136.658	34.285.671
Trade receivables		709.333.568	353.354.127
- Trade receivables from related parties	26	5.467	4.498.014
- Trade receivables from third parties	6	709.328.101	348.856.113
Other receivables		3.466.404	440.992
- Other receivables from third parties	7	3.466.404	440.992
Inventories	8	824.076.139	311.368.729
Prepaid expenses	10	1.837.182	2.685.641
Other current assets	15	109.547.533	15.804.550
Current assets		1.672.397.484	717.939.710
Trade receivables		10.911.577	8.985.876
- Trade receivables from third parties	6	10.911.577	8.985.876
Other receivables		-	14.184.335
- Other receivables from third parties	7	-	14.184.335
Investments valued for using equity method	11	6.093.786	6.682.709
Property, plant and equipment	12	2.363.313.397	1.222.641.025
Goodwill	14	16.647.585	10.213.643
Intangible assets	13	75.307.190	32.256.272
Prepaid expenses	10	61.048.416	5.311.177
Other non-current assets	15	26.833.665	27.572.119
Non-current assets		2.560.155.616	1.327.847.156
TOTAL ASSETS		4.232.553.100	2.045.786.866

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

	Notes	Audited 31 December 2021	Audited 31 December 2020
LIABILITIES			
Current liabilities			
Short-term borrowings	5	991.358.249	339.524.875
Short-term portion of long-term borrowings	5	117.446.405	340.160.608
Lease liabilities	5	16.953.637	6.355.758
Trade payables		487.805.483	211.897.227
- Trade payables to related parties	26	66.930.023	13.802.805
- Trade payables to third parties	6	420.875.460	198.094.422
Payables related to employee benefits	9	22.409.682	22.008.813
Other payables		33.122.182	9.876.478
- Other payables to related parties	26	29.425.326	-
- Other payables to third parties	7	3.696.856	9.876.478
Short-term provisions		61.691.531	16.638.889
- Short-term provisions for employee benefits	9	8.324.380	4.458.163
- Other short-term provisions	16	53.367.151	12.180.726
Other current liabilities	15	61.849.130	23.969.266
Current liabilities		1.792.636.299	970.431.914
Non-current liabilities			
Long-term borrowings	5	1.357.745.267	737.946.778
Long-term lease liabilities	5	12.915.520	7.855.610
Long-term provisions		87.653.977	64.205.230
- Long-term provisions for employee benefits	9	87.653.977	64.205.230
Deferred tax liabilities	24	35.223.998	51.866.858
Non-current liabilities		1.493.538.762	861.874.476
TOTAL LIABILITIES		3.286.175.061	1.832.306.390
Paid-in capital	17	116.000.000	116.000.000
Inflation adjustment differences on paid-in capital	17	45.195.347	45.195.347
Other equity interests	2.5, 17	(424.245.815)	(625.278.409)
Share premium	17	161.041	161.041
Other comprehensive income		627.198.059	246.342.940
- Items that will not to be reclassified to profit or loss		111.119.978	638.662
- Items that are or may be reclassified subsequently to profit or loss		516.078.081	245.704.278
Restricted reserves	17	16.035.194	16.035.194
Retained earnings		218.168.201	330.797.182
Net profit for the year		347.866.012	84.227.181
TOTAL EQUITY		946.378.039	213.480.476
TOTAL LIABILITIES AND EQUITY		4.232.553.100	2.045.786.866

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

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

	Notes	Audited 1 January-31 December 2021	Audited 1 January-31 December 2020
Revenue	18	2.722.072.097	1.333.390.308
Cost of sales (-)	18	(2.227.897.945)	(1.033.804.501)
GROSS PROFIT		494.174.152	299.585.807
General administrative expenses (-)	19	(93.028.250)	(84.936.804)
Marketing expenses (-)	19	(137.646.948)	(61.068.459)
Research and development expenses (-)	19	(6.781.598)	(2.109.573)
Other operating income	21	401.039.624	47.522.595
Other operating expenses (-)	21	(224.844.360)	(27.415.076)
OPERATING PROFIT		432.912.620	171.578.490
Income from investing activities	22	362.651	394.898
Expenses from investing activities	22	(15.295.052)	-
Investments valued for using equity method	11	1.014.396	1.552.793
OPERATING PROFIT BEFORE FINANCE COSTS		418.994.615	173.526.181
Finance income	23	55.867.703	16.385.545
Finance expenses (-)	23	(138.941.085)	(98.469.749)
OPERATING PROFIT BEFORE TAX		335.921.233	91.441.977
Income tax expense		11.944.779	(7.214.796)
Deferred tax income/(expense)	24	11.944.779	(7.214.796)
NET PROFIT FOR THE YEAR		347.866.012	84.227.181
Ordinary and diluted Earnings/(Loss) per share	25	3,00	0,73
OTHER COMPREHENSIVE INCOME			
Profit or loss not to be reclassified, before tax		88.393.345	(3.530.804)
Gains on remeasurements of property, plant and equipment, before tax	12	105.664.575	-
Remeasurements of defined benefit liability, before tax	9	(17.271.230)	(3.530.804)
Profit or loss to be reclassified, before tax		270.373.803	44.975.918
Foreign currency translation differences		270.373.803	44.975.918
Other comprehensive income, before tax		358.767.148	41.445.114
Total taxes on other comprehensive income items		26.264.403	706.161
Deferred tax income/expenses	24	26.264.403	706.161
OTHER COMPREHENSIVE INCOME		385.031.551	42.151.275
TOTAL COMPREHENSIVE INCOME		732.897.563	126.378.456

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

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

	Other Comprehensive Income/Expense Items That will not to be Reclassified to (Loss)/Profit											Other Comprehensive Income/Expense Items That are or may be Reclassified Subsequently to (Loss)/Profit	
	Paid-in capital	Capital advance	Inflation adjustment differences on paid-in capital	Repurchased shares (-)	Share premium	Gain on property, plant and equipment remeasurement	Gain/(Loss) on remeasurements 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 2020	66.844.800	47.135.250	45.195.347	(625.278.409)	161.041	46.325.911	(39.656.936)	200.728.360	16.035.194	229.427.106	98.164.406	85.082.070	
Transfers	-	-	-	-	-	(3.205.670)	-	-	-	101.370.076	(98.164.406)	-	
Total comprehensive income	-	-	-	-	-	-	(2.824.643)	44.975.918	-	-	84.227.181	126.378.456	
Capital increase	49.155.200	(47.135.250)	-	-	-	-	-	-	-	-	-	2.019.950	
Balances at 31 December 2020	116.000.000	-	45.195.347	(625.278.409)	161.041	43.120.241	(42.481.579)	245.704.278	16.035.194	330.797.182	84.227.181	213.480.476	
Balances at 1 January 2021	116.000.000	-	45.195.347	(625.278.409)	161.041	43.120.241	(42.481.579)	245.704.278	16.035.194	330.797.182	84.227.181	213.480.476	
Adjustment (*)	-	-	-	201.032.594	-	-	-	-	-	(201.032.594)	-	-	
Transfers	-	-	-	-	-	(4.176.432)	-	-	-	88.403.613	(84.227.181)	-	
Total comprehensive income	-	-	-	-	-	128.474.735	(13.816.987)	270.373.803	-	-	347.866.012	732.897.563	
Balances at 31 December 2021	116.000.000	-	45.195.347	(424.245.815)	161.041	167.418.544	(56.298.566)	516.078.081	16.035.194	218.168.201	347.866.012	946.378.039	

(*) Note 2.2.

