ORGE ENERJİ ELEKTRİK TAAHHÜT ANONİM ŞİRKETİ AND ITS SUBSIDIARY

DECEMBER 31, 2021 CONSOLIDATED FINANCIAL STATEMENTS

(ENGLISH CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

This report has been translated into English for informational purposes. In case of a discrepancy between the Turkish and the English versions of this report, the Turkish version shall prevail.

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ORGE ENERJİ ELEKTRİK TAAHHÜT ANONİM ŞİRKETİ AND ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2021
(Amounts expressed in TRY unless otherwise stated)

ASSETS	**Notes**	**Audited Current Period December 31, 2021**	**Audited Previous Period December 31, 2020**
Current Assets		**485.708.416**	**342.644.554**
Cash and Cash Equivalents	4	41.473.281	81.538.746
Trade Receivables		80.416.483	33.563.026
- Trade Receivables from Non-Related Parties	6	80.416.483	33.563.026
Other Receivables		80.341	114.878
- Other Receivables from Non-Related Parties	7	80.341	114.878
Contractual Assets Arising from Constructions in Progress	10	301.902.445	218.581.211
Inventories	8	46.254.013	6.326.794
Prepaid Expenses	9	4.792.787	2.070.694
Assets related to the current period tax	27	1.224.745	-
Other Current Assets	19	9.564.321	449.205
Non-Current Assets		**95.947.473**	**56.059.263**
Other Receivables		181.412	92.440
- Other Receivables from Non-Related Parties	7	181.412	92.440
Investment Property	11	77.650.000	40.885.000
Tangible Assets	12	3.435.143	7.870.926
Right of Use Assets	14	1.090.173	1.521.167
Intangible Assets	13	23.829	24.865
Assets related to the current period tax	27	13.566.916	5.664.865
Total Assets		**581.655.889**	**398.703.817**

ORGE ENERJİ ELEKTRİK TAAHHÜT ANONİM ŞİRKETİ AND ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2021
(Amounts expressed in TRY unless otherwise stated)

Liabilities	**Notes**	**Audited Current Period December 31, 2021**	**Audited Previous Period December 31, 2020**
Short Term Liabilities		**172.768.458**	**106.731.599**
Short-Term Financial Liabilities	5	44.426.551	49.224.676
Current Maturities of Long-Term Financial Liabilities	5	9.788.287	12.986.640
Trade Payables		107.666.516	17.685.286
-Trade Payables to Non-Related Parties	6	107.666.516	17.685.286
Liabilities Related with Employee Benefits	18	2.857.492	1.525.349
Other Payables		1.372.245	488.556
-Other Payables to Related Parties	29	19.022	19.155
-Other Payables to Non- Related Parties	7	1.353.223	469.401
Contractual Liabilities Arising from Constructions in Progress	10	5.909.811	23.255.694
Current Income Tax Liability	27	-	1.193.677
Short Term Provisions		747.556	371.721
-Short Term Provisions Related with Employee Benefits	18	249.094	136.963
-Other Short-Term Provisions	17	498.462	234.758
Long-Term Liabilities		**63.563.363**	**50.568.213**
Long Term Financial Liabilities	5	3.546.864	13.557.942
Other Payables		2.181.511	-
-Other Payables to Non- Related Parties	7	2.181.511	-
Long Term Provisions		1.345.880	1.196.701
-Long Term Provisions Related with Employee Benefits	17	1.345.880	1.196.701
Deferred Tax Liabilities	27	56.489.108	35.813.570
Shareholders' Equity		**345.324.068**	**241.404.005**
Equity Holders of The Company		**345.324.093**	**241.404.027**
Paid in Capital	20	80.000.000	50.000.000
Treasury Shares (-)	20	(355.250)	(355.250)
Share Premium (Discount)	20	2.098.440	2.098.440
Other Accumulated Comprehensive Income (Loss) That Will Not Be Reclassified in Profit Or Loss		314.542	355.840
-Tangible Fixed Assets Revaluation Gain / (Loss)	20	456.520	456.520
-Loss / Gain Due to Defined Benefit Plans	20	(141.978)	(100.680)
Restricted Reserves Set Aside from Profit	20	4.411.742	3.702.140
Profit / Loss of Previous Years	20	154.893.255	131.024.719
Net Profit / Loss for The Year	20	103.961.364	54.578.138
Non-Controlling Interests	**20**	**(25)**	**(22)**
Total of Liabilities and Shareholders' Equity		**581.655.889**	**398.703.817**

