

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

**Consolidated Financial Statements
As at and For the Year
Ended 31 December 2020
With Independent Auditors' Report Thereon**

*(Convenience Translation of Financial Statements
and Notes to the Financial Statements
Originally Issued in Turkish)*

2 March 2021

*This report includes 6 pages of Independent
Auditors' Report and 69 pages of financial
statements and notes to the financial statements.*

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DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

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

		Audited	Audited
		31 December	31 December
	<i>Notes</i>	2020	2019
ASSETS			
Current Assets			
		717.939.710	474.460.109
Cash and Cash Equivalents	4	34.285.671	54.702.442
Trade Receivables	6	353.354.127	199.986.036
- Trade receivables from related parties	28	4.498.014	--
- Trade receivables from third parties		348.856.113	199.986.036
Other Receivables	7	440.992	1.247.220
- Other receivables from third parties		440.992	1.247.220
Inventories	9	311.368.729	209.198.873
Prepaid Expenses	10	2.685.641	2.502.860
Other Current Assets	17	15.804.550	6.822.678
Non-Current Assets			
		1.327.847.156	959.784.524
Trade Receivables	6	8.985.876	6.634.339
- Trade receivables from third parties		8.985.876	6.634.339
Other Receivables	7	14.184.335	15.676.236
- Financial receivables from third parties		14.184.335	15.676.236
Equity-Accounted Investees	11	6.682.709	5.418.816
Property, Plant and Equipment	12	1.222.641.025	875.587.789
Intangible Assets		42.469.915	29.338.363
- Goodwill	14	10.213.643	7.540.809
- Other intangible assets	13	32.256.272	21.797.554
Prepaid Expenses	10	5.311.177	7.904.843
Other Non-Current Assets	17	27.572.119	19.224.138
TOTAL ASSETS		2.045.786.866	1.434.244.633

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

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

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

		Audited	Audited
	<i>Notes</i>	31 December 2020	31 December 2019
LIABILITIES			
Current Liabilities		970.431.914	438.084.465
Short-Term Borrowings	5	345.880.633	221.555.628
Short-Term Portion of Long-Term Borrowings	5	340.160.608	63.122.527
Trade Payables	6	211.897.227	104.531.151
- Trade payables to related parties	28	13.802.805	11.099.452
- Trade payables to third parties		198.094.422	93.431.699
Other Payables	7	9.876.478	5.813.136
- Other payables to third parties		9.876.478	5.813.136
Payables Related to Employee Benefits	8	22.008.813	15.942.705
Short-term Provisions	15	16.638.889	14.287.617
- Short-term provisions for employee benefits		4.458.163	3.023.822
- Other short-term provisions		12.180.726	11.263.795
Other Current Liabilities	17	23.969.266	12.831.701
Non-Current Liabilities		861.874.476	911.078.098
Long-Term Borrowings	5	745.802.388	820.525.144
Long-Term Provisions	16	64.205.230	58.663.719
- Long-term provisions for employee benefits		64.205.230	58.663.719
Deferred Tax Liabilities	26	51.866.858	31.889.235
TOTAL LIABILITIES		1.832.306.390	1.349.162.563
EQUITY		213.480.476	85.082.070
Paid-in Capital	18	116.000.000	66.844.800
Capital Advance	18	--	47.135.250
Inflation Adjustment Differences on Paid-in Capital	18	45.195.347	45.195.347
Share Premium	18	161.041	161.041
Other Comprehensive Income/Expense Items That will not to be Reclassified to Profit or Loss		638.662	6.668.975
- Gain on revaluation and re-measurement		43.120.241	46.325.911
- Remeasurements of defined benefit liability		(42.481.579)	(39.656.936)
Other Comprehensive Income/Expense Items That are or may be Reclassified Subsequently to Profit or Loss		245.704.278	200.728.360
- Foreign currency translation differences		245.704.278	200.728.360
Restricted Reserves	18	16.035.194	16.035.194
Other Equity Interests	18	(625.278.409)	(625.278.409)
Prior Years’ Profits	18	330.797.182	229.427.106
Net Profit/(Loss) for the Year		84.227.181	98.164.406
TOTAL LIABILITIES AND EQUITY		2.045.786.866	1.434.244.633

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

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

		Audited	Audited
	Notes	1 January-31 December 2020	1 January-31 December 2019
PROFIT OR LOSS:			
Revenue	19	1.333.390.308	1.156.973.953
Cost of Sales (-)	19	(1.033.804.501)	(905.551.440)
GROSS PROFIT		299.585.807	251.422.513
Marketing Expenses (-)	20	(61.068.459)	(49.280.148)
General Administrative Expenses (-)	20	(84.936.804)	(59.464.017)
Research and Development Expenses (-)		(2.109.573)	(1.963.713)
Other Operating Income	22	47.522.595	45.657.347
Other Operating Expenses (-)	22	(27.415.076)	(9.937.184)
OPERATING PROFIT		171.578.490	176.434.798
Income from Investing Activities	23	394.898	13.515
Share of Profit of Equity-Accounted Investees	11	1.552.793	683.019
OPERATING PROFIT BEFORE FINANCE COSTS		173.526.181	177.131.332
Finance Income	24	16.385.545	15.949.766
Finance Expenses (-)	25	(98.469.749)	(91.509.312)
OPERATING PROFIT/(LOSS) BEFORE TAX		91.441.977	101.571.786
Income Tax Expense		(7.214.796)	(3.407.380)
- Current Tax Expense		--	--
- Deferred Tax Income	26	(7.214.796)	(3.407.380)
NET PROFIT/(LOSS) FOR THE YEAR		84.227.181	98.164.406
Ordinary and Diluted Earnings/(Loss) per Share (Nominal value of 1 Kuruş)	27	7,261	8,462
OTHER COMPREHENSIVE INCOME			
Profit or Loss not to be Reclassified		(2.824.643)	11.677.337
- Remeasurements of defined benefit liability	16	(3.530.804)	14.596.671
- Tax – Related to other comprehensive income not attributable to profit or losses	26	706.161	(2.919.334)
Profit or Loss to be Reclassified		44.975.918	254.088
- Foreign operations-foreign currency translation differences		44.975.918	254.088
TOTAL COMPREHENSIVE INCOME		42.151.275	11.931.425
TOTAL COMPREHENSIVE INCOME		126.378.456	110.095.831

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

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

	Notes	Audited 31 December 2020	Audited 31 December 2019
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit/(loss)		117.745.556	131.621.276
Adjustments to reconcile net profit to cash provided by operating activities:		264.265.169	249.581.932
Depreciation and amortisation expenses	12,13	51.332.991	42.615.051
(Reversal of)/Provision for impairment		(2.281.505)	2.244.144
(Reversal of)/Provision for diminution in value of inventories	9	(2.281.505)	2.244.144
Adjustments related to provisions		2.430.130	1.119.871
Provision for employee termination benefits	15,16	5.166.295	2.337.679
Provision of litigation	15	(400.476)	(370.277)
Other provisions (cancellations)	15	(2.335.689)	(847.531)
Adjustments related to interest (income)/expense		79.691.030	70.602.352
Interest income	24	(385.145)	(267.825)
Interest expense	25	80.076.175	70.870.177
Unrealized foreign currency translation differences		43.598.237	32.125.262
Share of profit of equity-accounted investees	11	(1.552.793)	(683.019)
Tax income	26	7.214.796	3.407.380
Gain on sale of property, plant, and equipment		(394.898)	(13.515)
Gain on sale of property, plant, and equipment	23	(394.898)	(13.515)
Cash flows from operating activities before changes in operating assets and liabilities:		264.265.169	249.581.932
Increase in trade receivables		(160.169.790)	(92.852.915)
(Increase)/decrease in trade receivables from related parties		(4.498.014)	--
(Increase)/decrease in trade receivables from third parties		(155.671.776)	(92.852.915)
Increase in other receivables from operating activities		2.298.129	(1.002.339)
(Increase)/decrease in other receivables from third party operations		2.298.129	(1.002.339)
Increase in inventories		(99.888.351)	(45.258.502)
(Increase)/decrease in prepaid expenses		2.410.885	9.362.540
Increase in trade payables		107.366.076	10.264.841
Increase in trade payables to related parties		2.703.353	4.040.965
Increase in trade payables to third parties		104.662.723	6.223.876
Increase in other payables from operating activities		4.063.342	(4.113.376)
Increase in other payables from operating activities with third parties		4.063.342	(4.113.376)
(Increase)/decrease on working capital		(6.192.288)	12.490.484
Increase in other assets from operations		(17.329.853)	(8.971.970)
Decrease in other liabilities from operations		11.137.565	21.462.454
(Increase)/decrease in payables related to employee benefits		6.066.108	1.172.815
Cash from operating activities		120.219.280	139.645.480
Payments of employee termination benefits	16	(2.473.724)	(8.946.684)
Other cash inflows	6	--	922.480
Net cash from operating activities		117.745.556	131.621.276
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		2.234.998	69.734
Acquisition of property, plant and equipment and intangible assets		(92.719.538)	(73.612.320)
Acquisition of property, plant and equipment	12	(81.119.033)	(56.961.926)
Acquisition of intangible assets	13	(11.600.505)	(16.650.394)
Dividend received	11	138.306	--
Interest received		385.145	267.825
Net cash used in investing activities		(89.961.089)	(73.274.761)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		496.781.554	569.429.167
Proceeds from bank loans	5	496.781.554	569.429.167
Repayment of borrowings		(547.454.785)	(648.274.940)
Repayment of bank loans	5	(546.797.373)	(647.703.916)
Other financial borrowing payments		(657.412)	(571.024)
Proceeds from capital advance and increase	18	2.019.950	47.135.250
Net cash provided from financing activities		(48.653.281)	(31.710.523)
DECREASE IN CASH AND CASH EQUIVALENTS BEFORE FOREIGN EXCHANGE (A+B+C)			
		(20.868.814)	26.635.992
D. FOREIGN EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS			
		452.043	325.033
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD			
	4	54.702.442	27.741.417
NET DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)			
		(20.416.771)	26.961.025
NET CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (A+B+C+D +E)			
	4	34.285.671	54.702.442

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

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

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

1. ORGANIZATION AND NATURE OF OPERATIONS

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

The nominal value of TL 62.543.859 corresponding to 93,57% of the Group’s capital were transferred to Çelik Holding A.Ş. by Döktaş Metal 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.

As at 31 December 2020, the share held by Çelik Holding A.Ş is at the level of 96%.

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 average number of employees for the period 1 January-31 December 2020 was 2.192 (1 January - 31 December 2019: 2.148).

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 2020 (Note 11).

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020**

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

2.1. Basis of Presentation

2.1.1. Approval of Financial Statements

The accompanying consolidated financial statements as at 31 December 2020 have been approved by the Company’s Board of Directors to be published on 2 March 2021. The General Assembly and related legal institutions have the right to amend these consolidated financial statements.

2.1.2. Preparation of the Consolidated Financial Statements and Statement of Compliance to TAS

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 accompanying consolidated financial statements are prepared in accordance with the Communiqué No. II-14.1, “Principles of Financial Reporting in Capital Markets” published in the Official Gazette numbered 28676 and dated 13 June 2013. According to the Communiqué Article 5, financial statements are prepared in accordance with Turkish Accounting Standards (“TAS”) which are published by Public Oversight Accounting and Auditing Standards Authority (“POA”). TAS consists of Turkish Accounting Standards, Turkish Financial Reporting Standards and related appendices and interpretations.

The accompanying consolidated financial statements as at 31 December 2020 have been prepared in accordance with the resolution numbered 20/670 and dated 7 June 2013 “Announcement on Financial Statements and Footnote Formats” announced by CMB.

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020**

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (*continued*)

2.1.3 Paragraph for Convenience Translation to English

The accounting principles described in Note 2.3 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") with respect to the application of inflation accounting, classification of some profit or loss items and also for certain disclosures requirement of the POA.

2.1.4. Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the land and land improvements and buildings which are measured at fair value.

Basis for Measurement of fair value is explained in Note 29.

2.1.4. Correction of Financial Statements during the Hyperinflationary Periods

In accordance with the CMB's resolution No: 11/367 issued on 17 March 2005, companies operating in Turkey which prepare their financial statements in accordance with the regulations of CMB (including those applying IAS/IFRS) are not subject to the application of inflation accounting effective from 1 January 2005. Therefore, as at 1 January 2005, TAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied in the accompanying financial statements.

2.1.5. Functional and Presentation Currency

The functional currency of the Company is Euro. Euro is determined as functional currency since it is the most affecting currency that is used in sale of goods manufactured, trade and finance activities. The consolidated financial statements have been prepared in Euro which is functional currency of the Company and have been presented in TL.