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

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

	Notes	Audited 1 January - 31 December 2021	Audited 1 January - 31 December 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit/(loss)		347.866.012	84.227.181
Adjustments to reconcile net profit to cash provided by operating activities:			
Depreciation and amortisation expenses	12,13	93.597.707	53.635.404
Adjustments related to tax (income)/expense	24	(11.944.779)	7.214.796
Adjustments related to interest expenses	23	104.774.473	80.076.175
Adjustments related to interest income (-)	23	(799.713)	(385.145)
Adjustments related to provisions		92.890.888	148.625
Adjustments related to losses from disposals of fixed assets	22	14.932.401	(394.898)
Unrealized foreign currency translation differences		(286.457.379)	41.295.824
Adjustments related to inventories		(512.707.410)	(99.888.351)
Adjustments related to increase/decrease in trade receivables		(385.450.907)	(160.169.790)
Adjustments related to increase/decrease in other receivables related to operations		(131.969.031)	3.156.221
Adjustments related to decrease in trade payables		275.908.256	107.366.076
Adjustments related to increase/decrease in other payables related to operations		61.526.437	3.937.162
Total adjustments for the period net profit/(loss) reconciliation		(685.699.057)	35.992.099
Cash from operating activities		(337.833.045)	120.219.280
Other cash inflows/outflows		(5.567.855)	(2.473.724)
Net cash provided from operating activities		(343.400.900)	117.745.556
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment	12	439.539	2.234.998
Acquisition of property, plant and equipment (-)	12	(291.546.361)	(81.119.043)
Acquisition of intangible assets	13	(22.112.296)	(11.600.507)
Interest received		799.713	385.145
Other cash inflows/outflows		-	138.318
Net cash used in investing activities (+/-)		(312.419.405)	(89.961.089)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank loans	5	3.582.121.837	496.781.554
Repayment of borrowings (-)	5	(2.868.744.964)	(547.454.785)
Cash outflows from other lease liabilities (-)		15.657.789	-
Interest paid (-)		(83.555.820)	-
Proceeds from capital increase		-	2.019.950
Net cash provided from financing activities		645.478.842	(48.653.281)
DECREASE IN CASH AND CASH EQUIVALENTS BEFORE FOREIGN EXCHANGE		(10.341.463)	(20.868.814)
FOREIGN EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS (+/-)		192.450	452.043
NET DECREASE IN CASH AND CASH EQUIVALENTS		(10.149.013)	(20.416.771)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		34.285.671	54.702.442
NET CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	4	24.136.658	34.285.671

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

NOTE 1 – ORGANIZATION AND NATURE OF OPERATIONS

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

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

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

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

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

Organize Sanayi Bölgesi İsmail Tiryaki Cad. No:7 45030 Manisa.

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

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

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

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 apply in preparing the Group's consolidated financial statements in accordance with CMB Financial Reporting Standards.

Foreign Currency Conversion

i. Functional and Presentation Currency

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

ii. Transactions and Balances

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

iii. Translation to the presentation currency (TL)

(a) As at 31 December 2021, items in the assets and liabilities in the consolidated statement of financial position are translated into TRY using the Central Bank of the Republic of Turkey ("CBRT") buying exchange rate of 14,6823 TL/Euro (31 December 2020: 9,0079). Equity and fixed assets are recorded at historical values.

(b) The items in the consolidated statement of profit or loss and other comprehensive income for the year ended at 31 December 2021 have been translated into TRY by using yearly average of CBRT's Euro bid rate, which corresponds to 10,4408 (For the year ended 31 December 2020, yearly average CBRT Euro exchange buying rate of 8,0140 TL/Euro).

(c) All exchange differences arising have been recognized on foreign currency translation differences within shareholders' equity on the Group's consolidated financial statements.

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

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

exchange rates and reporting date exchange rates are recognised in "foreign currency translation differences" in the consolidated shareholders' equity for subsidiary operating in foreign country.

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

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

2.2. Changes in TAS

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

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

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

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

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

• **Amendment to TFRS 16, 'Leases' – Covid-19 related rent concessions;** as of March 2021, this amendment extended till June 2022 and effective from 1 April 2021. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

• **Amendments to TAS 1, Presentation of financial statements on classification of liabilities;** effective from 1 January 2024. These narrow-scope amendments to TAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what TAS 1 means when it refers to the 'settlement' of a liability.

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

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

o **Amendments to TAS 16, 'Property, plant and equipment'** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

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

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

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

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

2.3 Basis of Consolidation

Full Consolidation Basis

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

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

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

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

Subsidiary	Group's shareholdings direct and indirect owned (%)		Effective share ratio (%)	
	2021	2020	2021	2020
Doktaş 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.

Investments in associates

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

	Group's shareholdings direct and indirect owned (%)		Effective share ratio (%)	
	2021	2020	2021	2020
Investment in associates				
Kumsan Döküm Malzemeleri Sanayi ve Ticaret A.Ş.	%25,10	%25,10	%25,10	%25,10

2.4 Offsetting

All items with significant amounts and nature, even with similar characteristics, are presented separately in the consolidated financial statements insignificant amounts are grouped and presented by means of

items having similar substance and function. When the nature of transactions and events necessitate offsetting, presentation of these transactions and events over their net amounts or recognition of the assets after deducting the related impairment are not considered as a violation of the rule of offsetting. As a result of the transactions in the normal course of business, revenues are presented as net if the nature of the transaction or the event qualifies for offsetting.

2.5 Comparative Information

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

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

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

2.6 Changes in Accounting Estimates and Errors

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

2.7 Summary of Significant Accounting Policies

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

Going concern

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

Revenue

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

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

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

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

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

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

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

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

Revenue from product sales

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

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

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

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.

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

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

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

At reporting date, for revalued 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 2021 and 2020, and the expected credit losses calculation does not have a significant impact on the consolidated financial statements.

Impairment of financial assets

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

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

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

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

Impairment of non-financial assets

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

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

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

The Group – as a lessor

The Group has no significant activity as a lessor.