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

ORGE ENERJİ ELEKTRİK TAAHHÜT ANONİM ŞİRKETİ AND ITS SUBSIDIARY
AUDITED
CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD BETWEEN JANUARY 01,2021 - DECEMBER 31,2021
(Amounts expressed in TRY unless otherwise stated)

Profit/Loss Section	Notes	January 01 – December 31, 2021	January 01 – December 31, 2020
Continuing Operations			
Revenue	21	308.758.884	165.053.637
Cost of Sales (-)	21	(197.239.838)	(100.677.140)
Gross Operating Profit / Loss		**111.519.046**	**64.376.497**
General Administration Expenses (-)	22	(8.885.859)	(6.934.655)
Other Income from Operating Activities	24	16.376.769	9.904.116
Other Expense from Operating Activities (-)	24	(36.506.182)	(6.835.620)
Net Operating Profit / Loss		**82.503.774**	**60.510.338**
Income from Investment Activities	25	31.927.599	4.436.800
Loss from Investment Activities	25	-	(948.691)
Operating Income / Loss Before Financing Expenses		**114.431.373**	**63.998.447**
Financial Incomes	26	21.511.988	12.922.939
Financial Expenses (-)	26	(10.534.885)	(11.581.293)
Continuing Operations' Profit/Loss Before Tax For The Year		**125.408.476**	**65.340.093**
Continuing Operations' Tax Income/Expense		(21.447.115)	(10.761.957)
Current Period Tax Income/ Loss	27	(761.253)	(4.058.508)
Deferred Tax Income/ Loss	27	(20.685.862)	(6.703.449)
Continuing Operations' Profit/Loss for The Year		**103.961.361**	**54.578.136**
Profit/Loss for The Year	20	**103.961.361**	**54.578.136**
Continuing Operations' Profit/Loss for The Year		**103.961.361**	**54.578.136**
Distribution of Total Comprehensive Incomes		**103.961.361**	**54.578.136**
Non-Controlling Interests		(3)	(2)
Equity Holders of The Company		103.961.364	54.578.138
Earnings Per Share			
Earnings Per Share from Continuing Activities	28	**1,300**	**0,682**

ORGE ENERJİ ELEKTRİK TAAHHÜT ANONİM ŞİRKETİ AND ITS SUBSIDIARY
AUDITED
CONSOLIDATED OTHER INCOME STATEMENT FOR THE YEAR ENDED JANUARY 01 - DECEMBER 10, 2021
(Amounts expressed in TRY unless otherwise stated)

	Notes	January 01 – December 31, 2021	January 01 – December 31, 2020
Profit/Loss for The Year		**103.961.361**	**54.578.136**
Other Comprehensıve Income			
Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss		**(41.298)**	**566.284**
- Increase / (Decrease)from Revalution of Tangible Fixed Assets		-	507.246
- Gains (Losses) On Remeasurements Of Defined Benefit Plans	18	(51.623)	137.205
-Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss		10.325	(78.167)
'-- Taxes Relating Revalution of Tangible Fixed Assets		-	(50.726)
-- Taxes Relating with Loss / Gain on Defined Benefit Plans' Remeasurement	27	10.325	(27.441)
Other Comprehensive Income That Will Be Reclassified To Profit Or Loss		-	-
Other comprehensıve ıncome (loss)	-	**(41.298)**	**566.284**
Total comprehensıve ıncome (loss)	-	**103.920.063**	**55.144.420**
Total Comprehensive Income Attributable to		103.920.063	55.144.420
Non-Controlling Interests		(3)	(2)
Equity Holders of The Company		103.920.066	55.144.422