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.

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.

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020**

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.1. Basis of Presentation (continued)

The translation of the financial statements of subsidiary in foreign country (continued)

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

<u>End of the term:</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
Turkish Lira / British Pound	9,9438	7,7765
<u>Average:</u>	<u>1 January - 31 December 2020</u>	<u>1 January - 31 December 2019</u>
Turkish Lira / British Pound	8,9820	7,2258

Translation to the presentation currency (TL)

- (a) As at 31 December 2020, items in the assets and liabilities in the consolidated statement of financial position are translated into TL using the Central Bank of the Republic of Turkey ("CBRT") buying exchange rate of 9,0079 TL / Euro (31 December 2019: 6,6506). 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 2020 have been translated into TL by using yearly average of CBRT's Euro bid rate, which corresponds to 8,0140 (For the year ended 31 December 2019, yearly average CBRT Euro exchange buying rate of 6,3481 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.

2.2. Going Concern

As at 31 December 2019, the consolidated financial statements have been prepared in accordance with "Going Concern" principle. In assessment of going concern, the Group management has taken into account the uncertainties on current and available financing resources, refinancing possibilities and liquidity risks in the business plan prepared for a predictable period of time.

As of 31 December 2020, the Group has a total financial liability amounting to TL 1.431.843.629 which is TL 686.041.241 of which is short-term and TL 745.802.388 is long-term.

The Group's main partner Çelik Holding A.Ş. has paid TL 47.135.250 which is equivalent of EUR 7.500.000 to offset to their new rights of share that were passes after.

On 3 December 2019, an application was made to the CMB for the approval of the paid capital increase prospectus regarding the increase of the company's issued capital from TL 66.844.800 to TL 116.000.000 by an increase of 73.54% by TL 49.155.200 to be fully covered in cash. The company's prospectus regarding the paid capital increase was approved by the CMB with the decision dated 20 February 2020 and numbered 2020/12. On May 22, 2020, the increase was registered by the Orhangazi Trade Registry, to which the company is affiliated, and announced in the trade registry gazette numbered 10084 on May 27, 2020.

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020**

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

Covid-19 Pandemic

The New Type of Coronavirus (COVID-19) epidemic, which emerged in the city of Wuhan, People's Republic of China in December 2019, spread all over the world and was declared a Pandemic by the World Health Organization on March 11, 2020. This situation adversely affected the social life and economic activities in the geography in which the Group operates. Group management closely monitors all developments and takes all necessary measures in order to reduce the negative effects of the COVID-19 outbreak on the Group's consolidated financial performance and consolidated cash flows to an acceptable level.

Group management has prepared a financial risk and liquidity risk analysis that addresses financing and cash needs. In the analysis and evaluation;

- The Group has re-evaluated its production planning for the next period, taking into account the possible effects of the Pandemic on customers, and closely monitors the developments on a monthly basis.
- As of the first 9 months of 2020, sales decreased by 16.5% according to forecasts and by 19.4% compared to the same period of the previous year. However, due to the increase in customer demands in the last quarter of 2020, sales were 48.5% higher than the last quarter of 2019 and 25% higher than the estimates. When we evaluate the 2020 sales on an annual basis, the sales in TL increased by 15.2% compared to 2019, and the negative effect of the pandemic was eliminated with a decrease of 4.5% on a Euro basis.
- In connection with, operational expenses are assumed to decrease with government incentives and slowdown of operations. As a matter of fact, the Group applied for the "Short Working Allowance" and obtained the necessary approvals and started to reduce personnel expenses by receiving a 3-month government incentive as of April of the current year. In the 3rd quarter of the year, an increasing trend was caught in sales due to the increasing demand and the company started the process of creating new employment due to the increased production.

As of 31 December 2020, the management has revised the relevant assumptions according to the current estimated assumptions in order to continue the operational existence of the Group. As a result of the analysis and evaluations it has made, the Group has a reasonable expectation that it has sufficient resources to create liquidity reserves to maintain its operational existence.

2.3. Consolidation Principles

The consolidated financial statements include the accounts of the parent company, Döktaş Dökümcülük Ticaret ve Sanayi A.Ş., and its subsidiary on the basis set out in sections below. The financial statements of the companies included in the scope of consolidation have been prepared as at the date of the consolidated financial statements and have been prepared in accordance with TAS stated in Note 2.1.2 by applying uniform accounting policies and presentation. The results of operations of the subsidiary are included from effective date of acquisition.

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**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND
ACCOUNTING POLICIES (continued)**

2.3. Consolidation Principles(continued)

Subsidiaries(continued)

The table below sets out the subsidiary and demonstrates the proportion of ownership interest as at 31 December 2020 and 31 December 2019:

	31 December 2020	31 December 2019
	<u>Shares</u>	<u>Shares</u>
Doktaş UK Ltd.	100%	100%

The Group controls an entity when it 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.

The statement of financial position and statements of profit or loss and other comprehensive income of the subsidiary are consolidated on line-by-line basis and the carrying value of the investment held by the Company and its subsidiary is eliminated against the related equity. Intercompany transactions and balances between the Company and its subsidiary are eliminated during the consolidation. Unrealized losses are eliminated unless the transactions indicates an impairment in the transferred asset. The cost of, and the dividends arising from, shares held by the Company in its subsidiary are eliminated from shareholders' equity and income for the period, respectively.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Since Group has all shares of subsidiary, there is no non-controlling interest.

Investment in Associate

The Group's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

The following table shows the ratio of the Group's shares in the associate:

	31 December 2020	31 December 2019
	<u>Shares</u>	<u>Shares</u>
Kumsan	25, 10%	25,10%

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**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND
ACCOUNTING POLICIES** (*continued*)

2.4. Changes in TAS

Standards issued but not yet effective and not early adopted

A number of new standards, interpretations of and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Group has not early adopted are as follows.

Classification of Liabilities as Current or Non-current (Amendments to TAS 1)

On 23 January 2020, IASB issued “Classification of Liabilities as Current or Non-Current” which amends IAS 1 Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position which are issued by POA on 12 March 2020 as amendments to TAS 1.

The amendments clarify one of the criteria in TAS 1 for classifying a liability as non-current—that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments include:

- a. Specifying that an entity’s right to defer settlement must exist at the end of the reporting period.
- b. Clarifying that classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement.
- c. Clarifying how lending conditions affect classification.
- d. Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The Group shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. However, IASB decided to defer the effective date of IAS 1 until 1 January 2023 with the amendment published on 15 July 2020, and the amendment was issued by POA on 15 January 2021.

The Group does not expect that application of these amendments to IAS 1 will have significant impact on its consolidated financial statements.

Covid-19 related rent concession (Amendments to TFRS 16)

In May 2020, IASB issued Covid-19 related rent concession which amends TFRS 16 Leases which is also issued by POA on 5 June 2020.

The amendments allow lessees not to account for rent concessions as lease modifications if they arise as a direct consequence of COVID-19.

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**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND
ACCOUNTING POLICIES (continued)**

2.4. Changes in TAS (continued)

Standards issued but not yet effective and not early adopted (continued)

Covid-19 related rent concession (Amendments to TFRS 16) (continued)

The practical expedient will only apply if:

- The revised consideration is substantially the same or less than the original consideration,
- The reduction in lease payments relates to payments due on or before 30 June 2021
- No other substantive changes have been made to the terms of the lease.

No practical expedient is provided for lessors. Lessors are required to continue to assess if the rent concessions are lease modifications and account for them accordingly.

The Group shall apply these amendments for annual periods beginning on or after 1 June 2020 with earlier application permitted.

Reference to the Conceptual Framework (Amendments to TFRS 3)

In May 2020, IASB issued Reference to the Conceptual Framework, which made amendments to IFRS 3 Business Combinations.

The amendments updated IFRS 3 by replacing a reference to an old version of the Board’s Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. And then, TFRS 3 amendment was issued on 27 July 2020 by POA to reflect these amendments. The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

Property, Plant and Equipment—Proceeds before Intended Use (Amendments to TAS 16)

In May 2020, IASB issued Property, Plant and Equipment—Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment. The amendments 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.

The amendments improve transparency and consistency by clarifying the accounting requirements—specifically, the amendments 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. And then, TAS 16 amendment was issued on 27 July 2020 by POA to reflect these amendments.

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş.

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**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND
ACCOUNTING POLICIES** *(continued)*

2.4. Changes in TAS *(continued)*

Standards issued but not yet effective and not early adopted *(continued)*

Onerous Contracts—Cost of Fulfilling a Contract (Amendments to TAS 37)

In May 2020, IASB issued Onerous Contracts—Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. And then, TAS 37 amendment was **issued** on 27 July 2020 by POA to reflect these amendments.

IASB developed amendments to TAS 37 to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

Annual Improvements to TFRS Standards 2018–2020

Improvements to TFRSs

For the current standards, "Annual Improvements in TFRSs / 2018-2020 Cycle" published by POA on 27 July 2020 is presented below. The amendments are effective as of 1 January 2022. Earlier application is permitted. The Group does not expect that application of these improvements to TFRSs will have significant impact on its consolidated financial statements.

TFRS 1 First-time Adoption of International Financial Reporting Standards

This amendment simplifies the application of TFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent – i.e. if a subsidiary adopts TFRS Standards later than its parent and applies TFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to TFRSs. This amendment will ease transition to TFRS Standards for subsidiaries applying this optional exemption by i) reducing undue costs; and ii) avoiding the need to maintain parallel sets of accounting records.

TFRS 9 Financial Instruments

This amendment clarifies that – for the purpose of performing the ‘10 per cent test’ for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

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**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND
ACCOUNTING POLICIES (continued)**

2.4. Changes in TAS (continued)

Annual Improvements to TFRS Standards 2018–2020 (continued)

Improvements to TFRSs (continued)

TAS 41 Agriculture

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in TAS 41 with those in TFRS 13 Fair Value Measurement. The amendments provide the flexibility to use either, as appropriate, in line with TFRS 13.

IBOR Reform and its Effects on Financial Reporting—Phase 2

In August 2020, IASB has published amendments which is issued by POA in 18 December 2020 that complement those issued in 2019 and focus on the effects of the interest rate benchmark reform on a company’s financial statements that arise when, for example, an interest rate benchmark used to calculate interest on a financial asset is replaced with an alternative benchmark rate.

The Phase 2 amendments, Interest Rate Benchmark Reform—Phase 2, address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues). In 2019, the Board issued its initial amendments in Phase 1 of the project and then these amendments were also issued by POA.

The objectives of the Phase 2 amendments are to assist companies in:

- applying TFRS Standards when changes are made to contractual cash flows or hedging relationships because of the interest rate benchmark reform; and
- providing useful information to users of financial statements.

In Phase 2 of its project, the Board amended requirements in TFRS 9 Financial Instruments, TAS 39 Financial Instruments: Recognition and Measurement, TFRS 7 Financial Instruments: Disclosures, TFRS 4 Insurance Contracts and TFRS 16 Leases relating to and these amendments were also issued by POA :

- changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities;
- hedge accounting; and
- disclosures

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**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND
ACCOUNTING POLICIES** *(continued)*

2.4. Changes in TAS *(continued)*

Annual Improvements to TFRS Standards 2018–2020 *(continued)*

Improvements to TFRSs *(continued)*

IBOR Reform and its Effects on Financial Reporting—Phase 2 *(continued)*

The Phase 2 amendments apply only to changes required by the interest rate benchmark reform to financial instruments and hedging relationships.

The amendments are effective as of 1 January 2022. Earlier application is permitted.

Amendments are effective on 1 January 2020

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2020

1-) The revised Conceptual Framework (Version 2018)

2-) Amendments to TFRS 3 - Definition of a Business

The application of the amendment in TFRS 3 did not have a significant impact on the consolidated financial statements of the Group.

3-) Amendments to TAS 1 and TAS 8 - Definition of Material

The application of the amendment to TAS 1 and TAS 8 does not have a significant impact on the consolidated financial statements of the Group.

4-) Interest Rate Benchmark Reform (Amendments to TFRS 9, TAS 39 and TFRS 7)

The application of this amendment is not expected to have a significant impact on the consolidated financial statements of the Group.

2.5 Changes in the accounting policies

Except for the explanations below, the accounting policies used in the preparation of the consolidated financial statements are the same as the accounting policies based on the most recent annual consolidated financial statements.

2.6. Changes in Accounting Estimates and Errors

Effect of changes in accounting estimates, if they are only related to one period, is recognized in the period that the change is made, if they are related with the future periods, is recognized in the current period and also in future periods, prospectively. There is no significant change in the accounting estimates of the Group in the current year.