Share capital and dividends

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

Share premiums

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

Segment reporting

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

Statement of cash flows

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

Events after the reporting period

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

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

2.8 Significant accounting estimates and assumptions

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

a) Current tax expense and deferred tax

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

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

b) Revaluation of land and land and buildings

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

The Group's land and lands and buildings As of 31 December 2021, it is reflected in the consolidated financial statements based on the revalued 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 Significant changes in the current period

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

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

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

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

NOTE 3 – SEGMENT REPORTING

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

Segment assets:	31 December 2021	31 December 2020
Pig & nodular iron foundry	2.945.308.844	1.411.113.610
Aluminium foundry	941.740.093	451.192.840
Wheel	339.410.377	162.613.372
Unallocated assets (*)	6.093.786	20.867.044
Total assets per consolidated financial statements	4.232.553.100	2.045.786.866

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

Segment liabilities:	31 December 2021	31 December 2020
Pig & nodular iron foundry	545.777.982	252.437.445
Aluminium foundry	182.445.156	84.385.942
Wheel	56.178.004	25.983.884
Unallocated assets (*)	2.501.773.919	1.469.499.119
Total assets per consolidated financial statements	3.286.175.061	1.832.306.390

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



Segmental analysis for the year ended 31 December 2021:

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

Segmental analysis for the year ended 31 December 2020:

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

NOTE 4 – CASH AND CASH EQUIVALENTS

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

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

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

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

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

NOTE 5 – BORROWINGS

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

	31 December 2021	31 December 2020
Short term borrowings		
Short term bank loans and factoring payables	991.358.249	339.524.875
Short term portions of long term bank loans	117.446.405	340.160.608
Short term financial lease liabilities	16.953.637	6.355.758
Total short term borrowings	1.125.758.291	686.041.241
Long term borrowings		
Long term bank loans	1.357.745.267	737.946.778
Long term financial lease liabilities	12.915.520	7.855.610
Total long term borrowings	1.370.660.787	745.802.388
Total financial liabilities	2.496.419.078	1.431.843.629

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

	31 December 2021	31 December 2020
Up to 1 year	1.108.804.654	679.685.483
1 to 2 years	9.205.891	222.453.294
2 to 3 years	236.385.035	131.861.533
3 to 4 years	167.304.809	-
Over 4 years	944.849.532	383.631.951
	2.466.549.921	1.417.632.261

31 December 2021

Currency	Annual average interest rate (%)	Amount in original	TRY
Short term EUR borrowings	3,08	56.518.338	829.819.200
Short term TRY borrowings	17,74	161.539.049	161.539.049
Short term portion of long term EUR bank loans	3,05	7.473.348	109.725.935
Short term portion of long term TRY bank loans	19	7.720.470	7.720.470
Long term EUR bank loans	4,49	92.474.971	1.357.745.267
Kısa vadeli banka kredileri			2.466.549.921

31 December 2020

Currency	Annual average interest rate (%)	Amount in original	TRY
Short term EUR borrowings	4,25	33.328.618	300.220.857
Short term TRY borrowings	18,52	39.304.018	39.304.018
Short term portion of long term EUR bank loans	5,58	37.762.476	340.160.608
Long term EUR bank loans	5,77	79.091.329	712.446.778
Long term TRY bank loans	12,09	25.500.000	25.500.000
			1.417.632.261

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

	2021	2020
1 January	1.431.843.629	1.096.064.124
New financial debts liability	3.582.121.837	329.876.452
Principal payments	(2.868.744.964)	(164.440.517)
Exchange differences	339.554.062	167.321.710
Change in interest accruals	11.403.906	2.935.744
Foreign exchange difference	240.608	86.116
31 December	2.496.419.078	1.431.843.629

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

	31 December 2021	31 December 2020
Variable interest rate loans	944.849.532	546.393.755
Fixed interest rate loans	1.521.700.389	871.238.506
	2.466.549.921	1.417.632.261

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

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

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

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

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

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

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

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

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

	31 December 2021			31 December 2020		
	Minimum financial leasing payment	Interest	Total liabilities	Minimum financial leasing payment	Interest	Total liabilities
Term of less than one year	19.322.625	(2.368.988)	16.953.637	7.218.508	(862.750)	6.355.758
Term of less than one year	19.322.625	(2.368.988)	16.953.637	7.218.508	(862.750)	6.355.758
1 to 2 years	13.680.061	(764.541)	12.915.520	8.307.347	(451.737)	7.855.610
Term of more than one year	13.680.061	(764.541)	12.915.520	8.307.347	(451.737)	7.855.610
	33.002.686	(3.133.529)	29.869.157	15.525.855	(1.314.487)	14.211.368

As at 31 December 2021 and 31 December 2020, financial lease payables are denominated in Euro and the interest rate is between 4.00% and 6.50%. Currency and interest rate risk and sensitivity analysis for the group's financial assets and liabilities are described in Note 27.

NOTE 6 – TRADE RECEIVABLES AND PAYABLES

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

	31 December 2021	31 December 2020
Short term trade receivables		
Customer accounts	753.779.175	387.244.248
Notes receivables	100.001	680.997
Less: Discounts and returns	(44.551.075)	(39.069.132)
	709.328.101	348.856.113
	31 December 2021	31 December 2020
Long term trade receivables		
Customer accounts	10.911.577	8.985.876
	10.911.577	8.985.876

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

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

	31 December 2021	31 December 2020
Overdue receivables	111.025.644	137.471.167
0 – 30 days maturity	196.629.820	92.281.893
31 – 90 days maturity	398.554.557	116.179.201
91 – 180 days maturity	3.118.080	2.923.852
365 days and over	10.911.577	8.985.876
	720.239.678	357.841.989

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

	31 December 2021	31 December 2020
0 – 1 month	80.768.404	61.114.792
1 – 3 months	30.257.240	58.881.074
3 months and over	-	17.475.301
	111.025.644	137.471.167

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

The movement of provision for doubtful receivables were as follows:

	31 December 2021	31 December 2020
1 January	39.069.132	34.618.970
Provisions made during the period	2.464.766	-
Foreign exchange difference	3.017.177	4.450.162
31 December	44.551.075	39.069.132

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

	31 December 2021	31 December 2020
Short term trade payables		
Suppliers	420.875.460	198.094.422
	420.875.460	198.094.422

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

NOTE 7 – OTHER RECEIVABLES AND PAYABLES

	31 December 2021	31 December 2020
Short term other receivables		
Deposits and guarantees given	3.466.404	440.992
	3.466.404	440.992

	31 December 2021	31 December 2020
Long term other receivables		
Other financial receivables from non related parties	-	14.184.335
	-	14.184.335

	31 December 2021	31 December 2020
Short term other payables		
Other refundable VAT	3.696.856	9.876.478
	3.696.856	9.876.478

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	31 December 2021	31 December 2020
Raw materials	210.803.927	119.054.408
Work in progress	128.179.856	37.234.839
Finished goods	217.672.541	87.399.924
Trade goods	35.273.565	16.052.528
Other Inventories (*)	235.601.245	53.746.742
Less: Provision for net realisable value of inventories (**)	(3.454.995)	(2.119.712)
	824.076.139	311.368.729

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

(**) Consists of net realizable value difference.