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

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

					Other Accumulated Comprehensive Income (Loss) That Will Not Be Reclassified In Profit or Loss — Revaluation And Remeasurements Gain / (Loss)			Retained Earnings				
	Notes	**Paid in Capital**	**Treasury Shares (-)**	**Share Premium (Discount)**	**Increase / (Decrease)From Revolution Of Tangible Fixed Assets**	**Defined Benefit Plans Remeasurement Gains / Losses**	**Legal Reserves**	**Profit/Loss of Previous Years**	**Net Profit / Loss for The Current Period**	**Shareholders' Equity**	**Non-Controlling Interest**	**Total Equity**
Balance as Of January 1, 2020	20	**50.000.000**	**-**	**1.310.410**	**-**	**(210.444)**	**5.236.867**	**84.182.247**	**45.307.745**	**185.826.825**	**(20)**	**185.826.805**
Transfers		-	-	-	-	-	(1.534.727)	46.842.472	(45.307.745)	-	-	-
Total Comprehensive Income		-	-	-	456.520	109.764	-	-	54.578.138	55.144.422	(2)	55.144.420
Period Profit (Loss)		-	-	-	-	-	-	-	*54.578.138*	*54.578.138*	*(2)*	*54.578.136*
Other Comprehensive Income (Loss)		-	-	-	*456.520*	*109.764*	-	-	-	*566.284*		*566.284*
Increase (Decrease) Due to Increase / (Decrease) Arising from Treasury Shares		-	(355.250)	788.030	-	-	-	-	-	432.780		432.780
Balance as Of December 31, 2020	20	**50.000.000**	**(355.250)**	**2.098.440**	**456.520**	**(100.680)**	**3.702.140**	**131.024.719**	**54.578.138**	**241.404.027**	**(22)**	**241.404.005**
Balance as Of January 1, 2021	20	**50.000.000**	**(355.250)**	**2.098.440**	**456.520**	**(100.680)**	**3.702.140**	**131.024.719**	**54.578.138**	**241.404.027**	**(22)**	**241.404.005**
Transfers		-	-	-	-	-	709.602	53.868.536	(54.578.138)	-	-	-
Capital Increase		30.000.000	-	-	-	-	-	(30.000.000)	-	-	-	-
Total Comprehensive Income		-	-	-	-	(41.298)	-	-	103.961.364	103.920.066	(3)	103.920.063
Period Profit (Loss)		-	-	-	-	-	-	-	*103.961.364*	*103.961.364*	*(3)*	*103.961.361*
Other Comprehensive Income (Loss)		-	-	-	-	*(41.298)*	-	-	-	*(41.298)*	-	*(41.298)*
Balance as Of December 31, 2021	20	**80.000.000**	**(355.250)**	**2.098.440**	**456.520**	**(141.978)**	**4.411.742**	**154.893.255**	**103.961.364**	**345.324.093**	**(25)**	**345.324.068**

ORGE ENERJİ ELEKTRİK TAAHHÜT ANONİM ŞİRKETİ AND ITS SUBSIDIARY
AUDITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED DECEMBER 31,2021
(Aksi belirtilmedikçe tutarlar Türk Lirası ("TRY") olarak ifade edilmiştir).

	Notes	January 1,2021- December 31, 2021	January 1,2020- December 31, 2020
Cash Flows from Operating Activities	-	**(21.191.047)**	**10.072.302**
Profit (Loss)		**103.961.364**	**54.578.138**
Profit (Loss) from Continuing Operations		**103.961.364**	**54.578.138**
Adjustments to Reconcile Profit (Loss)		**(10.485.157)**	**9.235.524**
Adjustments for depreciation and amortisation expense	12,13,14	1.341.015	1.168.756
Adjustments for Impairment (Cancellation)		230.329	25.463
Adjustments Regarding Impairment (Cancellation) of Receivables		230.329	25.463
Adjustments for Provisions		483.716	208.412
Adjustments for (Reversal of) Provisions Related with Employee Benefits	18	220.012	169.623
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	17	263.704	38.789
Adjustments for Interest (Income) Expenses		(1.592.425)	126.028
Adjustments for Interest Income	5	(794.168)	-
Deferred Financing Expense Due to Futures	6	(1.134.876)	177.786
Unearned Financing Income Resulted from Forward Sales	6	336.619	(51.758)
Adjustments for Fair Value Loss (Gains) of Investment Properties	*11*	(31.577.319)	(4.587.245)
Adjustments for Tax (Income) Expenses	27	20.675.538	10.761.957
Adjustments for losses (gains) on disposal of non-current assets	12	(46.011)	1.532.153
Adjustments for Losses (Gains) on Disposal of Investment Property	11	-	1.532.153
Changes in Working Capital		**(104.346.781)**	**(50.876.529)**
Adjustments for Decrease (Increase) In Trade Accounts Receivable	6	(47.420.405)	(6.753.314)
Adjustments for Decrease (Increase) In Other Receivables Related with Operations	7	(54.435)	(44.532)
Increase (Decrease) In Contract Liabilities From Ongoing Construction Contracts	10	(100.667.117)	(46.678.174)
Adjustments for Decrease (Increase) In Inventories	8	(39.927.219)	4.086.453
Decrease (Increase) In Prepaid Expenses	9	(2.722.093)	1.883.349
Adjustments for Increase (Decrease) In Trade Accounts Payable	6	91.116.106	102.848
Increase (Decrease) In Employee Benefit Liabilities	18	1.332.143	(490.114)
Adjustments for Increase (Decrease) In Other Operating Payables	7	3.065.200	(2.251.602)
Adjustments for Other Increase (Decrease) In Working Capital	19	(9.068.961)	(731.443)
Cash Flows from Operating Activities		**(10.870.574)**	12.937.133
Income Taxes Paid	27	(10.320.473)	(2.864.831)
Cash Flows From (Used In) Investing Activities		**(1.661.030)**	**8.427.294**
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets	12,13	98.611	152.196
Purchase of Property, Plant, Equipment and Intangible Assets	12,13	(1.759.641)	(734.902)
Cash Inflows from Sale of Investment Property	11	-	9.010.000
Cash Flows From (Used In) Financing Activities		**(17.213.388)**	**28.544.540**
Payments to Acquire Entity's Shares or Other Equity Instruments	20	-	432.780
Proceeds from Borrowings	5	-	35.590.547
Repayments of borrowings	5	(10.644.913)	-
Payments of Lease Liabilities	5	(350.933)	(328.784)
Paid Interest	26	(6.217.542)	(7.150.003)
Net Increase (Decrease) In Cash and Cash Equivalents Before Effect of Exchange Rate Changes		(40.065.465)	47.044.136
Net Increase (Decrease) In Cash and Cash Equivalents	4	(40.065.465)	47.044.136
Cash and Cash Equivalents at The Beginning of The Period	4	81.538.746	34.494.610
Cash and Cash Equivalents at The End of The Period		**41.473.281**	**81.538.746**