Significant accounting errors are corrected retrospectively and prior period consolidated financial statements are restated. The Group has no significant accounting error in the current year.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (*continued*)

2.7. Summary of Significant Accounting Policies

Significant accounting policies used in the preparation of consolidated financial statements are summarized below:

Financial Instruments

Recognition and measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.7. Summary of Significant Accounting Policies *(continued)*

Financial Instruments *(continued)*

The Group may irrevocably make preference about presentation of subsequent changes in its fair value in other comprehensive income on initial recognition of non-trading equity investment. This is made separately for each investment.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial Instruments: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Financial assets that are managed on the basis of fair value and whose performance is assessed accordingly are measured at fair value through profit or loss.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.7. Summary of Significant Accounting Policies *(continued)*

Financial Instruments *(continued)*

Detailed information on how the Group classifies and measures and financial assets in accordance with IFRS 9 is presented below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (“FVOCI”) – debt investment; FVOCI – equity investment; or fair value through profit or loss (“FVTPL”). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The details of IFRS 9 are set out below:

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Group’s accounting policies related to financial liabilities and derivative financial instruments.

Financial assets – subsequent measurement and gains and losses

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.7. Summary of Significant Accounting Policies (continued)

Financial Instruments (continued)

ii. Impairment of financial assets

IFRS 9 replaces the “incurred loss” model in IAS 39 with an “expected credit loss” model. The new impairment model applies to financial assets measured at amortized cost and contract assets but not to investments in equity instruments.

The Group recognizes loss allowances for the expected credit losses of the following items:

- financial assets measured at amortized cost;
- contract assets (as defined in IFRS 15).

Under IFRS 9, loss allowances are measured on either of the following bases:

Financial assets measured at amortized cost;

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument;and

Bank balances for which credit risk has not increased significantly since initial recognition;

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date.

The Group has elected to measure loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of “investment grade”.

The maximum time to be measured by the ECLs is the maximum contractual period that the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

For trade receivables, other receivables, other assets and contract assets the Group applies the simplified approach to providing for expected credit losses (IFRS 9 requires the use of the lifetime expected loss provision for all trade receivables). The expected credit losses were calculated based on actual credit loss experience over the past years.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.7. Summary of Significant Accounting Policies (continued)

Financial Instruments (continued)

ii. Impairment of financial assets (continued)

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is recognized in OCI, instead of reducing the carrying amount of the asset.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The Group’s cash and cash equivalents are classified under the category of ‘Loans and Receivables’.

Trade receivables

The following analysis provides further detail about the calculation of ECLs related to trade receivables and contract assets on the adoption of IFRS 9. The Company considers the model and some of the assumptions used in calculating these ECLs as key sources of estimation uncertainty.

The Group has calculated the ECLs according to the experience of credit losses in the last three years. The Group performed the calculation of ECL separately for each customers of receivables at the reporting date. Exposures within each group were segmented based on common credit risk characteristics such as credit risk grade, delinquency status, geographic region, age of relationship.

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. 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.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (*continued*)

2.7. Summary of Significant Accounting Policies (*continued*)

Property, plant and equipment

Land, land improvements and buildings are measured at their fair values and other property, plant and equipment acquired before 1 January 2005 are carried at cost and restated to the equivalent purchasing power at 31 December 2004 less accumulated depreciation. Items acquired after 1 January 2005 are carried at cost less accumulated depreciation and impairment; if any. Depreciation is provided using the straight-line method based on the estimated useful lives of the assets. Depreciation is charged so as to write off the cost or valuation of assets, using the straight-line method. Oncoming changes are reflected to financial statements taking into consideration the capacity utilization rates and economic and technologic developments.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds against carrying amounts and are included in income or expense from investing activities.

The Group has adopted “revaluation model” as permitted by TAS 16 “Property, plant and equipment” for its land, land improvements and buildings commencing from 31 December 2012. The remaining assets such as machinery and equipments, furniture and fixtures, special costs and motor vehicles are continued to be measured at cost less accumulated depreciation and impairment; if any as consistent with prior years. Fair values of lands, land improvements and buildings have been measured by an independent valuation firm as at 31 December 2018.

In the revaluation performed;

* All characteristics like; land location, local formation style, substructure and access opportunities, front line to street and avenue, area and location that may affect the value, have been taken into account, detailed market research has been done locally and the economic conditions that have arisen previously have been considered as well.

* Valuation reports have been prepared according to related Capital Markets Board regulatory provisions.

* Valuation reports have been prepared by an independent expertise firm which gives service according to Capital Markets Board regulatory provisions.

* Cost approach and market value methods and assumptions have been taken into consideration.

* There is no restriction in distribution of increase in revaluation fund to shareholders.

Increases in the carrying amount arising on the revaluation of land, land improvements and buildings are recognised as credit in the gain on revaluation and re-measurement account in equity, net of applicable deferred income tax.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.7. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

Revalued amount is calculated by deducting the total of accumulated depreciation and impairment that have occurred in the periods after net realizable value determined in revaluation date. Revaluations are performed in every 3-year period, in case that there are not any significant differences between fair value as at reporting date and net book value.

Decrease in book value arisen from the aforementioned revaluation process is recorded in profit or loss in case the revaluation exceeds the balance already included in gain on revaluation and re-measurement account related to previous revaluation of the aforementioned asset.

When a revaluated property, plant and equipment is disposed, gain on revaluation and re-measurement account related with property, plant and equipment is transferred to retained earnings.

At reporting date, for revaluated property, plant and equipment or items of property, plant and equipment denominated at their purchasing value, depreciation is charged so as to write off the cost or valuation of assets, using the straight-line method. 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.

	<u>Useful lives (year)</u>
Buildings	30-50
Land improvements	15-30
Machinery and equipment	1-15
Furniture and fixtures	3-15
Motor vehicles	4-5

Intangible assets

Intangible assets comprise acquired rights. They are recorded at acquisition cost and less accumulated amortization and impairment; if any and amortized on the straight-line basis over their estimated useful lives for a period not exceeding 5-15 years from the date of acquisition.

Impairment of assets

At each reporting date, the Group reviews the carrying amounts of each asset except deferred tax asset to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.7. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

Impairment of assets

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss and other comprehensive income, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. Reversal of impairment loss of goodwill is not possible. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Goodwill

Goodwill has been recognised as an asset and has initially been measured as the excess of the cost of the combination over the fair value of the acquiree’s assets, liabilities and contingent liabilities. The acquirer recognises identifiable assets (such as deferred income tax on carry forward losses), intangible assets (such as trademarks) and/or contingent liabilities which are not included in the acquiree’s financial statements at their fair values in the consolidated financial statements. If the acquisition cost is lower than the fair value of the identifiable assets, liabilities and contingent liabilities acquired, the difference is accounted for as income in the related period.

Bank borrowings

Bank borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any difference between proceeds, net of transaction costs, and the redemption value is recognised in the statement of profit or loss over the borrowing period.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.7. Summary of significant accounting policies (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Share capital, dividends and share premium

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared. Share premium represents the difference between nominal value of the publicly held shares and their sales prices.

Taxes on income

Taxes include current period income taxes and deferred taxes. Current year tax liability consists of tax liability on period income calculated based on currently enacted tax rates as at reporting date and according to tax legislation in force and includes adjustments related to previous years’ tax liabilities.

Deferred tax is recognised, using the liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Tax bases of assets and liabilities comprise of the amounts that will affect the future period tax charges based on the tax legislation. Currently enacted tax rates, which are expected to be effective during the periods when the deferred tax assets will be utilised or deferred tax liabilities will be settled, are used to determine deferred income tax.

Deferred tax liabilities are recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Carrying value of deferred tax assets are decreased to the extent necessary, if future taxable profits are not expected to be available to utilise deferred tax assets partially or fully.

Deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.7. Summary of significant accounting policies (continued)

Revenue

General model for accounting of revenue

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

Step 1: Identify the contract with a customer

A contract with a customer is in the scope of the new standard when the contract is legally enforceable and certain criteria are met. If the criteria are not met, then the contract does not exist for purposes of applying the general model of the new standard, and any consideration received from the customer is generally recognized as a deposit (liability). Contracts entered into at or near the same time with the same customer (or a related party of the customer) are combined and treated as a single contract when certain criteria are met.

Step 2: Identify the performance obligations in the contract

An entity determines whether it promises to transfer either goods or services that are distinct, or a series of distinct goods or services that meet certain conditions. A ‘performance obligation’ is the unit of account for revenue recognition. An entity assesses the goods or services promised in a contract with a customer and identifies as a performance obligation either a:

(a) good or service (or a bundle of goods or services) that is distinct; or

(b) series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

An entity may define a contract or a service separately from other contractual obligations and define it as a different commodity or service if the customer makes use of such goods or services alone or in combination with other resources available for use. A single contract may contain promises to deliver to the customer more than one good or service. At contract inception, an entity evaluates the promised goods or services to determine which goods or services (or bundle of goods or services) are distinct and therefore constitute performance obligations.

Step 3: Determine the transaction price

When determining the transaction price, an entity assumes that the goods or services will be transferred to the customer based on the terms of the existing contract. In determining the transaction price, an entity considers variables considerations and significant financing components.

Significant financing component

To estimate the transaction price in a contract, the Company adjusts the promised amount of consideration to reflect the time value of money if the contract contains a significant financing component. Significant financing component exists if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the Company with a significant benefit of financing the transfer of goods or services to the customer. The Company does not have sales transactions which includes significant financing component.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.7. Summary of significant accounting policies (continued)

Revenue (continued)

Step 3: Determine the transaction price(continued)

Variable consideration

An entity assesses whether discounts, rebates, refunds, rights of return, credits, price concessions, incentives, performance bonuses, penalties, or similar items may result in variable consideration.

Step 4: Allocate the transaction price to the performance obligations in the contract

The transaction price is allocated to each performance obligation – generally each distinct good or service – to depict the amount of consideration to which an entity expects to be entitled in exchange for transferring the promised goods or services to the customer.

Step 5: Recognize revenue when or as the entity satisfies a performance obligation

An entity recognizes revenue over time when one of the following criterias are met:

- The customer simultaneously receives and consumes the benefits provided by the entity’s performance as the entity performs
- The entity’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced
- The entity’s performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date

For each performance obligation that is satisfied over time, an entity applies a single method of measuring progress toward complete satisfaction of the obligation. The objective is to depict the transfer of control of the goods or services to the customer. To do this, an entity selects an appropriate output or input method. It then applies that method consistently to similar performance obligations and in similar circumstances.

The Company has mainly recognized its revenue at a point of time when the goods have been removed from the inventories. If a performance obligation is not fulfilled in time, then the Company recognizes revenue when the control of goods or services is transferred to the customer.

In cases where the cost to be incurred by the Company exceeding the expected economic benefits to be incurred to fulfill the contractual obligations exceeds the expected economic benefit, the Company provides a provision in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Contract modifications

A ‘contract modification’ occurs when the parties to a contract approve a change in its scope, price, or both. The accounting for a contract modification depends on whether distinct goods or services are added to the arrangement, and on the related pricing in the modified arrangement.

The Company applied IFRS 15, which superseded IAS 18, “Revenue”, and accounted in the financial statements by using “cumulative effect method” on the transition date of 1 January 2018. According to this transition method, no restatement has been required in the comparative information of the financial statements.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.7. Summary of significant accounting policies (continued)

Revenue (continued)

Sales of goods

The Group sells cast iron, aluminum and wheels for the automotive industry. Considering the five-stage model described above, the Group accounts for the sales revenue of the products exported to overseas customers and to overseas warehouses belonging to the supply chain partners of overseas customers, when the goods in question fulfill their obligation to perform at the time of delivery.

Net sales have been estimated by deducting discounts and commissions.

The group sells scrap aluminum to its suppliers to purchase liquid aluminum. The mentioned scrap sales are not included in the sales revenues, the scrap included in the cost of the sales is netted off with the aluminum cost.

Interest income

The interest income earned by the Group is calculated on the accrual basis by calculating the effective interest yield method.

Events after the reporting date

Events after the reporting date are those events, favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

The Group records adjusting events after the reporting date and disclose non-adjusting events after the reporting date on the accompanying financial statements.

Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance costs in consolidated statement of profit or loss and other comprehensive income.

A contingent asset and liability is a possible asset that arises 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 entity and not recognised in the consolidated financial statements. Provisions shall not be recognised for future operating losses.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.7. Summary of significant accounting policies *(continued)*

Employee benefits / provision for employment termination benefit

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No. 19 (revised) “Employee Benefits” (“TAS 19”).