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

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

	2021	2020
1 January	2.119.712	3.458.359
Foreign currency translation differences	1.483.965	942.858
Reversal of impairment losses	(148.682)	(2.281.505)
31 December	3.454.995	2.119.712

NOTE 9 – EMPLOYEE BENEFITS

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

Short term Payables Related to Employee Benefits

	31 December 2021	31 December 2020
Payables to the personnel	15.493.629	11.589.204
Payables to social security institution	6.916.053	5.123.180
Personnel income tax and stamp tax payables	-	5.296.429
	22.409.682	22.008.813

Short term Provisions Related to Employee Benefits

	31 December 2021	31 December 2020
Unused vacation provisions	8.324.380	4.458.163
	8.324.380	4.458.163

Long term Provisions Related to Employee Benefits

	31 December 2021	31 December 2020
Provision for employment termination benefits	87.653.977	64.205.230
	87.653.977	64.205.230

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

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

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

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

	31 December 2021	31 December 2020
Discount rate (%)	3,67	3,67
Turnover rate to estimate the probability of retirement (%)	99,00	95,00

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

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

	2021	2020
1 January	64.205.230	58.663.719
Service costs	5.759.235	4.843.748
Interest costs	8.562.827	5.996.130
Losses on remeasurements of defined benefit plans	17.271.230	3.530.804
Payments	(5.567.855)	(2.473.724)
Foreign currency translation differences	(2.576.690)	(6.355.447)
31 December	87.653.977	64.205.230

NOTE 10 – PREPAID EXPENSES

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

	31 December 2021	31 December 2020
Short term prepaid expenses		
Advances given to suppliers	1.837.182	1.258.431
Expenses for incoming months	-	1.427.210
	1.837.182	2.685.641
Long term prepaid expenses		
Advances given (*)	45.838.875	4.242.505
Expenses for incoming years	15.209.541	1.068.672
	61.048.416	5.311.177

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

NOTE 11 – INVESTMENTS VALUED FOR USING EQUITY METHOD

Investment in associates:

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

	Associate Share (%) 31 December 2021	Associate Share (%) 31 December 2020	31 December 2021	31 December 2020
Investments				
Kumsan	25,10	25,10	6.093.786	6.682.709
			6.093.786	6.682.709

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

	31 December 2021		31 December 2020	
	Total assets	Total liabilities	Total assets	Total liabilities
Kumsan	42.809.056	18.531.024	31.232.089	4.607.752

	1 January – 31 December 2021		1 January – 31 December 2020	
	Revenue	Net income	Revenue	Net income
Kumsan	79.656.835	4.041.418	50.540.098	4.057.571

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

	2021	2020
1 January	6.682.709	5.418.816
Share of profit of equity accounted investees	1.014.396	1.552.793
Dividends received	-	138.306
Foreign currency translation differences	(1.603.319)	(427.206)
31 December	6.093.786	6.682.709

NOTE 12 – PROPERTY PLANT AND EQUIPMENT

	1 January 2021	Additions	Disposals	Transfers (*)	Foreign currency translation differences	Revaluation Increase	31 December 2021
Cost/Revaluation							
Lands	214.728.666	1.144.269	-	-	135.730.156	117.470.337	469.073.428
Buildings and land improvements	436.877.603	4.846.268	-	10.634.522	281.493.882	(11.805.757)	722.046.518
Machinery and equipment	2.259.277.142	170.467.107	(84.952.635)	48.685.295	1.491.660.367	-	3.885.137.276
Motor vehicles	2.097.518	26.666	-	-	1.356.880	-	3.481.064
Furniture and fixtures	148.889.435	13.182.607	(741.643)	1.159.972	93.331.003	-	255.821.374
Construction in progress	76.819.445	101.879.444	-	(63.332.474)	56.170.134	-	171.536.549
	3.138.689.809	291.546.361	(85.694.278)	(2.852.685)	2.059.742.422	105.664.580	5.507.096.209
Accumulated amortization							
Buildings and land improvements	(237.390.309)	(13.294.217)	-	-	(154.941.381)	-	(405.625.907)
Machinery and equipment	(1.562.961.303)	(65.451.342)	69.583.502	-	(982.886.824)	-	(2.541.715.967)
Motor vehicles	(1.660.693)	(97.069)	-	-	(1.152.890)	-	(2.910.652)
Furniture and fixtures	(114.036.479)	(6.184.642)	738.836	-	(74.048.001)	-	(193.530.286)
	(1.916.048.784)	(85.027.270)	70.322.338	-	(1.213.029.096)	-	(3.143.782.812)
Net book value	1.222.641.025						2.363.313.397

(*) Note 13.

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

	1 January 2021	Additions	Disposals	Transfers (*)	Foreign currency translation differences	Revaluation Increase	31 December 2021
Cost/Revaluation							
Lands	158.809.916	-	-	-	55.918.750	-	214.728.666
Buildings and land improvements	325.732.603	1.141.318	-	1.377.887	108.625.795	-	436.877.603
Machinery and equipment	1.609.259.666	22.401.038	(35.915.463)	14.903.553	648.628.348	-	2.259.277.142
Motor vehicles	2.364.755	-	(983.449)	-	716.212	-	2.097.518
Furniture and fixtures	98.984.184	5.032.631	(1.347.635)	991.166	45.229.089	-	148.889.435
Construction in progress	27.567.044	52.544.056	-	(17.419.190)	14.127.535	-	76.819.445
	2.222.718.168	81.119.043	(38.246.547)	(146.584)	873.245.729		3.138.689.809
Accumulated amortization							
Buildings and land improvements	(171.751.296)	(10.590.691)	-	-	(55.048.322)	-	(237.390.309)
Machinery and equipment	(1,098,253,273)	(33,068,209)	34,075,363	-	(465,715,184)	-	(1,562,961,303)
Motor vehicles	(1,856,132)	(224,263)	983,449	-	(563,747)	-	(1,660,693)
Furniture and fixtures	(75,269,678)	(3,592,480)	1,347,635	-	(36,521,956)	-	(114,036,479)
	(1,347,130,379)	(47,475,643)	36,406,447	-	(557,849,209)	-	(1,916,048,784)
Net book value	875.587.789						1.222.641.025

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

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

	2021	2020
1 January	43.120.241	46.325.911
Depreciation transfer of land and lands and buildings improvements	(4.176.432)	(3.205.670)
Revaluation increases of land and lands and buildings	117.470.337	-
Revaluation decreases of land and lands and buildings	(11.805.757)	-
Property, plant and equipment revaluation increases, net deferred tax effect	(9.385.882)	-
Property, plant and equipment revaluation increases, tax effect (*)	32.196.037	-
31 December	167.418.544	43.120.241

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

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

NOTE 13 – INTANGIBLE ASSETS

	1 January 2021	Additions	Disposals	Transfers (*)	Foreign currency translation differences	31 December 2021
Cost						
Rights	52.907.506	2.551.823	-	2.852.685	37.524.409	95.836.423
R&D	34.376.590	19.560.473	-	-	27.277.672	81.214.735
	87.284.096	22.112.296	-	2.852.685	64.802.081	177.051.158
Rights	(48.895.649)	(2.814.180)	-	-	(31.944.370)	(83.654.199)
R&D	(6.132.175)	(5.756.257)	-	-	(6.201.337)	(18.089.769)
	(55.027.824)	(8.570.437)	-	-	(38.145.707)	(101.743.968)
Net book value	32.256.272					75.307.190

(*) Note 12.