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

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

1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

Orge Enerji Elektrik Taahhüt A.Ş. ("Company") was established in 1998. The main activity of the Company and its subsidiary ("Group") is to undertake electricity contracting works of residential and business construction works.

The company was established as the name of Orge Enerji Sistemleri İnşaat Metal Ticaret ve Taahhüt A.Ş., trade name was changed and registered to Orge Enerji Elektrik Taahhüt A.Ş. at 30.06.2010.

The Company is registered to the Capital Markets Board ("CMB") and its shares have been quoted on the Borsa Istanbul ("BIST") since 15.02.2012.

The Group's head office is located at Kozyatağı Mahallesi Değirmen Sokak Nida Kule No: 18 Kat: 18 34742 Kadıköy, İstanbul and there is no any branch offices.

As of 31 December 2021 average number of personnel is 462 (31 December 2020: 447). As the date of balance sheet, there are no employees in the subsidiary. The group also employs personnel through subcontractors. The average number of subcontracted personnel employed as of 31 December 2021 is 39 (31 December 2020: 11)

As of 30 December 2021, the share capital of the company is TRY 80.000.000 (December 31, 2020: TRY 50.000.000), the publicly listed shares are 48.27% of the total shares. Gündüz Family members are main shareholders of the company and has control in the management (Note 20).

The subsidiary is consolidated to financial statements by using fully consolidation method.

Subsidiary	**Nature of Business**	**Proportion of Effective Interest (%)**	**Country of Incorporation**
And İnşaat Ticaret A.Ş.	Construction Equipment	99,96	Turkey

The Group does not have any subsidiaries traded on the stock exchange.

The Group, within the framework of the profit distribution policies to be determined by the general assembly and the relevant, distributes in accordance with the provisions of the legislation by the decision of the general assembly As of the report date, there is no profit distribution decision taken by the Group.

Approval of consolidated financial statements

Financial statementt fort he year ended 31 December 2021 had been approved in the Board of Directors meeting dated 16 February 2022 and subject to Final approval in General Assembly of the Compnay.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

A. Basis of Presentation

Basis of Presentation of Consolidated Financial Statements

The Group registered in Turkey maintains their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code and Tax Legislation.

The financial statements of the Group have been prepared in accordance with the Turkish Financial Reporting Standards, ("TFRS") and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") in line with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board of Turkey ("CMB") on June 13, 2013 which is published on Official Gazette numbered 28676. The financial statements are presented in accordance with "Announcement regarding with TAS Taxonomy" which was published on 15 April 2019 by POA and the format and mandatory information recommended by CMB.

Companies reporting in accordance with the CMB legislation apply the Turkish Financial Reporting Standards and related annexes and comments ("TFRS") published by the Public Oversight Accounting and Auditing Standards Authority ("KGK"), in accordance with Article 5 of the Communiqué.

The functional currency of the Group is determined as Turkish Lira ("TRY"). Group kept books of account in TRY in accordance with the Turkish Commercial Code, and the Uniform Chart of Accounts issued by the Ministry of Finance.