The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses. All actuarial differences are recognized immediately in other comprehensive income.

Finance leases

Leases of property, plant and equipment where the Company substantially assumes all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the finance balance outstanding. The corresponding lease obligations, net of finance charges, are included as finance lease obligations. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period. The property, plant and equipment acquired under finance leases are depreciated over the useful life of the asset.

Obligations under finance leases are stated in the consolidated financial statements at the acquisition values of the related property, plant and equipment. The finance leases costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale.

Research and development expenses

Research expenditure is recognised as expense as incurred. Costs incurred on development projects (relating to the design and testing of developed products) are recognised as intangible assets when it is probable that the project will be completed satisfactorily considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditures are recognised as expense as incurred. Development costs previously recognised as expense are not recognised as an asset in subsequent periods.

Related parties

For the purpose of these consolidated financial statements, shareholders, key management personnel and members of the Board, their family members and companies, subsidiaries and partnerships managed or controlled by them are considered and referred to as related parties (Note 28). The related party transactions with companies and individuals during the period are disclosed in the notes even if such parties are not considered to be related parties as at period-end.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.7. Summary of significant accounting policies *(continued)*

Earnings per share

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

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.

Reporting of cash flows

In the consolidated statement of cash flows, cash flows during the period are classified under operating, investing or financing activities.

The cash flows raised from 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 for redemption.

Cash and cash equivalents include cash and bank deposits and the investments that are readily convertible into cash and highly liquid with less than 3 months to maturity (Note 4).

Segment reporting

A reportable segment is a business segment or a geographical segment identified based on the foregoing definitions for which segment information is required to be disclosed. A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments. Since there is not a geographical segmentation in the Group’s organizational and management structure and internal financial reporting for the Board of Directors, geographical segment reporting is not performed.

A business segment or geographical segment should be identified as a reportable segment if a majority of its revenue is earned from sales to external customers and if its revenue from sales to external customers and from transactions with other segments is 10% or more of the total revenue, external and internal, of all segments; or its segment result, whether profit or loss, is 10% or more of the combined result of all segments in profit or the combined result of all segments in loss, whichever is the greater in absolute amount; or its assets are 10% or more of the total assets of all segments.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (*continued*)

2.8. Significant accounting estimates and assumptions

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

(a) Useful lives of property, plant and equipment and intangible assets

Depreciation of property, plant and equipment, except machinery and equipment, is calculated using straight-line method over their useful lives. Useful lives are based on management's best estimates, are revised at each reporting date and the necessary corrections are made. Useful lives of each reporting period, the capacity utilization rate, and economic, technological developments are taken into account and the revised and necessary updates are reflected to the consolidated financial statements, prospectively.

The Group, reassessed useful lives and depreciation expense of machinery and equipment for the period 1 January - 31 December 2016 taking into consideration the capacity utilization rate and condition of machinery and equipment, and, if necessary update them in accordance with TAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors".

(b) Income taxes

There are many transactions and calculations whose effects are not definite to the ultimate tax liability during the ordinary course of business and such situations require significant judgement in determining the provision for income taxes. The Group recognizes possible additional tax liabilities as a result of taxable situations (Note 26). Where the final tax liability that has to be recognized is different from the liability that was initially recognized, such differences will impact the income tax and deferred tax income/loss in the current period.

(c) Employment termination benefit discount rate

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. Discount rate depends on best estimates of management, reviewed in each financial period and necessary adjustments are made.

The Group estimated the discount rate which has been used in calculating provision for employment termination benefit as at 31 December 2020 as 3,67%, calculated by an independent actuary company.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING POLICIES *(continued)*

2.8. Significant accounting estimates and assumptions *(continued)*

d) Value added tax carried forward

As at 31 December 2020, the Company has a total value added tax (“VAT”) receivable of TL 42.657.289 (31 December 2019: TL 25.986.322) consisting of the Company's investments, sales, and purchases and resulting from various VATs (Note 17). The Company shall apply to the relevant tax office in order to net-off the VAT receivables or receive a VAT refund for 2020. Therefore, in accordance with a management decision, the relevant VAT receivables were classified under current assets and non-current assets in the statement of financial position.

e) Measurement of fair values

A number of the Group’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Company assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TAS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques 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).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values of land, land improvements and buildings is included in the accounting policies.

The fair value measurement of land, land improvements and building is categorized as Level 3 fair value based on the inputs to the valuation technique used.

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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 2020	31 December 2019
Gray cast iron	1.411.113.610	984.785.957
High pressure	451.192.840	314.878.860
Wheel	162.613.372	113.484.764
Unallocated assets (*)	20.867.044	21.095.052
Total assets per consolidated financial statements	2.045.786.866	1.434.244.633

(*) As at 31 December 2020, unallocated assets consist of loans and interests of loans landed to Componenta Oyj amounting to TL 14.184.335 (31 December 2019: TL 15.676.236), financial investments in Kumsan amounting to TL 6.682.709 (31 December 2019: TL 5.418.816).

Segment liabilities:	31 December 2020	31 December 2019
Gray cast iron	252.437.445	153.914.147
High pressure	84.385.942	51.452.077
Wheel	25.983.884	15.842.980
Unallocated liabilities (*)	1.469.499.119	1.127.953.359
Total liabilities per consolidated financial statements	1.832.306.390	1.349.162.563

(*) As at 31 December 2020 and 31 December 2019, unallocated liabilities consist of bank borrowings and deferred tax liabilities.

Segmental analysis for the year ended 31 December 2020:

	Gray cast iron	High pressure	Wheel	Total
External revenues	931.504.236	192.993.148	208.892.924	1.333.390.308
Operating expenses	(848.096.167)	(157.987.996)	(175.835.174)	(1.181.919.337)
Operating profit	83.408.069	35.005.152	33.057.750	151.470.971
Other operating income, net				20.107.519
Finance costs				(98.469.749)
Finance income				16.385.545
Share of profit of equity-accounted investees				1.552.793
Income from investing activities				394.898
Loss before tax				91.441.977
Tax income				(7.214.796)
Net loss for the year				84.227.181

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3. SEGMENT REPORTING (continued)

Segmental analysis for the year ended 31 December 2019:

	Gray cast iron	High pressure	Wheel	Total
External revenues	806.869.890	174.775.889	175.328.174	1.156.973.953
Operating expenses	(707.240.158)	(156.137.868)	(152.881.292)	(1.016.259.318)
Operating profit	99.629.732	18.638.022	22.446.882	140.714.635
Other operating income, net				35.720.163
Finance costs				(91.509.312)
Finance income				15.949.766
Share of profit of equity-accounted investees				683.019
Income from investing activities				13.515
Loss before tax				101.571.786
Tax income				(3.407.380)
Net loss for the year				98.164.406

1 January-31 December 2020

	Gray cast iron	High pressure	Wheel	Total
Depreciation and amortization	29.578.658	16.515.504	5.238.829	51.332.991
Capital expenditures	37.264.146	9.987.176	46.468.216	92.719.538

1 January-31 December 2019

	Gray cast iron	High pressure	Wheel	Total
Depreciation and amortization	24.275.911	13.680.928	4.658.212	42.615.051
Capital expenditures	25.392.393	43.280.198	4.939.729	73.612.320

4. CASH AND CASH EQUIVALENTS

As at 31 December 2020 and 31 December 2019, the details of cash and cash equivalents were as follows:

	31 December 2020	31 December 2019
Cash	2.297	5.247
Banks	34.283.374	54.697.195
Time deposits – Foreign currency	--	7.682.000
Demand deposits – EUR	29.946.133	42.197.359
Demand deposits - Foreign currency	4.337.241	4.817.836
	34.285.671	54.702.442

As at 31 December 2020, the Group has no time deposits. As at 31 December 2019, the interest rate of the time deposit is between 8%-10,5% and the maturity is 2 January 2020.

As of 31 December 2020, there are no blocked deposits (31 December 2019: None)

Currency and interest rate risk and sensitivity analysis for the Group’s financial assets and liabilities are described in Note 29.

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5. SHORT AND LONG TERM BORROWINGS

As at 31 December 2020 and 31 December 2019, the details of financial liabilities measured at amortized cost were as follows:

	31 December 2020	31 December 2019
Short-term bank loans and factoring payables	339.524.875	216.136.459
Short-term financial lease liabilities	6.355.758	5.419.169
	345.880.633	221.555.628
Short-term portions of long-term bank loans	340.160.608	63.122.527
Total short-term borrowings	686.041.241	284.678.155
Long-term bank loans	737.946.778	816.805.138
Long-term financial lease liabilities	7.855.610	3.720.006
Total long-term borrowings	745.802.388	820.525.144
Total financial liabilities	1.431.843.629	1.105.203.299

Short-term bank loans and factoring payables

	31 December 2020		
	Annual average interest rate %	Amount in original	TL
Short-term Euro borrowings (*)	4.25	33.328.618	300.220.857
Short-term TL borrowings	18.52	39.304.018	39.304.018
Total short-term bank loans and factoring payables			339.524.875

	31 December 2019		
	Annual average interest rate %	Amount in original	TL
Short-term Euro borrowings (*)	5,82	32.498.791	216.136.459
Total short-term bank loans and factoring payables			216.136.459

(*) Current short-term borrowings consist of working capital loan and bank borrowings obtained from Exim Bank.

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5. SHORT AND LONG TERM BORROWINGS (continued)

Short-term portion of long term bank loans

31 December 2020			
	Annual average interest rate %	Amount in original	TL
Short-term portion of long-term Euro bank loans	5.58	37.762.476	340.160.608
Short-term portion of long-term bank loans			340.160.608

31 December 2019			
	Annual average interest rate %	Amount in original	TL
Short-term portion of long-term Euro bank loans	5,98	9.491.253	63.122.527
Short-term portion of long-term bank loans			63.122.527

Long-term bank loans

31 December 2020			
	Annual average interest rate %	Amount in original	TL
Long-term Euro bank loans	5.77	79.091.329	712.446.778
Long-term TL bank loans	12.09	25.500.000	25.500.000
Long-term bank loans			737.946.778

31 December 2019			
	Annual average interest rate %	Amount in original	TL
Long-term Euro bank loans	6,02	122.816.759	816.805.139
Long-term bank loans			816.805.139

Redemption schedules of short-term and long-term borrowings at 31 December 2020 and 31 December 2019 were as follows:

	31 December 2020	31 December 2019
Up to 1 year	679.685.483	279.258.986
1 to 2 years	222.453.294	383.465.374
3 to 4 years	131.861.533	100.373.654
Over 4 years	383.631.951	332.966.110
	1.417.632.261	1.096.064.124

As of 31 December 2020, the Group's bank loans are secured. The details of guarantees are explained in Note 15.b.

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

	1 January 2020	Cash inflow	Cash outflow	Other transactions	31 December 2020
Bank loans	1.096.064.124	496.781.554	(546.797.373)	371.583.956	1.417.632.261
	1.096.064.124	496.781.554	(546.797.373)	371.583.956	1.417.632.261
	1 January 2019	Cash inflow	Cash outflow	Other transactions	31 December 2019
Bank loans	999.961.724	569.429.167	(647.703.916)	174.377.149	1.096.064.124
	999.961.724	569.429.167	(647.703.916)	174.377.149	1.096.064.124

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5. SHORT AND LONG TERM BORROWINGS *(continued)*

Details of the Group's variable and fixed interest rate loans as at 31 December 2020 and 31 December 2019 were as follows:

	31 December 2020	31 December 2019
Variable interest rate loans	546.393.755	450.542.797
Fixed interest rate loans	87.238.506	645.521.327
	1.417.632.261	1.096.064.124

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 EUR 84.250.000,
- Tranche 2 Credit up to a total maximum of EUR 56.300.000,
- Tranche 3 Credit up to a total maximum of EUR 40.000.000

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 15. 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.

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5. SHORT AND LONG TERM BORROWINGS *(continued)*

Redemption schedule of finance lease liabilities were as follows:

	31 December 2020			31 December 2019		
	Minimum financial leasing payment	Interest	Total liabilities	Minimum financial leasing payment	Interest	Total liabilities
<i>Short-term portion</i>						
2020	--	--	--	5.993.144	(573.975)	5.419.169
2021	7.218.508	(862.750)	6.355.758	--	--	--
Short-term portion	7.218.508	(862.750)	6.355.758	5.993.144	(573.975)	5.419.169
<i>Long-term portion</i>						
2021	--	--	--	2.021.314	(102.324)	1.918.990
2022	8.307.347	(451.737)	7.855.610	2.003.012	(201.996)	1.801.016
Long-term portion	8.307.347	(451.737)	7.855.610	4.024.326	(304.320)	3.720.006
	15.525.855	(1.314.487)	14.211.368	10.017.470	(878.295)	9.139.175

Financial lease payables are denominated in Euro and the interest rate is between 4.30% and 6.50%.