	1 January 2020	Additions	Disposals	Transfers (*)	Foreign currency translation differences	31 December 2020
Cost						
Rights	38.885.873	1.661.156	(2.070.122)	-	14.430.599	52.907.506
R&D	20.145.237	9.939.351	-	-	4.292.002	34.376.590
	59.031.110	11.600.507	(2.070.122)	-	18.722.601	87.284.096
Accumulated amortization						
Rights	(35.548.298)	(2.734.950)	2.070.122	-	(12.682.523)	(48.895.649)
R&D	(1.685.258)	(3.424.811)	-	-	(1.022.106)	(6.132.175)
	(37.233.556)	(6.159.761)	2.070.122	-	(13.704.629)	(55.027.824)
Net book value	21.797.554					32.256.272

NOTE 14 – GOODWILL

Goodwill is amounting TRY 16.647.585 as at 31 December 2021 (31 December 2020 TRY 10.213.643) Goodwill has arisen due to the acquisition of Componenta UK Ltd shares in 2006.

	2021	2020
1 January	10.213.643	7.540.809
Foreign currency translation differences	6.433.942	2.672.834
31 December	16.647.585	10.213.643

NOTE 15 – OTHER ASSETS AND LIABILITIES

	31 December 2021	31 December 2020
Other Current Assets		
VAT receivables	101.362.635	-
Value added tax receivables to be refunded	4.206.273	15.804.550
Other	3.978.625	-
31 December	109.547.533	15.804.550
	31 December 2021	31 December 2020
Other Non Current Assets		
VAT receivables (*)	26.833.665	26.852.739
Deposits and guarantees given	-	719.380
31 December	26.833.665	27.572.119

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

	31 December 2021	31 December 2020
Other Short Term Liabilities		
Advances received	48.432.327	18.013.044
VAT Payable	13.416.803	-
Deferred revenue	-	4.142.094
Other	-	1.814.128
31 December	61.849.130	23.969.266

NOTE 16 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 December 2021	31 December 2020
i) Short term provisions		
Provisions for personnel (*)	28.211.945	-
Provisions for litigation (**)	11.627.774	10.135.033
Provisions for management bonuses	4.526.045	-
Provisions for energy and water expenses (***)	3.364.985	782.528
Other (****)	5.636.402	1.263.165
31 December	53.367.151	12.180.726

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

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

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

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

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

	2021	2020
1 January	10.135.033	7.815.115
Paid during the period	(4.891.678)	(400.476)
Foreign currency translation differences	6.384.419	2.720.394
31 December	11.627.774	10.135.033

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

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

	31 December 2021	31 December 2020
A. GPMs given on behalf of the Company's legal personality	21.052.035.819	9.968.261.491
B. GPMs given in favour of subsidiaries included in full consolidation	-	-
C. GPMs given by the Company for the liabilities of third parties in order to run ordinary course of business	-	-
D. Other GPMs	-	-
i) GPMs given in favour of parent company	-	-
ii) GPMs given in favour of group companies not in the scope of B and C above	-	-
iii) GPMs given in favour of third party companies not in the scope of C above	-	-
	21.052.035.819	9.968.261.491
The ratio of total amount of other CPM to Equity	%0	%0

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

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

iii) Letter of Guarantees Received:

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

	31 December 2021	31 December 2020
Guarantee letters received	21.312.131	2.860.673
Guarantee cheques and notes received	19.312.610	6.117.525
Total guarantees received	40.624.740	8.978.198

NOTE 17 – SHAREHOLDER’S EQUITY

i) Paid in Capital

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

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

	31 December 2021	31 December 2020
Registered capital (with historical value)	250.000.000	250.000.000
Approved and paid in capital (nominal value)	116.000.000	116.000.000

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

	31 December 2021		31 December 2020	
	Percentage (%)	Amount	Percentage (%)	Amount
Çelik Holding A.Ş	94,71	109.860.032	96,05	111.417.693
Held by public	5,29	6.139.968	3,95	4.582.307
Total paid in capital		116.000.000		116.000.000
Adjustment differences on paid in capital		45.195.347		45.195.347
Total capital		161.195.347		161.195.347

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

ii) Capital Premium

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

iii) Inflation Adjustment Differences on Paid in Capital

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

iv) Share Premium

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

v) Gain on Revaluation and Re measurement

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

vi) Remeasurements of Defined Benefit Liability

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

vii) Foreign Currency Translation Differences

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

viii) Prior Year’s Profits

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

ix) Legal Reserves

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

x) Other Equity Interest

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

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

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 Communiqué 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 2021	1 January – 31 December 2020
Export sales	2.085.608.456	996.601.149
Domestic sales	582.808.248	310.239.362
Other sales	92.665.986	48.629.040
Less: Discounts and returns	(39.010.593)	(22.079.243)
Sales revenue (net)	2.722.072.097	1.333.390.308
Cost of sales	(2.227.897.945)	(1.033.804.501)
Gross profit	494.174.152	299.585.807
Cost of sales		
	1 January – 31 De- cember 2021	1 January – 31 De- cember 2020
Raw material costs	(1.313.102.198)	(454.997.995)
Personnel expenses	(296.927.896)	(193.158.284)
General production costs	(295.924.656)	(187.836.844)
Energy expenses	(231.323.842)	(117.604.464)
Depreciation and amortization expenses	(89.395.909)	(49.841.668)
Other	(1.223.444)	(30.365.246)
	(2.227.897.945)	(1.033.804.501)

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

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

Marketing expense

	1 January – 31 December 2021	1 January – 31 December 2020
Insurance premiums related to freight and customs procedures	80.231.500	32.882.981
Packaging	24.545.510	12.517.972
Personnel	10.766.140	2.988.837
Transportation	6.852.235	3.698.108
Warehousing	5.401.511	4.849.953
Advertising	599.354	-
Licence fee	235.795	588.147
Other	9.014.903	3.542.461
	137.646.948	61.068.459

General administrative expenses

	1 January – 31 December 2021	1 January – 31 December 2020
Personnel expenses	41.140.940	56.542.248
Taxes and stamp duty	14.011.999	2.274.558
Information technology services expenses	11.255.188	6.669.115
Repair, maintenance and cleaning	6.091.584	3.652.861
Legal counseling expenses	4.339.294	2.958.264
Subcontractor expenses	3.165.368	2.980.936
Depreciation and amortization	2.142.841	3.024.422
Travel expenses	807.617	625.236
Termination benefits expenses	216.537	108.437
Other	9.856.882	6.100.727
	93.028.250	84.936.804