The consolidated financial statements are based on the Group's legal records and are expressed in TRY, and have been prepared with some adjustments and classification changes in order to adequately present the Group's position in accordance with the Turkish Financial Reporting Standards published by KGK.

According to TFRS, the preparation of consolidated financial statements requires estimates and assumptions regarding the amounts for the assets and liabilities at the balance sheet date, explanations for the contingent assets and liabilities as well as the amounts of income and expenses realized in the reporting period. Although these estimates and assumptions are based on the best information held by the Group management, actual results may differ from these. The accounting policies used in the preparation of these consolidated financial statements as of December 31, 2021 are consistent with those used in the preparation of previous year's financial statements.

There are no seasonal and periodical changes that will significantly affect the Group's activities.

The consolidated financial statements are prepared on historical cost basis, except for the financial instruments and investment properties carried at fair value.

Financial Reporting in Hyperinflationary Economies

On January 20, 2022, the Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, in the financial statements of the companies applying TFRS for 2021, there is no indicated that no correction was necessary.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
A. Basis of Presentation (cont'd)

Comparative information and restatement of prior year financial statements

Consolidated financial statements of the Group have been prepared comparatively with the prior year in order to give accurate trend analysis regarding financial position and performance. In order to maintain consistency with current year consolidated financial statements, comparative information is reclassified and significant changes are disclosed where necessary.

Going Concern

The financial statements of the Company are prepared on the basis of a going concern assumption.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

New and Amended Turkish Financial Reporting Standards

Amendments in Turkish Financial Reporting Standards

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

Standards, amendments and interpretations applicable as at 31 December 2021:

Amendments to IFRS 7 and IFRS 16 - Interest Rate Benchmark Reform Phase 2; effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform. These amendments have no material impact on the Group's consolidated financial statements.

Standards, amendments and interpretations that are issued but not effective as at 31 December 2021:

Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the Practical expedient; as of March 2021, this amendment extended till June 2022 and effective from 1 April 2021.As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
A. Basis of Presentation (cont'd)

Standards, amendments and interpretations that are issued but not effective as at 31 December 2021: (Continued)

Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

Amendments to IAS 1, Presentation of financial statements' on classification of liabilities; effective date deferred until accounting periods starting not earlier than 1 January 2024. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

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

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

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

- **Amendments to IAS 37**, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

Narrow changes in TAS 1, Statement of Implementation 2 and TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023. These changes are intended to improve accounting policy disclosures and help financial statement users distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction; from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Consolidation principles

Consolidated financial statements as of 31 December 2021; It includes the financial statements of the Group and its subsidiary given in Note 1. Control is provided over the enterprise in which the Group invests, and only if all of the following indicators are present; a) has power over the investee, b) is exposed to or has rights to varying returns from its involvement with the investee, c) has the ability to use its power over the investee to influence the amount of returns it receives. The profit/losses of the subsidiary are included in the consolidated statement of profit or loss from the date of acquisition.

When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies in line with those used by other Group Companies. The consolidated financial statements are prepared using uniform accounting policies for similar transactions and events and are prepared for the same chart of accounts of the Group.

All intra-group transactions and balances including intra-group unrealized profits and losses are eliminated.

Non-controlling interest in the net assets of consolidated subsidiary is identified separately from the Group's equity therein. Non-controlling interest consists of the amount of those interests at the date of the original acquisition and the minority's share of changes in equity since the date of the acquisition.

Losses within a subsidiary are attributed to non-controlling interest even if that result is in deficit balance.

Changes in shareholding rate that does not change control power of the Company are accounted under "Adjustment differences due to changes in shareholding rate".

Information on the subsidiary within the scope of consolidation is as follows:

Subsidiary	Capital	Capital of Acquired (TRY)	Effective Interest (%)
And İnşaat Ticaret A.Ş.	250.000	249.900	99,96

B. Changes in accounting policy

Any change in the accounting policies resulted from the first-time adoption of a new standard is made either retrospectively or prospectively in accordance with the transition requirements. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. If changes in accounting estimates are related to only one period, they are recognised in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively.

C.Summary of significant accounting policies

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

C. Summary of Significant Accounting Policies (cont'd)

Revenue and Income

Revenue are measured on fair value of amount will be or have been charged. Estimated customer returns, rebates and provisions are deducted from the amount.

Proceeds from the sale of goods, is recognized when all the following conditions are met:

- Group all the significant risks and rewards of ownership are transferred to the buyer
- The Group's and the continuing managerial involvement usually associated with ownership and effective control over the goods sold are the lack of
- The amount of revenue can be measured reliably
- The economic benefits associated with the transaction will flow to the entity being possible, and transaction costs incurred or to be incurred in a reliable way of measuring.