Currency and interest rate risk and sensitivity analysis for the group’s financial assets and liabilities are described in Note 29.

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6. TRADE RECEIVABLES AND PAYABLES

Trade receivables:

As at 31 December 2020 and 31 December 2019, the details of the Group's trade receivables were as follows:

	31 December 2020	31 December 2019
Short-term		
Receivables from third parties	360.414.364	209.022.365
- <i>Customer accounts</i>	360.414.364	209.022.365
Less: Provision for doubtful receivables	(12.239.248)	(9.036.329)
Notes receivables	680.997	--
Receivables from related parties (Note 28)	4.498.014	--
Short-term trade receivables	353.354.127	199.986.036
Long-term		
Customer accounts	13.751.938	10.153.158
Less: Provision for doubtful receivables	(4.766.062)	(3.518.819)
Long-term trade receivables	8.985.876	6.634.339
Total	362.340.003	206.620.375

Aging analysis for trade receivables

As at 31 December 2020 and 31 December 2019, maturities of trade receivables were as follows:

	31 December 2020	31 December 2019
Overdue receivables	137.471.167	78.540.036
0-30 days maturity	96.779.907	54.903.235
31-90 days maturity	116.179.201	66.375.509
91 days and over	11.909.728	6.801.595
	362.340.003	206.620.375

As at 31 December 2020 and 31 December 201, overdue days of receivables are as follows:

Days overdue	31 December 2020	31 December 2019
0 – 1 month	61.114.792	34.916.107
1 – 3 months	58.881.074	33.639.939
3 months and over	17.475.301	9.983.990
	137.471.167	78.540.036

Guarantee letters taken from the customers related with trade receivables are amounting to TL 200.000 (31 December 2019: TL 725.000), and the long-term notes payable are amounting to TL 400.000 (31 December 2019: TL 400.000).

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6. TRADE RECEIVABLES AND PAYABLES (continued)

Trade receivables (continued)

For the years ended 31 December 2020 and 31 December 2019, the movement of provision for doubtful receivables were as follows:

	2020	2019
1 January	12.555.148	12.255.762
Collections	--	(922.480)
Foreign exchange difference	4.450.162	1.221.866
31 December	17.005.310	12.555.148

Trade receivables have approximately 1-2 months of maturity terms on average (31 December 2019: 1-2 month). The Group's currency and interest rate risks are explained in Note 29.

Trade payables

As at 31 December 2020 and 31 December 2019, the details of the Group's trade payables were as follows:

	31 December 2020	31 December 2019
Payables to related parties (Note 28.b)	13.802.805	11.099.452
Payables to third parties	198.094.422	93.431.699
- Trade payables	198.094.422	93.431.699
	211.897.227	104.531.151

Trade Payables have approximately 1-4 months of maturity terms on average (31 December 2019: 1-4 month). The Group's currency and interest rate risks are explained in Note 29.

7. OTHER RECEIVABLES AND PAYABLES

Other Receivables

Short-term other receivables:

As at 31 December 2020 and 31 December 2019, the details of short-term other receivables were as follows:

	31 December 2020	31 December 2019
Deposits and guarantees given	440.992	1.247.220
	440.992	1.247.220

Long-term other receivables:

As at 31 December 2020 and 31 December 2019, the details of long-term other receivables were as follows:

	31 December 2020	31 December 2019
Financial receivables from non-related parties (*)	14.184.335	15.676.236
	14.184.335	15.676.236

(*) Consist of the financial receivables from Componenta Oyj.

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7. OTHER RECEIVABLES AND PAYABLES (continued)

Other payables

As at 31 December 2020 and 31 December 2019, the details of short-term and long-term other payables were as follows:

	31 December 2020	31 December 2019
Other refundable VAT	9.876.478	5.813.136
Short-term other payables	9.876.478	5.813.136

Management Fee Investigation

On 18 December 2015, the Ministry of Finance declared the Company the inspection of the Company's accounts and transactions for the years 2010, 2011, 2012, 2013, 2014 and 2015 based on tax regulations. Within the scope of inspection, management fee invoices by Componenta Oyj and other information about these invoices have been requested. According to this declaration related accounts have been started to be inspected by tax inspectors on 22 December 2015.

In accordance with the related report dated 26 January 2016, the total amount of 11,483,259.61 TL for Withholding and VAT Tax Principle and the total amount of 17,224,889.42 TL for such tax penalty is sent to the Bursa Ertuğrulgazi Tax Office and the Bursa Orhangazi Tax Office for penalty notice 28-30 September 2016 The Group has been notified. In accordance with the "Communiqué on Law No. 6736 Regarding Restructuring of Some Receivables and the General Law on the mentioned Banks", tax reduction has been applied for the reduction of tax penalty, reduction of delinquency and reduction of installments and installment. In this framework, the total tax debt was fully paid in 2019 by the Group.

8. PAYABLES RELATED TO EMPLOYEE BENEFITS

As at 31 December 2020 and 31 December 2019, the payables related to employee benefits were as follows:

	31 December 2020	31 December 2019
Payables to the personnel	11.589.204	8.895.104
Payables to social security institution	5.123.180	3.989.070
Personnel income tax and stamp tax payables	5.296.429	3.058.531
	22.008.813	15.942.705

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9. INVENTORIES

As at 31 December 2020 and 31 December 2019, the details of the inventories were as follows:

	31 December 2020	31 December 2019
Raw materials	122.866.189	79.308.179
Work-in-progress	37.234.839	9.795.423
Finished goods	87.399.924	78.373.337
Other (*)	65.987.489	45.180.293
	313.488.441	212.657.232
Less: Provision for net realisable value of inventories (**)	(2.119.712)	(3.458.359)
	311.368.729	209.198.873

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

(**) Consists of net realizable value difference.

For the years ended 31 December 2020 and 31 December 2019, movement of impairment provision is as follows:

	2020	2019
Balance at 1 January	3.458.359	1.003.602
Provision during the period	--	2.244.144
Reversal of impairment losses	(2.281.505)	--
Foreign currency translation differences	942.858	210.613
Balance at 31 January	2.119.712	3.458.359

For the period from 1 January to 31 December 2020, a portion amounting to TL 456.531.094 of the cost of goods sold is related to raw material and supplies usage (1 January - 31 December 2019: TL 415.040.726). Impairment provisions and cancellations on inventory are included in cost of sales.

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10. PREPAID EXPENSES

Short-term prepaid expenses

As at 31 December 2020 and 31 December 2019, the details of the short-term prepaid expenses were as follows:

	31 December 2020	31 December 2019
Deferred finance costs (*)	1.427.210	1.916.211
Advances given to suppliers	1.258.431	586.649
	2.685.641	2.502.860

Long-term prepaid expenses

As at 31 December 2020 and 31 December 2019, the details of the non-current prepaid expenses were as follows:

	31 December 2020	31 December 2019
Advances given	4.242.505	6.470.014
Deferred finance costs (*)	1.068.672	1.434.829
	5.311.177	7.904.843

(*) As at 31 December 2020 and 31 December 2019, deferred finance costs consist of commission paid, lawyer expenses of loan amounting to Euro 120.000.000.

11. EQUITY-ACCOUNTED INVESTEEES

Investment in associates:

As at 31 December 2020 and 31 December 2019, the details equity-accounted investees were as follows:

	31 December 2020		31 December 2019	
	Associate Share %	Associate Amount	Associate Share %	Associate Amount
Kumsan	25.10	6.682.709	25.10	5.418.816

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

	2020	2019
1 January - Investment in associates	5.418.816	8.190.316
Share of profit of equity-accounted investees	1.552.793	683.019
Dividends received	138.306	--
Foreign currency translation differences	(427.206)	(3.454.519)
31 December - Investment in associates	6.682.709	5.418.816

Information related with the financial statements of Kumsan were as follows:

	31 December 2020		31 December 2019	
	Total assets	Total liabilities	Total assets	Total liabilities
Kumsan	31.232.089	4.607.752	25.584.530	3.995.623

	2020		2019	
	Revenue	Net income	Revenue	Net income
Kumsan	39.151.668	6.186.426	29.314.390	2.721.218

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12. PROPERTY PLANT AND EQUIPMENT

For the years ended 31 December 2020 and 31 December 2019, movements of property, plant and equipment were as follows:

	Lands	Buildings and land improvements	Machinery and equipment	Furniture and fixtures	Motor vehicles	Construction in progress (*)	Total
<u>Opening net carrying value, 1 January 2019</u>	143.694.357	143.812.485	449.772.025	19.427.576	162.256	20.419.983	777.288.682
Additions	--	3.299.855	29.648.669	5.920.878	488.438	17.604.086	56.961.926
Disposals	--	--	(58.531)	--	(522.050)	--	(580.581)
Transfers	--	686.124	11.780.425	99.547	--	(12.566.096)	--
Foreign currency translation differences	15.115.559	14.853.627	46.164.276	1.999.840	16.759	2.109.071	80.259.132
Depreciation charge	--	(8.670.784)	(26.308.729)	(3.733.335)	(152.884)	--	(38.865.732)
Disposals from accumulated depreciation	--	--	8.258	--	516.104	--	524.362
Closing net carrying value, 31 December 2019	158.809.916	153.981.307	511.006.393	23.714.506	508.623	27.567.044	875.587.789
<u>Opening net carrying value, 1 January 2020</u>	158.809.916	153.981.307	511.006.393	23.714.506	508.623	27.567.044	875.587.789
Additions	--	1.141.315	22.401.038	5.032.628	--	52.544.052	81.119.033
Disposals	--	--	(35.915.463)	(1.347.635)	(983.449)	--	(38.246.547)
Transfers	--	1.377.887	14.903.553	991.166	--	(17.419.190)	(146.584)
Foreign currency translation differences	55.918.750	53.577.476	181.827.625	8.707.136	152.465	14.127.539	314.310.991
Depreciation charge	--	(10.590.691)	(31.982.670)	(3.592.480)	(224.263)	--	(46.390.104)
Disposals from accumulated depreciation	--	--	34.075.363	1.347.635	983.449	--	36.406.447
Closing net carrying value, 31 December 2020	214.728.666	199.487.294	696.315.839	34.852.956	436.825	76.819.445	1.222.641.025

TL 48.308.569 (31 December 2019: TL 40.104.270) of the current period depreciation and amortisation expenses have been reflected to costs of goods sold and TL 3.024.422 (31 December 2019: TL 2.510.781) to operating expenses.

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12. PROPERTY PLANT AND EQUIPMENT *(continued)*

Fair value of land, land improvements and buildings of the Company is obtained according to valuations at 31 December 2018. Valuation companies which are the independent companies authorized by CMB, are sufficient for the appropriateness of the valuation. Valuations made in accordance with International Valuation Standards in valuation reports was determined by the method of cost approach.

The fair value of land, land improvements and buildings are as follows is determined:

Level 1: Land, land improvements and buildings are valued at quoted prices in active markets for identical assets or liabilities.

Level 2: Land, land improvements and buildings are valued directly from the inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Land, land improvements and buildings are valued using inputs for the asset or liability that are not based on observable market data.

The fair value measurement of land, land improvements and building is categorized as Level 3 fair value based on the inputs to the valuation technique used.

13. INTANGIBLE ASSETS

For the years ended 31 December 2020 and 31 December 2019, movements of intangible assets were as follows:

	Rights	R&D	Total
1 January 2019 opening balance	3.354.796	1.652.965	5.007.761
Additions	1.203.597	15.446.797	16.650.394
Translation differences	1.426.525	2.462.193	3.888.718
Amortization charge	(2.647.343)	(1.101.976)	(3.749.319)
31 December 2019 closing balance	3.337.575	18.459.979	21.797.554
1 January 2020 opening balance	3.337.575	18.459.979	21.797.554
Additions	1.661.157	9.939.348	11.600.505
Transfer	146.584	--	146.584
Translation differences	384.617	3.269.899	3.654.516
Amortization charge	(1.518.076)	(3.424.811)	(4.942.887)
31 December 2020 closing balance	4.011.857	28.244.415	32.256.272

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14. GOODWILL

Goodwill is amounting to TL 10.213.643 as at 31 December 2020 (31 December 2019: TL 7.540.809). Goodwill has arisen due to the acquisition of Componenta UK Ltd. shares in 2006.