Research and development expense

	1 January – 31 De- cember 2021	1 January – 31 De- cember 2020
Raw material costs	2.449.328	310.824
Depreciation and amortization	2.058.957	769.314
Personnel expenses	1.943.377	844.105
General production costs	280.878	143.013
Other	49.058	42.317
	6.781.598	2.109.573

NOTE 20 – EXPENSE BY NATURE

	1 January – 31 December 2021	1 January – 31 December 2020
Raw material costs	(1.313.102.198)	(454.997.995)
Labor expenses	(296.927.896)	(193.158.284)
General production costs	(295.924.656)	(187.836.844)
Energy expenses	(231.323.842)	(117.604.464)
Depreciation and amortization	(93.597.707)	(53.635.404)
Insurance premiums related to freight and customs procedures	(80.231.500)	(32.882.981)
Personnel expenses	(53.850.457)	(60.375.190)
Packaging expenses	(24.545.510)	(12.517.972)
Taxes and stamp duty	(14.011.999)	(2.274.558)
Information technology services expenses	(11.255.188)	(6.669.115)
Transportation	(6.852.235)	(3.698.108)
Repair, maintenance and cleaning	(6.091.584)	(3.652.861)
Warehousing	(5.401.511)	(4.849.953)
Legal counseling expenses	(4.339.294)	(2.958.264)
Subcontractor expenses	(3.165.368)	(2.980.936)
Raw material and material expenses	(2.449.328)	(310.824)
Other	(22.284.468)	(41.515.584)
	(2.465.354.741)	(1.181.919.337)

Fees for Services Obtained from Independent Auditor / Independent Audit Firm

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

	1 January – 31 December 2021	1 January – 31 December 2020
Independent audit fee for the reporting period	617.044	601.151
	617.044	601.151

NOTE 21 – OTHER OPERATING INCOME AND EXPENSES

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

	1 January – 31 December 2021	1 January – 31 December 2020
Foreign exchange income on other operating income	282.899.419	42.193.774
Provisions released (*)	110.032.282	-
Insurance damage incomes	-	1.574.174
Other	8.107.923	3.754.647
	401.039.624	47.522.595

(*) Şirket'in eski ana ortağı (27 Eylül(*) The company's former parent (before 27 September 2017), Componenta Oyj, announced on the Helsinki Stock Exchange on 1 September 2016 that Componenta Oyj and its Finnish subsidiary Componenta Finland Oy and its Swedish subsidiary Componenta Främme stad AB, Componenta Companies Wirsbo AB and Componenta Arvika AB have initiated the necessary formal application process for restructuring. It has been decided to initiate the official process for the bankruptcy of Componenta B.V., Componenta Oyj's subsidiary established in the Netherlands. The Group has applied to the bankruptcy office for its Dutch facilities and initiated the necessary legal proceedings for the collection of receivables. On 23 August 2017, parent Componenta Oyj announced on NASDAQ Stock Exchange that

Componenta Oyj and its subsidiaries Componenta Finland Ltd. and Componenta Främmostad AB's debt restructuring applications have been approved and restructuring procedures have been completed. Componenta Wirsbo AB and Componenta Arvika AB filed for bankruptcy on 13 July 2017. The restructuring processes that have been initiated have been concluded as a result of mutual signatures with the appointed trustees.

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

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

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

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

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

NOTE 22 – INCOME FROM INVESTING ACTIVITIES

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

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

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

	1 January- 31 December 2021	1 January -3 1 December 2020
Loss on sales of tangible and intangible assets	(15,295,052)	-
	(15,295,052)	-

NOTE 23 – FINANCE INCOME/(COSTS)

Finance Income:

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

Finance Costs:

	1 January- 31 December 2021	1 January - 31 December 2020
Interest expenses	(89,334,884)	(73,422,633)
Foreign exchange losses	(27,084,852)	(9,841,400)
Employee termination interest expense	(8,562,827)	(5,996,130)
Finance leasing interest expenses	(6,876,762)	(657,412)
Loan expenses	(6,287,604)	(5,645,133)
Commission expenses	(794,156)	(456,341)
Other	-	(2,450,700)
	(138,941,085)	(98,469,749)

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

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

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

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

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns until 25th of the fourth month

following the end of the financial year to which they relate. Tax returns are open for 5 years starting from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

	1 January - 31 December 2021	1 January - 31 December 2020
Current period deferred tax income/(expense)	11.944.779	(7.214.796)
Total Tax Income/(Expense)	11.944.779	(7.214.796)

Deferred tax income:

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

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

	1 January - 31 December 2021	1 January - 31 December 2020
Income/(loss) before tax rate	335.921.233	91.441.977
Current tax rate	%25	%22
Tax expense/(income) calculated at legal tax rate	(83.980.308)	(20.117.235)
Effect of disallowable expenses	(14.006.779)	(7.899.438)
Effect of share of equity accounted investee	756.669	(310.559)
Current period financial losses for which deferred tax assets are not calculated	(33.347.603)	(18.113.737)
Effect of tax exemptions	8.043.786	1.092.948
Effect of tax rate change	12.109.543	817.490
Investment incentive effect	45.293.312	12.991.717
Differences for which no deferred tax asset has been calculated	77.076.159	24.324.018
Tax Income/(Expense)	11.944.779	(7.214.796)

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

	Cumulative Temporary Differences		Deferred Tax Assets/(Liabilities)	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Deferred Tax Assets/(Liabilities)				
Other differences related to revaluation of tangible assets	1.365.315.828	619.299.390	(177.567.502)	(123.859.878)
Investment incentives (*)	93.300.413	50.743.201	93.300.413	50.743.201
R&D Discount	11.637.844	-	5.237.030	-
Net difference between the tax base and carrying value of inventories	(22.860.033)	2.107.130	5.257.805	(421.426)
Timing differences in recognition of revenue	(7.125.335)	(4.280.285)	1.638.824	856.057
Provisions for short term employee benefit	(8.324.380)	(4.458.163)	1.914.601	891.629
Legal provisions	(11.627.780)	(10.135.015)	2.674.396	2.027.003
Provisions for prepaid expenses	(27.122.613)	(16.640.294)	6.238.201	3.328.059
Uncollectible receivables	(24.528.588)	(10.813.895)	4.905.723	2.162.779
Provision for employment termination benefits and notification payments	(87.653.977)	(64.205.230)	17.530.798	12.841.046
Loan provisions	(9.205.890)	-	2.117.349	-
Other	7.641.820	2.176.640	1.528.364	(435.328)
Deferred tax liabilities - net			(35.223.998)	(51.866.858)

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

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

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

Movements of deferred tax liability are as follows

	1 January–31 December 2021	1 January –31 December 2020
1 January	(51.866.858)	(31.889.235)
Associated with the profit or loss	11.944.779	(7.214.796)
Associated with other comprehensive income	26.264.403	706.161
Foreign currency translation differences	(21.566.322)	(13.468.988)
31 December	(35.223.998)	(51.866.858)