Rendering of services;

The income from which the service is provided is recognized according to the completion stage of the contract.

The completion phase of the contract is determined as follows:
- Electrical and mechanical contracting works are accounted for according to their completion stage. The completion phase is determined as the ratio of the time passed as of the balance sheet date to the total time estimated for the completion of the commitment,
- Service fees included in the prices of goods sold are accounted for based on the total cost of services rendered for goods sold, taking into account the number of services provided in previous sales of goods, and
- Income from contracts that depend on the time spent, working hours and direct expenses are recognized over contract fees as they occur.

Construction contract activities

In case the results of the construction contracts cannot be estimated reliably, the income to be obtained from the contract shall be as much as the recoverable portion of the realized contract expenses.Contract expenses are recognized when incurred.

Contract revenue is recognized over the contract period when the outcome of construction contracts can be estimated reliably and the contract is likely to yield a profit. Where it is probable that total contract expenses will exceed total contract revenue, the expected loss is recognized as an expense immediately. Changes to contracts, requested payments and incentive payments are added to contract revenues at the rate accepted by the customer and as long as they can be measured reliably.

Where the revenue of a construction contract can be estimated reliably, revenues are recorded at the rate of completion of the construction activity at the balance sheet date. Completion rate is calculated according to the ratio of the construction cost incurred until the balance sheet date to the total estimated cost. This calculation is not valid where the rate of completion cannot be calculated fairly.

Changes in the amount of the construction contract, additional claims and incentive payments are likely to be approved by the employer and the relevant income is a reliable source of income.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

C. Summary of Significant Accounting Policies (cont'd)

Construction contract activities (cont'd)

It is included in the project revenues if it can be measured in an appropriate way. Construction contract costs include all initial material and direct labor costs, indirect labor related to contract performance,
It covers indirect costs such as material, repair and depreciation expenses. Selling and general administrative expenses are expensed as they occur.

Provisions for estimated losses on incomplete contracts are recorded in the financial statements in the periods when these losses are determined. Job performance, job conditions, contract penalty provisions, and changes in the estimated profitability due to the final agreement arrangements may cause the revision of the cost and income amounts that will occur at the end of the project. These revisions were made at the time of their discovery.reflected in the consolidated financial statements.

Receivables from ongoing construction contracts, the unbilled amount of the revenue reflected in the consolidated financial statements; Payables from ongoing construction contracts are included in the consolidated financial statements.Indicates the invoice amount that exceeds the reflected revenue.

Group management records additional receivables within the scope of compensation that are not covered by the contract, when the negotiations with the employer regarding the said additional receivable claims are at the stage of approval of the collection and when the collections to be made can be measured reliably.

The Group does not have products under warranty.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Inventories:

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued on a Fist in First Out method basis. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of profit or loss in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

C. Summary of Significant Accounting Policies (cont'd)

Tangible Assets

Physical assets which is held and estimated to be used more than a period of time by the Group, for the purpose of producing goods and services or for administrative purposes are expressed with their cost values within the scope of cost model.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to the consolidated statements of profit or loss during the financial period in which they are incurred. The costs of major renovations are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Leasehold improvements consist of expenditures made to rented property. Leasehold improvements are amortised during the lease term in case the useful life is longer than the lease term. Furthermore leasehold improvements are amortised over their useful lifes in case the useful life is shorter than the lease term.

As the similar depreciation method used for other fixed assets, depreciation of such assets begins when they are available for use.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. Expected useful life, residual value and depreciation method are reviewed each year for the possible effects of changes in estimates, and they are recognized prospectively if there are any changes in estimates. (Note 12).

Cost Method

Tangible fixed assets reported at cost less accumulated depreciation and accumulated impairment losses, on the same basis.

Rental or administrative purposes, or for purposes not yet determined the course of construction assets are carried at cost less any recognized impairment loss. The cost of legal fees are also included. Such assets, the depreciation method used for other fixed assets, as well as when they are ready for use are depreciated. Land and construction in progress, except for the cost of tangible fixed assets to their estimated useful lives are amortized using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year for the possible effects of changes in estimates if a change in estimate being accounted for on a prospective basis.

Disposal of tangible fixed assets of the asset, or a gain or loss arising on the difference between the sales proceeds and the carrying amount of the asset is included in the income statement is determined.