	2020	2019
1 January	7.540.809	6.834.872
Translation Differences	2.672.834	705.937
31 December	10.213.643	7.540.809

Related with goodwill occurred in acquisition of Componenta UK Ltd, the Group compared value in use of cash generating unit with goodwill carried in the consolidated statement of financial position and concluded that there is no impairment.

15. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Short-term provisions:

As at 31 December 2020 and 31 December 2019, the details of other current provisions were as follows:

	31 December 2020	31 December 2019
Provisions for litigation ⁽¹⁾	10.135.033	7.815.115
Unused vacation pay liability ⁽²⁾	4.458.163	3.023.822
Provisions for energy and water expenses ⁽³⁾	782.528	636.006
Other short-term provisions ⁽⁴⁾	1.263.165	2.812.674
	16.638.889	14.287.617

- (1) 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 2020 and 31 December 2019 by deducting the compensable amount of insurance from estimated payments.
- (2) In Turkey, according to the legislation, the employer has to make payments for unused vacation days when the personnel leave the company.
- (3) As at 31 December 2020, provision consists of not invoiced electricity, natural gas and water expense accruals for the year 2020.
- (4) As at 31 December 2020, other short-term provisions consist of uninvoiced selling expenses, quality expenses, model cost provisions and other provisions.

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15. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

a) Short-term provisions(continued):

As at 31 December 2020 and 31 December 2019, movement of provisions of the Group is as follows:

	1 January 2020	Additions	Foreign currency translation differences	Unutilized Portion/Utilizatin	31 December 2020
Provisions for litigation	7.815.115	--	2.720.394	(400.476)	10.135.033
Unused vacation pay liability	3.023.822	322.547	1.111.794	--	4.458.163
Provisions for energy and water expenses	636.006	--	216.725	(70.203)	782.528
Other short-term provisions	2.812.674	--	715.977	(2.265.486)	1.263.165
Total	14.287.617	322.547	4.764.890	(2.736.165)	16.638.889

	1 January 2019	Additions	Foreign currency translation differences	Unutilized Portion/Utilizatin	31 December 2019
Provisions for litigation	7.435.107	--	750.285	(370.277)	7.815.115
Unused vacation pay liability	3.639.188	--	330.779	(946.145)	3.023.822
Provisions for energy and water expenses	596.985	--	56.401	(17.380)	636.006
Other short-term provisions	2.966.169	4.073.110	676.656	(4.903.261)	2.812.674
Total	14.637.449	4.073.110	1.814.121	(6.237.063)	14.287.617

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

The Group’s guarantee letters/ pledges/ mortgages (GPMs) position as at 31 December 2020 and 31 December 2019 were as follows:

	Total TL equivalent	Original Currency TL	Original Currency US Dollar	Original Currency EUR
31 December 2019				
A. GPMs given on behalf of the Company’s legal personality	9.968.261.491	3.347.454.991	--	735.000.000
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	--	--	--	--
Other	--	--	--	--
Total GPMs	9.968.261.491	3.347.454.991	--	735.000.000
Other GPMs	--	--	--	--

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15. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

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

Ratio of other GPMs given by the Group to the Group’s equity is 4669% as at 31 December 2020 (31 December 2019: 6922%).

As at 31 December 2020, 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 TL 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 TL 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 TL 500.000.000 and third degree and first ranking to EUR 50.000.000 and TL 100.000.000. With the loan agreement dated September 27, 2017, the fifth degree and first place 400,000,000 Euros and the sixth degree and 2,000,000,000 TL in the first place were added to the existing mortgage amounts, and registration procedures were completed on 3 October 2017.

Other than that, same banks have first degree and first ranking mortgage in the amount of TL 400.000.000 on portable business facilities, trade name, company name, patent rights, brands, models, paintings, licenses and every kind of accessories, fixtures, essential part, syllabus and details without recourse, jointly and pursuant to the participation ratio. With amending agreement dated 17 June 2015, amount of existing pledge of assets have been increased TL 600.000.000 with the same scope. In accordance with the supplemental agreement dated 24 November 2016, the commercial enterprise pledge was amended and increased to TL 720.000.000 TL with the previous scope has been valid.

Letters of guarantees given which are amounting to TL 27.454.991 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.

	Total TL equivalent	Original Currency TL	Original Currency US Dollar	Original Currency EUR
31 December 2019				
A. GPMs given on behalf of the Company’s legal personality	8.228.974.943	3.340.783.943	--	735.000.000
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	--	--	--	--
Other	--	--	--	--
Total GPMs	8.228.974.943	3.340.783.943	--	735.000.000
Other GPMs	--	--	--	--

c) Letter of Guarantees Received:

	31 December 2020	31 December 2019
Guarantee letters received	2.860.673	1.341.253
Guarantee cheques and notes received	6.117.525	6.300.996
Total guarantees received	8.978.198	7.642.248

Letters of guarantees received consist of guarantees received from customers, suppliers and subcontractors.

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16. EMPLOYEE BENEFITS

Long term provisions related to Employee benefits

	31 December 2020	31 December 2019
Provision for employment termination benefits	64.205.230	58.663.719
	64.205.230	58.663.719

Provision for employment termination benefit is accounted according to the following disclosures:

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 TL 7.117 for each year of service as at 31 December 2020 (31 December 2019: TL 6.380).

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 2020	31 December 2019
Annual discount rate (%)	3.67	4.19
Turnover rate to estimate the probability of retirement (%)	95	95

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Since the liability cap for each year of service is adjusted once in every six months the maximum amount of TL 7.117, which is effective from 1 January 2020. (1 January 2019: TL 6.380), has been considered in the calculation.

For the years ended 31 December movements of provision for employment termination benefits were as follows:

	2020	2019
1 January	58.663.719	51.350.736
Interest cost	5.996.130	5.662.628
Current year service cost	4.843.748	3.283.824
Actuarial loss	3.530.804	(14.596.671)
Foreign currency translation differences	(6.355.447)	21.909.886
Payments during the period	(2.473.724)	(8.946.684)
31 December	64.205.230	58.663.719

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17. OTHER ASSETS AND LIABILITIES

Other current assets

As at 31 December 2020 and 31 December 2019, details of other current assets were as follows:

	31 December 2020	31 December 2019
VAT receivables	15.804.550	6.762.184
Other	--	60.494
	15.804.550	6.822.678

Other non-current assets

	31 December 2020	31 December 2019
Deposits and guaretees given	719.380	--
VAT receivables (*)	26.852.739	19.224.138
	27.572.119	19.224.138

(*) 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 2020 and 31 December 2019.

Other short-term liabilities

As at 31 December 2020 and 31 December 2019, details of other short-term liabilities were as follows:

	31 December 2020	31 December 2019
Deferred revenue	4.142.094	2.001.252
Advances received	18.013.044	9.089.475
Other short-term liabilities (*)	1.814.128	1.740.974
	23.969.266	12.831.701

(*) As at 31 December 2020, TL 818.125 portion of other short-term liabilities consist of liabilities to union (31 December 2019: TL 880.822).

18. SHAREHOLDER'S EQUITY

Paid-in Capital

The Company applies registered capital system which is recognized by BIST registered companies. The Company identified share capital amounting to TL 250.000.000 for registered shares with a nominal value of TL 0,01.

The composition of the Company's statutory paid-in capital at 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020	31 December 2019
Registered Capital (with historical value)	250.000.000	250.000.000
Approved and paid-in capital (nominal value)	116.000.000	66.844.800

The composition of the Company's statutory paid-in capital at 31 December 2020 and 31 December 2019 were as follows:

	31 December 2020	Shareholding Percentage (%)	31 December 2019	Shareholding Percentage (%)
Çelik Holding A.Ş	111.355.238	96.00	64.281.914	96.17
Held by public	4.644.762	4.00	2.562.886	3.83
Total paid-in-capital	116.000.000	100.00	66.844.800	100.00

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18. SHAREHOLDER'S EQUITY (continued)

Paid-in Capital (continued)

The Company has 11.600.000.000 shares (31 December 2019: 6.684.480.000 shares) each with the nominal value of Kr 1 as at 31 December 2020. The Company has no privileged shares.

As explained in Note 1, the nominal value of TL 62.543.859 corresponding to 93,57% of the Group's capital were transferred to Çelik Holding A.Ş. by Döktaş Metal 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 decision of the board of directors dated 27 November 2019, the Group's main shareholder, Çelik Holding A.Ş. has paid the capital advance amounting to TL 47.135.520, equivalent to 7.500.000 Euro. The Group has recognized this amount in capital advance as at 31 December 2019.

After the paid capital increase was approved by the CMB in 2020, the Group reclassified the related capital advance amount to the paid-in capital account and also, within the scope of the related paid capital increase, the capital increase amounting to TL 2.019.950 to be covered by the Group's main shareholder, Çelik Holding A.Ş.

Inflation Adjustment Differences on Paid-In Capital

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

Share Premium

As at 31 December 2020 and 31 December 2019, the Group's share premium is amounting to TL 161.041.

Gain on Revaluation and Re-measurement

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

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)

Foreign Currency Translation Differences

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

Prior Year's Profits

As at 31 December 2020 and 31 December 2019, the Group's prior year's profits are amounting to TL 330.797.182 and TL 229.427.106, respectively.

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 2020, legal reserves of the Group is amounting to TL 16.035.194 (31 December 2019: TL 16.035.194).

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18. SHAREHOLDER'S EQUITY (continued)

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 TL 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 TL 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 TL 424.245.815.

As at 31 December 2019, the Group has recognized its trade receivables amounting to TL 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 TL 625.278.409 as at 31 December 2020.

Dividend:

The Companies whose shares are listed are subject to the following dividend requirement introduced by the CMB:

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

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

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

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

The Company has not distributed dividends during the current year.

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19. REVENUE AND COST OF SALES

For the years ended 31 December, the details of revenue were as follows:

	1 January – 31 December 2020	1 January – 31 December 2019
Export sales	996.601.149	916.907.610
Domestic sales	310.239.362	213.823.333
Other sales	48.629.040	43.515.964
Sales revenue (gross)	1.355.469.551	1.174.246.907
Less: Discounts and returns	(22.079.243)	(17.272.954)
Sales revenue (net)	1.333.390.308	1.156.973.953
Cost of sales	(1.033.804.501)	(905.551.440)
Gross profit	299.585.807	251.422.513

Cost of sales:

For the years ended 31 December, the details of cost of sales were as follows:

	1 January – 31 December 2020	1 January – 31 December 2019
Raw material costs	(456.531.094)	(415.040.726)
Personnel expenses	(193.158.284)	(184.496.865)
General production costs	(187.836.844)	(143.674.255)
Energy expenses	(117.604.464)	(99.181.385)
Depreciation and amortization expenses	(48.308.569)	(40.104.270)
Other	(30.365.246)	(23.053.939)
	(1.033.804.501)	(905.551.440)

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**20. RESEARCH AND DEVELOPMENT EXPENSES, MARKETING EXPENSES AND
GENERAL ADMINISTRATIVE EXPENSES**

Marketing expenses:

For the years ended 31 December, the details of marketing expenses were as follows:

	1 January – 31 December 2020	1 January – 31 December 2019
Insurance premiums related to freight and customs procedures	(32.882.981)	(28.720.006)
Packaging	(12.517.972)	(10.247.893)
Warehousing	(4.849.953)	(3.670.596)
Transportation	(3.698.108)	(2.494.671)
Personnel	(2.988.837)	(1.995.429)
Licence fee	(588.147)	(583.934)
Other	(3.542.461)	(1.567.619)
	(61.068.459)	(49.280.148)

General administrative expenses:

For the years ended 31 December, the details of general administrative expenses were as follows:

	1 January – 31 December 2020	1 January – 31 December 2019
Personnel	(56.365.507)	(30.985.823)
Information technology services expenses	(6.669.115)	(6.366.671)
Repair, maintenance and cleaning	(3.652.861)	(2.867.580)
Depreciation and amortization	(3.024.422)	(2.510.781)
Subcontractor expenses	(2.980.936)	(2.614.147)
Legal counseling expenses	(2.958.264)	(3.581.425)
Taxes and stamp duty	(2.274.558)	(4.286.224)
Travel expenses	(625.236)	(883.535)
Public holiday pay provision	(176.741)	(77.776)
Vacation pay liability expenses	(108.437)	(124.707)
Other	(6.100.727)	(5.165.348)
	(84.936.804)	(59.464.017)

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21. EXPENSES BY TYPE

For the years ended 31 December, details of expenses by nature were as follows:

	1 January – 31 December 2020	1 January – 31 December 2019
Cost of goods sold	(48.308.569)	(40.104.270)
General administrative expenses	(3.024.422)	(2.510.781)
Depreciation and amortization	(51.332.991)	(42.615.051)
Cost of goods sold	(193.158.284)	(184.496.865)
General administrative expenses	(56.365.507)	(30.985.823)
Marketing expenses	(2.988.837)	(1.995.429)
Personnel expenses	(252.512.628)	(217.478.117)

22. OTHER OPERATING INCOME AND EXPENSES

Other operating income

For the years ended 31 December, details of other operating income were as follows:

	1 January – 31 December 2020	1 January – 31 December 2019
Foreign exchange income on other operating income	42.193.774	12.794.416
Insurance damage incomes	1.574.174	1.627.414
Discount income	--	22.264.065
Reversal of impairment on receivables (Note 6)	--	922.480
Other	3.754.647	8.048.972
	47.522.595	45.657.347

Other operating expenses

For the years ended 31 December, details of other operating expenses were as follows:

	1 January – 31 December 2020	1 January – 31 December 2019
Foreign exchange expense on other operating expense	(23.493.065)	(5.928.179)
Rework expenses	(2.628.247)	(395.782)
Discount interest expense	(75.107)	(3.005.231)
Other	(1.218.657)	(607.992)
	(27.415.076)	(9.937.184)

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23. INCOME FROM INVESTING ACTIVITIES

For the years ended 31 December, details of income from investing activities were as follows:

	1 January – 31 December 2020	1 January – 31 December 2019
Gain on sale of property, plant and equipment	394.898	13.515
	394.898	13.515

24. FINANCE INCOME

For the years ended 31 December, details of financial income were as follows:

	1 January – 31 December 2020	1 January – 31 December 2019
Foreign exchange gain	16.000.400	15.681.941
Interest income	385.145	267.825
	16.385.545	15.949.766

25. FINANCE COSTS

For the years ended 31 December, details of financial costs were as follows:

	1 January – 31 December 2020	1 January – 31 December 2019
Interest expenses	(73.422.633)	(64.636.526)
Foreign exchange losses	(9.841.400)	(11.567.045)
Employee termination interest expense	(5.996.130)	(5.662.628)
Loan expenses	(5.645.133)	(1.710.736)
Finance leasing interest expenses	(657.412)	(571.023)
Commision expenses	(456.341)	(3.516.981)
Other	(2.450.700)	(3.844.373)
	(98.469.749)	(91.509.312)

26. 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.

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26. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (continued)

In Turkey corporate tax rate for the fiscal year 2020 is 22% (2019: 22%). Corporate tax rate for the subsidiary of the Group in United Kingdom is 20% (2019: 20%). In accordance with the "Law on the Amendment of Certain Tax Acts and Some Other Laws" numbered 30261 and published in Official Gazette on 5 December 2017; the corporate tax rate for the years 2018, 2019 and 2020 has been increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of 31 December 2020 are calculated with 22% tax rate for the temporary differences that will be realised in 2018, 2019 and 2020; and with 20% tax rate for the temporary differences that will be realised after 2021 and onwards.

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.

Corporations are required to pay advance corporation tax quarterly at the rate of 22% on their corporate income and declare by the 17th of the second month following the quarter (31 December 2019: 22%). With the amendment of the law, this rate was determined as 22% for the years 2018, 2019 and 2020.

Advance tax is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

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 the end 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.

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 22% (31 December 2019: 20%). With the new amendment to the law this rate has been increased to %22 for the years of 2018, 2019 and 2020. The tax rate applied to the Group's subsidiary in United Kingdom is 20% (31 December 2016: 20%).

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26. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (continued)

Deferred tax income (continued):

The composition of cumulative temporary differences and the related deferred tax assets and liabilities calculated using the enacted tax rates at 31 December 2020 and 31 December 2019, were as follows:

	Cumulative Temporary Differences		Deferred Tax Assets/ (Liabilities)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Net difference between the tax base and the carrying value of property, plant and equipment and intangibles	455.052.715	311.164.760	(91.010.543)	(62.232.952)
Revaluation fund for land	157.242.175	116.093.075	(31.448.435)	(23.218.615)
Revaluation fund for land improvements and buildings	7.004.500	5.171.465	(1.400.900)	(1.034.293)
Provision for employment termination benefits and notification payments	(64.205.230)	(58.663.719)	12.841.046	11.732.744
Net difference between the tax base and carrying value of inventories	2.107.130	(388.355)	(421.426)	77.671
Timing differences in recognition of revenue	(4.280.285)	2.567.840	856.057	(513.568)
Legal provisions	(10.135.015)	(8.585.825)	2.027.003	1.717.165
Provision for doubtful receivables	(10.813.895)	(7.983.985)	2.162.779	1.596.797
Investment incentives (*)	50.743.201	37.751.484	50.743.201	37.751.484
Other	(18.921.800)	(14.898.560)	3.784.360	2.234.332
Deferred tax liabilities - net			(51.866.858)	(31.889.235)

(*) 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 TL 80,660,000 starting on May 2015, which will end in May 2018. According to this certificate, tax discount rate is set at 70% and investment contribution rate at 40%. Based on the Investment Promotion Legislation and Article 15 of the Council of Ministers Resolution, costs of land, royalty, spare parts and costs of other expenses which are not subject to amortization will not benefit from tax support. In this context, total capital expenditure that may be subject to tax deductions is TL 77.785.256 excluding the land and other expenditures. The amount that can be used in discounted corporate tax is calculated through the capital expenditure amounting to TL 77.785.256 in the current period by using the 40% of investment contribution rate amounting TL 32.468.802. Since TL 4.156.190 of this amount is deducted in the calculation of corporate tax of year 2015 and TL 7.738.764 of this amount is deducted in the calculation of corporate tax of year 2017, the remaining amount of TL 20.573.848 is recorded as deferred tax asset.

In 2019, for its investment of 30.000.000 TL, the Group received the T.R. It received an Incentive Certificate from the Ministry of Economy, General Directorate of Incentive Implementation and Foreign Capital. According to this incentive certificate, the tax reduction rate is 70% and the investment contribution rate is 30%. In this context, the Group's total investment expenditure that may be subject to tax deduction calculation is 30.000.000 TL. The amount that can be used in the discounted corporate tax calculation over the investment expenditure of 30.000.000 TL made by the Group until the end of the current period has been calculated as 13.500.000 TL with a 45% investment contribution rate.

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 tax reduction rate of the first region incentive certificate is 50% and the investment contribution rate is 15%. The tax reduction rate of the fourth region incentive certificate is 70%, and the investment contribution rate is 30%. Within the scope of these incentive certificates, there is an amount that can be used as a reduced corporate tax of 16.669.353 TL over the investment expenditure of 42.162.481 TL until the end of the current period 2020.

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26. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (continued)

Deferred tax income: (continued)

Movements of deferred tax liability are as follows:

	2020	2019
1 January	(31.889.235)	(27.219.814)
Current period deferred tax income / (expense)	(7.214.796)	(3.407.380)
Charged to equity	706.161	(2.919.334)
Foreign currency translation differences	(13.468.988)	1.657.293
31 December	(51.866.858)	(31.889.235)

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

	%	2020	%	2019
Income/(loss) before tax rate		91.441.977		101.571.786
Tax expense/(income) calculated at legal tax rate	22.00	20.117.235	22.00	22.345.793
Effect of share of equity-accounted investee	0.34	310.559	0.15	150.264
Effect of disallowable expenses	8.64	7.899.438	5.66	5.750.590
Effect of tax exemptions	(1.20)	(1.092.948)	(3.24)	(3.295.531)
Unrecognized deferred tax assets of the current year losses (*)	(17.26)	(15.780.174)	(15.54)	(15.784.288)
Effect of tax rate change	(0.89)	(817.490)	(0.41)	(411.706)
Other	(3.74)	(3.421.824)	(5.26)	(5.347.742)
Tax provisions	7.89	7.214.796	3.35	3.407.380

(*)The Group has financial loss amounting to TL 78.900.868 which has been realized in the current period and the deferred tax has not been calculated. Related amount will be amortized in 2025.

27. EARNINGS/(LOSS) PER SHARE

For the periods 1 January - 31 December 2020 and 1 January - 31 December 2019, weighted average number of shares and earnings/ (loss) per share are as follows:

	2020	2019
Average number of shares outstanding during the period (full value)	11.600.000.000	11.600.000.000
Net profit by Parent Company	84.227.181	98.164.406
Earnings per share with nominal value of 1 KR	7,2610	8,4624

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28. RELATED PARTY DISCLOSURES

Related parties of the Group are the Componenta Oyj Group until 12 October 2017. As explained in Note 1, the Company's shares have been transferred to Döktaş as of 12 October 2017 and then related shares were transferred to Çelik Holding A.Ş. as of 12 June 2018.

a) Due from related parties:

As at 31 December 2020 and 31 December 2019 trade receivables due from related parties are as follows:

	31 December 2020	31 December 2019
Güriş İş Makinaları Endüstri A.Ş.	4.493.335	--
Omtaş Otomotiv San Tic A.Ş.	4.415	--
Parsan Makine Parçaları Sanayi A.Ş.	264	--
	4.498.014	--

b) Due to related parties:

As at 31 December 2019 and 31 December 2020 trade payables due to related parties are as follows:

	31 December 2020	31 December 2019
Bordo Elektrik Enerjisi A.Ş.	11.427.419	5.346.375
Parsan Makine Parçaları Sanayi A.Ş.	--	3.601
Kumsan Döküm Malzemeleri Sanayi ve Ticaret A.Ş.	725.208	259.764
Güriş Lojistik Depolama Ltd. Şti.	2.949	--
Güriş Europe GMBH	426.138	--
Güriş İnşaat ve Mühendislik A.Ş.	108.314	--
Çelik Holding A.Ş.	1.112.777	5.471.716
Güriş İş Makinaları Endüstri A.Ş.	--	17.996
	13.802.805	11.099.452

c) Sales to related parties:

For the years ended 31 December 2020 and 31 December 2019, there are no sales to related parties.

d) Goods and services received:

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

	Trading goods and services	Management services	Other	Total
Güriş İş Makinaları Endüstri A.Ş.	70.681	--	--	70.681
Parsan Makine Parçaları Sanayi A.Ş.	257.596	--	1.388	258.984
Bordo Elektrik Enerjisi A.Ş.	93.008.478	--	--	93.008.478
Kumsan Döküm Malzemeleri Sanayi ve Ticaret A.Ş.	1.349.341	--	--	1.349.341
Çelik Holding A.Ş.	--	4.575.747	568.551	5.144.298
Güriş Europe GMBH	4.789.869	--	--	4.789.869
Güriş İnşaat ve Mühendislik A.Ş.	158.864	--	--	158.864
Güriş Lojistik Depolama Ltd. Şti.	19.824	--	--	19.824
Yamantürk Vakfi	--	--	194.480	194.480
	99.654.653	4.575.747	764.419	104.994.819

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28. RELATED PARTY DISCLOSURES (continued)

d) Goods and services received (continued):

For the year ended 31 December 2019 breakdown of the purchases from related parties are as follows:

	Trading goods and services	Management services	Other	Total
Mogan Özel Havacılık A.Ş.	262.686	--	--	262.686
Güriş İş Makinaları Endüstri A.Ş	994.999	--	--	994.999
Parsan Makine Parçaları Sanayi A.Ş.	21.925	1.227.884	184.667	1.434.476
Bordo Elektrik Enerjisi A.Ş	79.246.903	--	--	79.246.903
Omtaş Otomotiv San Tic A.Ş.	6.512	--	--	6.512
Kumsan Döküm Malzemeleri Sanayi ve Ticaret A.Ş.	1.121.013	--	--	1.121.013
Çelik Holding A.Ş.	71.316	3.025.714	784.508	3.881.538
Güriş Europe GMBH	355.929	--	--	355.929
Asil Çelik Deutschland Gmbh	1.205.493	--	--	1.205.493
Yamantürk Vakfi	--	--	174.000	174.000
	83.286.776	4.253.598	1.143.175	88.683.549

e) Financing expense:

Financial expenses from related parties for the years ended 31 December 2020 and 2019 are as follows:

	1 Ocak- 31 December 2020	1 Ocak- 31 December 2019
Çelik Holding A.Ş.	512.936	3.684.600
	512.936	3.684.600

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 Ocak- 31 December 2020	1 Ocak- 31 December 2019
Short-term benefits	7.921.118	7.285.740
Long-term benefits	460.191	484.535
Total	8.381.309	7.770.274

29. CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS

The Group's activities expose it to a variety of financial risks; these risks are market risk including the effects of changes in debt and equity market prices, foreign currency exchange rates, fair value interest rate risk and cash flow interest rate risk, credit risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

a) Interest-rate risk

The Group Management evaluates the interest bearing assets in short-term investment instruments within the framework of the principle of managing with natural measures by balancing the maturities of interest-sensitive assets and liabilities.