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

	31 December 2021	31 December 2020
Expiration as of 2023	45.607.720	45.607.720
Expiration as of 2025	82.335.170	82.335.170
Expiration as of 2026	133.390.413	-
	261.333.303	127.942.890

NOTE 25 – EARNINGS/(LOSS) PER SHARE

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

	1 January–31 December 2021	1 January –31 December 2020
Average number of shares outstanding during the period (full value)	11.600.000.000	11.600.000.000
Net profit by Parent Company	347.866.012	84.227.181
Earnings per share with nominal value of 1 KR(TRY)	3,00	0,73

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

NOTE 26 – RELATED PARTY DISCLOSURES

a) Due from Related Parties:

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

	31 December 2021	31 December 2020
Parsan Makine Parçaları Sanayi A.Ş.	5.467	264
Gürüş İş Makinaları Endüstri A.Ş.	-	4.493.335
Omtaş Otomotiv San Tic A.Ş.	-	4.415
	5.467	4.498.014

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

b) Due to Related Parties:

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

	31 December 2021	31 December 2020
Bordo Elektrik Enerjisi A.Ş.	50.171.514	11.427.419
Gürüş İş Makinaları Endüstri A.Ş.	9.604.718	-
Çelik Holding A.Ş.	5.165.742	1.115.726
Kumsan Döküm Malzemeleri Sanayi ve Ticaret A.Ş.	1.008.970	725.208
Gürüş İnşaat ve Mühendislik A.Ş.	552.771	108.314
Gürüş Europe GmbH	426.308	426.138
	66.930.023	13.802.805

c) Other Payables to Related Parties:

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

	31 December 2021	31 December 2020
Çelik Holding A.Ş. (*)	29.425.326	-
	29.425.326	-

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

d) Sales to Related Parties:

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

e) Goods and services received:

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

1 January - 31 December 2021	Trading goods and services	Management services	Other	Total
Bordo Elektrik Enerjisi A.Ş.	208.467.808	-		208.467.808
Gürüş 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
Gürüş Europe GmbH	4.434.495	-	-	4.434.495
Yamantürk Vakfı	-	-	301.492	301.492
Kumsan Döküm Malzemeleri Sanayi ve Ticaret A.Ş.	2.869.391	-	-	2.869.391
Gürüş İnşaat ve Mühendislik A.Ş.	855.113	-	-	855.113
Parsan Makine Parçaları Sanayii A.Ş.	-	-	223.644	223.644
Omtaş Otomotiv San. Tic. A.Ş.	-	-	4.415	4.415
	243.254.208	7.391.009	7.276.112	257.921.329

1 January - 31 December 2020	Trading goods and services	Management services	Other	Total
Bordo Elektrik Enerjisi A.Ş.	93.008.478	-	-	93.008.478
Çelik Holding A.Ş.	-	4.575.747	568.551	5.144.298
Gürüş Europe GmbH	4.789.869	-	-	4.789.869
Kumsan Döküm Malzemeleri Sanayi ve Ticaret A.Ş.	1.349.341	-	-	1.349.341
Parsan Makine Parçaları Sanayii A.Ş.	257.596	-	1.388	258.984
Gürüş İnşaat ve Mühendislik A.Ş.	158.864	-	-	158.864
Yamantürk Vakfı	-	-	194.480	194.480
Gürüş İş Makinaları Endüstri A.Ş.	70.681	-	-	70.681
	99.634.829	4.575.747	764.419	104.974.995

f) Remunerations to key management personnel:

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

	1 January - 31 December 2021	1 January - 31 December 2020
Short term benefits	9.990.459	7.921.118
Long term benefits	447.220	460.191
	10.437.679	8.381.309

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

Capital Risk

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

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

	1 January – 31 December 2021	1 January – 31 December 2020
Financial liabilities	2.496.419.078	1.431.843.629
Less: Cash and cash equivalents	(24.136.658)	(34.285.671)
Net financial liability	2.472.282.420	1.397.557.958
Total equity	946.378.039	213.480.476
Financial liabilities/equity ratio	%264	%655

Credit Risk

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

31 December 2021	Trade Receivables	Trade Receivables	Other Receivables	Other Receivables	Bank Deposits
	Related Parties	Other Parties	Related Parties	Other Parties	
Maximum credit risk as at reporting date (*) (A+B+C+D+E)	5.467	720.239.678	-	3.466.404	24.108.322
- Guaranteed portion of the maximum risk	-	40.624.740	-	-	-
A. Net book value of the assets that are not due or that are not impaired	5.467	609.214.034	-	3.466.404	24.108.322
B. Value of the financial assets whose terms have been renegotiated, otherwise considered as overdue or impaired	-	-	-	-	-
C. Book value of the overdue but not impaired assets Secured by collateral, etc.	-	111.025.644	-	-	-
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.

31 December 2020	Trade Receivables	Trade Receivables	Other Receivables	Other Receivables	Bank Deposits
	Related Parties	Other Parties	Related Parties	Other Parties	
Maximum credit risk as at reporting date (*) (A+B+C+D+E)	4.498.014	357.841.989	-	14.625.327	34.283.374
- Guaranteed portion of the maximum risk	-	8.978.198	-	-	-
A. Net book value of the assets that are not due or that are not impaired	4.498.014	220.370.822	-	14.625.327	34.283.374
B. Value of the financial assets whose terms have been renegotiated, otherwise considered as overdue or impaired	-	-	-	-	-
C. Book value of the overdue but not impaired assets Secured by collateral, etc.	-	137.471.167	-	-	-
D. Net book value of the assets impaired	-	-	-	-	-
- Overdue (gross book value) impaired	-	-	-	-	-
- Impairment (-)	-	17.005.310	-	-	-
- Secured portion of the net value by guarantees, etc	-	(17.005.310)	-	-	-
- Not due (gross book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
E. Off balance sheet items with credit risk (-)	-	-	-	-	-
E. Beklenen kredi zararları (-)	-	-	-	-	-

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:

	Net Book Value	Agreed Total Cash Outflows	Less than 3 months	3-12 months	1-5 years	5-10 years
31 December 2021						
Short and long term borrowings	2.466.549.921	2.892.964.670	212.292.637	1.019.415.521	863.161.652	798.094.860
Trade payables	487.805.483	487.805.483	487.805.483	-	-	-
Finance lease liabilities	29.869.157	34.476.198	3.852.318	13.261.469	17.362.411	-
Total borrowings	3.024.053.529	3.415.246.351	703.950.438	1.032.676.990	880.524.063	798.094.860
31 December 2020						
Short and long term borrowings	1.417.632.261	1.636.288.936	120.074.779	576.591.327	488.212.620	451.410.210
Trade payables	211.897.227	211.897.227	211.897.227	-	-	-
Finance lease liabilities	14.211.368	21.038.782	2.350.842	8.092.689	10.595.251	-
Total borrowings	1.643.740.856	1.869.224.945	334.322.848	584.684.016	498.807.871	451.410.210