<u>Intangible Assets</u>

Intangible Assets Acquired

Intangible assets acquired separately are carried at cost, less accumulated amortization and any accumulated impairment losses.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

C. Summary of Significant Accounting Policies (cont’d)

Intangible Assets (cont’d)

Amortization is charged on a straight-line basis over their estimated useful lives. Estimated useful life and amortization method are reviewed at the end of each year and the effect of any change in the estimate is accounted for on a prospective basis.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the differences between the net disposal proceeds and the carrying amount of the asset. The difference is recognized in the statement of profit or loss when the asset is derecognized.

Investment Properties

Investment property comprises the properties held in order to acquire lease and/or value increment earning and is indicated with the cost value and other transaction costs involved. Investment properties are accounted for using the fair value model at the financial statements.

In case investment property is sold or becomes useless and is determined that it would not provide any economic benefit in the future it may be derecognized. Profit/Loss resulted from the end of usage period or sale of any investment property is included in the income statement in the period is generated.

Fair Value Method

Group operations after the initial recognition, the fair value method chosen and the fair value of investment property was measured by the method (Note 11).

The fair value of investment property gain or loss arising from the change in profit or loss in the period they occur are included.

Transfers, there is a change in use of the investment property is made. Fair value based on the monitored investment property, the owner, used by real estate class made a transfer, the transfer made after accounting treatment deemed cost at the aforementioned property's use shape change at the dates the fair value is. The owner used by a property's fair value basis to display an investment property if it converts , business , change in use occurred up to the date "Tangible Assets" in the accounting policy applies .

Real estate is located in the Group’s own use of tangible fixed assets have been reclassified.

Right of use asset

The Group recognizes right-of-use assets at the commencement date of the lease agreement (for example, as of the date the asset is available for use). right-of-use assets,
It is calculated by deducting accumulated depreciation and impairment losses from the cost price. In case of revaluation of rental debts, this figure is also adjusted. The cost of the right-of-use asset includes:

(a) the initial measurement of the lease liability;
(b) of all lease payments made on or before the commencement date of the lease.
the amount less lease incentives, and

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

C. Summary of Significant Accounting Policies (cont'd)

Right Of asset (cont'd)

(c) all initial direct costs incurred by the group.

Unless the transfer of ownership of the underlying asset to the Group at the end of the lease term is reasonably certain, the Group depreciates the right-of-use asset from the date the lease actually commences to the end of the useful life of the underlying asset. Right-of-use assets are subject to impairment assessment.

Lease liability

At the commencement date, the Group shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined incremental borrowing interest rate shall be used for discounting.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

a) Fixed payments, less any lease incentives receivable;

b) Variable lease payments that depend on an index or a rate, initially measured using the index or Rate as at the commencement date
c) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company shall measure the lease liability by:
a) Increasing the carrying amount to reflect interest on the lease liability;
b) Decreases book value to reflect lease payments made. In addition, the value of the finance lease liabilities is remeasured if there is a change in the lease term, a change in the underlying fixed lease payments, or a change in the assessment of the option to purchase the underlying asset.

Impairment of Assets

Assets that have an indefinite useful life are not subject to amortization of goodwill. These assets are tested for impairment annually. The carrying value of assets subject to amortization may not be recoverable in the event of a situation or events are reviewed for impairment. If the carrying amount exceeds the recoverable amount of the asset is recognized for the impairment. The recoverable amount is fair value less costs to sell or value in use is the one obtained. For purposes of assessing impairment, assets are grouped at the lowest level of identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

C. Summary of Significant Accounting Policies (cont'd)

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, one that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. Borrowing costs that are not in this scope are recognized directly in the income statement. Borrowing costs are recognized directly in the income statement.

Related Parties

Related parties of the Group include companies that can directly or indirectly control or significantly affect the other party through shareholding, contractual rights, family relations or similar means. In the attached consolidated financial statements, the shareholders of the Group and the companies owned by these shareholders, their key management personnel and other companies known to be related are defined as related parties. Transaction with related parties is the transfer of resources, services or obligations between related parties, regardless of whether a price is charged (Note 29).

Financial Instruments

Financial assets and financial liabilities are recognized in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial Assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

The Group classifies its financial assets as (a) Business model used for managing financial assets, (b) financial assets subsequently measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss based on the characteristics of contractual cash flows. The Group reclassifies all financial assets effected from the change in the business model it uses for the management of financial assets. The reclassification of financial assets is applied prospectively from the reclassification date. In such cases, no adjustment is made to gains, losses (including any gains or losses of impairment) or interest previously recognized in the financial statements.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

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

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

C. Summary of Significant Accounting Policies (cont'd)

***Financial Assets* (cont'd)**

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset; the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met.