Interest rate risk of the Group is derived from financial liabilities which have short and long term maturity.

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29. CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS (continued)

a) Interest rate risk (continued)

	31 December 2020	31 December 2019
Financial instruments with fixed interest rate		
Financial liabilities	(885.449.874)	(654.660.502)
	31 December 2020	31 December 2019
Financial instruments with variable interest rate		
Financial liabilities	(546.393.755)	(450.542.797)

b) 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 2020 and 2019 are as follows:

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

(*) Increases in credit reliability are not taken into account in determining the amount, such as guarantees received.

DÖKTAŞ DÖKÜMCÜLÜK TİCARET VE SANAYİ A.Ş.

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29. CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS (continued)

b) Credit Risk (continued)

31 December 2019	Receivables				Bank Deposits
	Trade Receivables		Other Receivables		
	Related Parties	Other Parties	Related Parties	Other Parties	
Maximum credit risk as at reporting date (*) (A+B+C+D+E)	--	206.620.375	--	16.923.456	54.697.195
Guaranteed portion of the maximum risk	--	7.642.248	--	--	--
A. Net book value of the assets that are not due or that are not impaired	--	128.080.339	--	16.923.456	54.697.195
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	--	78.540.036	--	--	--
- Guaranteed portion	--	--	--	--	--
D. Net book value of the assets impaired	--	--	--	--	--
Overdue (gross book value)	--	12.555.148			
impaired (-)	--	(12.555.148)			
Not due (gross book value)	--	--	--	--	--
impaired (-)	--	--	--	--	--
E. Off balance sheet items with credit risk	--	--	--	--	--

(*) Increases in credit reliability are not taken into account in determining the amount, such as guarantees received.

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29. CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS (continued)

c) 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 makes daily, monthly and annual cash flow plans to manage liquidity risk, and carries out its transactions with a certain cash balance, taking into account the developments in the money market.

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

31 December 2020	Net Book Value	Agreed Total Cash Outflows	Less than 3 months	3-12 months	1-5 years	5-10 years
Non-derivative financial liabilities						
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
Finance lease liabilities	14.211.368	21.038.782	2.350.842	8.092.689	10.595.251	--
Trade payables	211.897.227	211.897.227	211.897.227	--	--	--
Other payables	9.876.478	9.876.478	9.876.478	--	--	--
Other liabilities	23.969.266	23.969.266	23.969.266	--	--	--
Total	1.677.586.600	1.903.070.689	368.168.592	584.684.016	498.807.871	451.410.210

31 December 2019	Net Book Value	Agreed Total Cash Outflows	Less than 3 months	3-12 months	1-5 years	5-10 years
Non-derivative financial liabilities						
Short and long term borrowings	1.096.064.124	1.341.542.693	66.354.832	255.509.522	688.668.638	331.009.701
Finance lease liabilities	9.139.175	14.081.761	3.154.733	4.899.366	6.027.663	--
Trade payables	104.531.151	126.856.986	126.856.986	--	--	--
Other payables	5.813.136	5.813.136	5.813.136	--	--	--
Other liabilities	12.831.701	12.831.701	12.831.701	--	--	--
Total	1.228.379.287	1.501.126.277	215.011.388	260.408.888	694.696.301	331.009.701

d) Foreign Currency Risk

The Group, due to its TL and other foreign currency denominated borrowings, TL and other foreign currency denominated borrowings, and TL 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.

The table below summarizes the Group's foreign currency position as at 31 December 2020 and 2019. Carrying values of foreign currency denominated assets and liabilities held by the Group are as follows:

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29. CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS (continued)

FOREIGN CURRENCY POSITION TABLE	31 December 2020					31 December 2019				
	TL Equivalent (Functional currency-Euro)	USD	TL	GBP	Other	TL Equivalent (Functional currency-Euro)	USD	TL	GBP	Other
1. Trade Receivables	125.429.229	28.352	118.133.560	712.761	--	49.299.804	22.356	48.336.638	106.779	--
2a. Monetary Financial Assets (including Cash, Banks accounts)	4.339.538	5.560	147.542	415.912	17.279	10.130.749	--	7.774.814	302.956	--
2b. Non-monetary Financial Assets	--	--	--	--	--	--	--	--	--	--
3. Other	21.330.618	--	--	2.145.117	--	16.681.502	--	--	2.145.117	--
4. Current Assets (1+2+3)	151.099.385	33.912	118.281.102	3.273.790	17.279	76.112.055	22.356	56.111.452	2.554.852	--
5. Trade Receivables	--	--	--	--	--	--	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--	--	--	--	--	--	--
6b. Non-monetary Financial Assets	--	--	--	--	--	--	--	--	--	--
7. Other	--	--	--	--	--	--	--	--	--	--
8. Fixed Assets (5+6+7)	--	--	--	--	--	--	--	--	--	--
9. Total Assets (4+8)	151.099.385	33.912	118.281.102	3.273.790	17.279	76.112.055	22.356	56.111.452	2.554.852	--
10. Trade Payables	140.689.918	2.297.145	122.262.466	140.330	190.170	74.678.981	957.453	67.692.093	137.567	362.030
11. Financial Liabilities	39.304.018	--	39.304.018	--	--	--	--	--	--	--
12a. Other Monetary Liabilities	--	--	--	--	--	--	--	--	--	--
12b. Other Non-monetary Liabilities	--	--	--	--	--	--	--	--	--	--
13. Short-term Liabilities (10+11+12)	179.993.936	2.297.145	161.566.484	140.330	190.170	74.678.981	957.453	67.692.093	137.567	362.030
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)	205.493.936	2.297.145	187.066.484	140.330	190.170	74.678.981	957.453	67.692.093	137.567	362.030
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)	(54.394.551)	(2.263.233)	(68.785.382)	3.133.460	(172.891)	1.433.074	(935.097)	(11.580.641)	2.417.285	(362.030)
21. Net Foreign Exchange Asset / (Liability) Position of the Monetary Item (UFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16)	(75.725.169)	(2.263.233)	(68.785.382)	988.343	(172.891)	(15.248.428)	(935.097)	(11.580.641)	272.168	(362.030)

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29. CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS (continued)

	31 December 2020			
	Profit/ Loss		Shareholder’s Equity (*)	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
	10% change in USD against EUR / in case of depreciation			
1. USD net asset/liability	(1.661.326)	1.661.326	(1.661.326)	1.661.326
2. Hedged from the USD risk (-)	--	--	--	--
3. USD Net Effect (1+2)	(1.661.326)	1.661.326	(1.661.326)	1.661.326
	10% change in TL against EUR / in case of depreciation			
4. TL net asset/liability	(6.798.136)	6.798.136	(6.798.136)	6.798.136
5. Hedged from the TL risk (-)	--	--	--	--
6. TL Net Effect (4+5)	(6.798.136)	6.798.136	(6.798.136)	6.798.136
	10% change in GBP against EUR / in case of depreciation			
7. GBP net asset/liability	2.719.006	(2.719.006)	2.719.006	(2.719.006)
8. Hedged from the GBP risk (-)	--	--	--	--
9. GBP Net Effect (7+8)	2.719.006	(2.719.006)	2.719.006	(2.719.006)
	% 10 change in other currency against EUR / in case of depreciation			
10- Other currency net asset/liability	(15.441)	15.441	(15.441)	15.441
11- Hedged from the other currency risk (-)	--	--	--	--
12- GBP Net Effect (10+11)	(15.441)	15.441	(15.441)	15.441
TOTAL (3 + 6 +9+12)	(5.755.897)	5.755.897	(5.755.897)	5.755.897

(*) Does not include profit/loss effects.

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28. CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS (continued)

	31 December 2019			
	Profit/ Loss		Shareholder's Equity (*)	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
	10% change in USD against EUR / in case of depreciation			
1. USD net asset/liability	(555.466)	555.466	(555.466)	555.466
2. Hedged from the USD risk (-)	--	--	--	--
3. USD Net Effect (1+2)	(555.466)	555.466	(555.466)	555.466
	10% change in TL against EUR / in case of depreciation			
4. TL net asset/liability	(1.158.064)	1.158.064	(1.158.064)	1.158.064
5. Hedged from the TL risk (-)	--	--	--	--
6. TL Net Effect (4+5)	(1.158.064)	1.158.064	(1.158.064)	1.158.064
	10% change in GBP against EUR / in case of depreciation			
7. GBP net asset/liability	1.879.802	(1.879.802)	1.879.802	(1.879.802)
8. Hedged from the GBP risk (-)	--	--	--	--
9. GBP Net Effect (7+8)	1.879.802	(1.879.802)	1.879.802	(1.879.802)
	% 10 change in other currency against EUR / in case of depreciation			
10- Other currency net asset/liability	(22.964)	22.964	(22.964)	22.964
11- Hedged from the other currency risk (-)	--	--	--	--
12- GBP Net Effect (10+11)	(22.964)	22.964	(22.964)	22.964
TOTAL (3 + 6 +9+12)	143.308	(143.308)	143.308	(143.308)

(*) Does not include profit/loss effects.

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29. CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS (continued)

e) Price Risk

The Group is exposed to commodity price risk that may arise from changes in pig iron and aluminum prices due to its sector. The Group contracts its pig iron and aluminum purchases taking into account the production volume estimates at the beginning of the period and limits the price risk by fixing the purchase prices. It reflects the raw material price changes on the sales prices at certain intervals depending on the working conditions with the customers.

f) Capital Risk Management

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.

	31 December 2020	31 December 2019
Financial liabilities	1.431.843.629	1.105.203.299
Less: Cash and cash equivalents (Note 4)	(34.285.671)	(54.702.442)
Net financial liability	1.397.557.958	1.050.500.857
Total equity	213.480.476	85.082.070
Financial liabilities/equity ratio	655%	1235%

g) Fair Value

Carrying amounts versus fair values

The fair value and carrying values of financial assets and financial liabilities are as follows:

	31 December 2020		31 December 2019	
	Net carrying value	Fair value	Net carrying value	Fair value
Financial assets				
Cash and cash equivalents	34.285.671	34.285.671	54.702.442	54.702.442
Trade receivables	362.340.003	362.340.003	206.620.375	206.620.375
Other receivables	14.625.327	14.625.327	16.923.456	16.923.456
	411.251.001	411.251.001	278.246.273	278.246.273
Financial liabilities				
Borrowings	1.431.843.629	1.431.843.629	1.105.203.299	1.105.203.299
Trade payables	211.897.227	211.897.227	104.531.151	104.531.151
Other payables	9.876.478	9.876.478	5.813.136	5.813.136
	1.653.617.334	1.653.617.334	1.215.547.586	1.215.547.586

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29. CHARACTERISTICS AND LEVEL OF RISKS RESULTING FROM FINANCIAL INSTRUMENTS *(continued)*

g) Fair Value *(continued)*

Carrying amounts versus fair values (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring fair value, the Group uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. However, judgment is required to interpret in order to find the fair value, fair value measurements may not reflect the values arising in the current market conditions. The following methods and assumptions were used in determining the fair value of financial assets: The fair values of cash and cash equivalents are considered to approximate their respective carrying values due to their short-term nature. The carrying values of trade receivables and impairment for trade receivables are estimated to be their fair values. Carrying value of variable interest rate loans approximately assumed as fair value.

30. SUBSEQUENT EVENTS

The Group has accepted a receivable of EUR 3.037.997, which is structured according to the debt restructuring agreement with Componenta OYJ, with the approval of the Helsinki local court on August 23, 2017. As of 31 December 2020, within the scope of the restructuring payment plan, 867.999 Euros of this amount has been collected and the remaining undiscounted balance has reached 2,169.998 Euros. Componenta OYJ, with its letter of offer dated January 26, 2021, made an offer to pay this balance in advance with 10% discount, and if positive EBITDA is obtained from the 2018-2022 activities of Componenta OYJ, which is included in the "Additional Payments" section of the restructuring agreement, 50% of the EBITDA amount will be paid. Based on the fact that the amount due to the positive EBITDA will be paid to Döktaş, it has been proposed to pay in advance after the 10% discount condition is accepted. This offer has been evaluated by the Group management, expressing a positive opinion for the cash collection of the receivable, and has officially submitted the approval acceptance letter to Componenta OYJ.