Foreign Currency Risk

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

NOTE 28 – FOREIGN CURRENCY POSITION TABLE

	31 December 2021					31 December 2020					
	TRY Equivalent (Functional currency Euro)	Euro	USD	TRY	GBP	TRY Equivalent (Functional currency Euro)	Euro	USD	TRY	GBP	Diğer
1. Trade Receivables	184.786.333	-	10.603	167.730.789	969.343	125.429.229	-	28.352	118.133.560	712.761	-
2a. Monetary Financial Assets (including Cash, Banks accounts)	91.258	-	-	91.258	-	4.339.538	-	5.560	147.542	415.912	17.279
2b. Non monetary Financial Assets	-	-	-	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	21.330.618	-	-	-	2.145.117	-
4. Current Assets (1+2+3)	184.877.591	-	10.603	167.822.047	969.343	151.099.385	-	33.912	118.281.102	3.273.790	17.279
5. Trade Receivables	-	-	-	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-	-
6b. Non monetary Financial Assets	-	-	-	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-	-	-	-
8. Non current assets (5+6+7)	-	-	-	-	-	-	-	-	-	-	-
9. Total Assets (4+8)	184.877.591	-	10.603	167.822.047	969.343	151.099.385	-	33.912	118.281.102	3.273.790	17.279
10. Trade Payables	349.975.462	-	7.043.559	252.863.127	326.852	140.689.918	-	2.297.145	122.262.466	140.330	190.170
11. Financial Liabilities	172.000.000	-	-	172.000.000	-	39.304.018	-	-	39.304.018	-	-
12a. Other Monetary Liabilities	-	-	-	-	-	-	-	-	-	-	-
12b. Other Non monetary Liabilities	-	-	-	-	-	-	-	-	-	-	-
13. Short term Liabilities (10+11+12)	521.975.462	-	7.043.559	424.863.127	326.852	179.993.936	-	2.297.145	161.566.484	140.330	190.170
14. Trade Payables	-	-	-	-	-	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	25.500.000	-	-	25.500.000	-	-
16a. Other Monetary Liabilities	-	-	-	-	-	-	-	-	-	-	-
16b. Other Nonmonetary Liabilities	-	-	-	-	-	-	-	-	-	-	-
17. Long term Liabilities (14+15+16)	-	-	-	-	-	25.500.000	-	-	25.500.000	-	-
18. Total Liabilities (13+17)	521.975.462	-	7.043.559	424.863.127	326.852	205.493.936	-	2.297.145	187.066.484	140.330	190.170
19. Net Asset/(Liability) Position of the Off Balance Sheet Foreign Exchange Based Derivatives (19a-19b)	-	-	-	-	-	-	-	-	-	-	-
19a. The Amount of the Asset Type Off Balance Sheet Foreign Exchange Based Derivatives	-	-	-	-	-	-	-	-	-	-	-
19b. The Amount of the Liability Type Off Balance Sheet Foreign Exchange Based Derivatives	-	-	-	-	-	-	-	-	-	-	-
20. Net Foreign Exchange Asset/(Liability) (9-18+19)	(337.097.871)	-	(7.032.956)	(257.041.080)	642.491	(54.394.551)	-	(2.263.233)	(68.785.382)	3.133.460	(172.891)
21. Net Foreign Exchange Asset/(Liability) Position of the Monetary Item (IFRS 7.B23) (-1+2a+5+6a-10-11-12a-14-15-16)	(337.097.871)	-	(7.032.956)	(257.041.080)	642.491	(75.725.169)	-	(2.263.233)	(68.785.382)	988.343	(172.891)
22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging	-	-	-	-	-	-	-	-	-	-	-
23. Export	2.085.608.456	198.475.507	1.555	-	5.000.277	996.601.149	123.787.717	14.836	-	2.487.671	-
24. Import	686.085.631	38.596.475	31.734.309	-	78.420	216.952.508	20.133.446	11.110.251	-	86.438	-

31 December 2021

TRY Equivalent	Profit/Loss		Profit/Loss	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
50% change in USD against EUR/in case of depreciation				
1 USD net asset/liability	(9.127.019)	9.127.019	(9.127.019)	9.127.019
2 Hedged from the USD risk (-)	-	-	-	-
3 USD Net Effect (1+2)	(9.127.019)	9.127.019	(9.127.019)	9.127.019
50% change in TRY against EUR/in case of depreciation				
4 TRY net asset/liability	(25.704.108)	25.704.108	(25.704.108)	25.704.108
5 Hedged from the TRY risk (-)	-	-	-	-
6 TRY Net Effect (4+5)	(25.704.108)	25.704.108	(25.704.108)	25.704.108
50% change in GBP against EUR/in case of depreciation				
7 GBP net asset/liability	1.121.340	(1.121.340)	1.121.340	(1.121.340)
8 Hedged from the GBP risk (-)	-	-	-	-
9 GBP Net Effect (7+8)	1.121.340	(1.121.340)	1.121.340	(1.121.340)
TOTAL (3+6+9)	(33.709.787)	33.709.787	(33.709.787)	33.709.787

31 December 2020

TRY Equivalent	Profit/Loss		Profit/Loss	
	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	(536.067)	536.067	(536.067)	536.067
2 Hedged from the USD risk (-)	-	-	-	-
3 USD Net Effect (1+2)	(536.067)	536.067	(536.067)	536.067
10% change in TRY against EUR/in case of depreciation				
4 TRY net asset/liability	751.454	(751.454)	751.454	(751.454)
5 Hedged from the TRY risk (-)	-	-	-	-
6 TRY Net Effect (4+5)	751.454	(751.454)	751.454	(751.454)
10% change in GBP against EUR/in case of depreciation				
7 GBP net asset/liability	(6.138.255)	6.138.255	(6.138.255)	6.138.255
8 Hedged from the GBP risk (-)	-	-	-	-
9 GBP Net Effect (7+8)	(6.138.255)	6.138.255	(6.138.255)	6.138.255
10% change in Other against EUR/in case of depreciation				
10 Other currency net asset/liability	(193.150)	193.150	(193.150)	193.150
11 Hedged from the other currency (-)	-	-	-	-
12 Other Net Effect (10+11)	(193.150)	193.150	(193.150)	193.150
TOTAL (3+6+9+12)	(6.116.018)	6.116.018	(6.116.018)	6.116.018

NOTE 29 – NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS
Classification of financial instruments

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

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methods. However, judgment is used in interpreting market data for the purpose of estimating fair value. Accordingly, the estimates presented here may not be indicative of

the values that the Group could realize in a current market transaction. The following methods and assumptions are used in estimating the fair value of financial instruments whose fair value can be determined:

Financial assets

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

Financial liabilities

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

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

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

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

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

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

NOTE 30 – SUBSEQUENT EVENTS

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





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