(i) Amortized cost and effective interest method

Interest income on financial assets carried at amortized cost is calculated using the effective interest method. The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

a) Credit-impaired financial assets when purchased or generated. For such financial assets, the Group applies the effective interest rate on the amortized cost of a financial asset based on the loan from the date of the recognition in the financial statements
b) Non-financial assets that are impaired at the time of acquisition or generation but subsequently become a financial asset that has been impaired. For such financial assets, the Group applies the effective interest rate to the amortized cost of the asset in the subsequent reporting periods.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI.

Interest income is recognized in profit or loss and is included in the "finance income – interest income" line item. (Note 26)

(ii) Financial assets fair value through other comprehensive income (FVTOCI):

A financial asset is measured at fair value through other comprehensive income if both conditions are met:

a) Retention of the financial asset in the context of a business model aimed at collecting the contractual cash flows and selling the financial asset,
b) The contractual terms of the financial asset will result in cash flows that include interest payments on principal and principal balance on certain dates.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

C. Summary of Significant Accounting Policies (cont'd)

Financial Assets **(cont'd)**

Any gains or losses arising from a financial asset measured at fair value through profit or loss are included in other comprehensive income until the financial asset is derecognized or reclassified. When the financial asset is reclassified, the cumulative gain or loss previously reflected to other comprehensive income is recognized in profit or loss on the reclassification date as a reclassification correction. In case of reclassification of the financial asset that is measured at fair value through profit or loss, the entity shall present the total gain or loss previously recognized in other comprehensive income to the financial statements. Interest calculated using the effective interest method is recognized in profit or loss in the financial statements. At initial recognition in the financial statements, an irrevocable preference can be made to present the subsequent changes in the fair value of the investment in the equity instrument that is not held for commercial purposes in other comprehensive income.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI (see (i) to (ii) above) are measured at FVTPL. Specifically: Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy).

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'other gains and losses' line item;
- For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss in the 'other gains and losses' line item. Other exchange differences are recognized in other comprehensive income in the investment's revaluation reserve;
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'other gains and losses' line item; and
- For equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income in the investment's revaluation reserve.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as financial guarantee contracts. No impairment loss is recognized for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

C. Summary of Significant Accounting Policies (cont'd)

The Group utilizes a simplified approach for trade receivables, contract assets and lease receivables that does not have significant financing component and calculates the allowance for impairment against the lifetime ECL of the related financial assets.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

C. Summary of Significant Accounting Policies (cont'd)

Financial Liabilities

Financial liabilities are classified as at FVTPL on initial recognition. On initial recognition of liabilities other than those that are recognized at FVTPL, transaction costs directly attributable to the acquisition or issuance thereof are also recognized in the fair value.

A financial liability is subsequently classified at amortized cost except:

a) Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.
b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Group continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognized in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Group continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset
c) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where TFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

The Group does not reclassify any financial liability.

<u>Effects of Changes in Foreign Exchange</u>

The individual financial statements of each Group entity operates in the currency of the primary economic environment (functional currency) are presented. Each company's financial condition and results of operations of the Company, which is the functional currency and the presentation currency for the consolidated financial statements are expressed in TL.
During the preparation of the financial statements of the individual entities, denominated in foreign currencies (currencies other than TL) from the transactions, foreign exchange rates prevailing at the transaction date are recorded at. In the balance sheet foreign currency denominated monetary assets and liabilities using the exchange rates prevailing at the balance sheet date are translated into TL. Followed by the fair value of nonmonetary items denominated in foreign currencies which are those recorded at fair value as determined by rates prevailing on the date are retranslated. Measured in terms of historical cost in a foreign currency non-monetary items, are not retranslated.
Exchange differences, except as specified below, are recognized in profit or loss in the period in which they occur:

- Assets under construction for future productive use, which are associated with and on foreign currency borrowings are regarded as an adjustment to interest costs and the cost of such assets are included in the exchange rate differences,
- Risks arising from foreign currency (providing financial protection against risks related to the accounting policies described below) to provide financial protection against exchange differences arising from the operation,

In overseas activities of the net investment, forming part accounted in translation reserves and net investment in sales profit or loss associated with the unpaid intention or unlikely overseas operations arising from the monetary receivables and payables arising from exchange rate differences.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

C. Summary of Significant Accounting Policies (cont'd)

Earnings per share

Earnings per share presented in the consolidated statements of profit or loss are determined by dividing consolidated net income attributable to that class of shares by the weighted average number of such shares outstanding during the year concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings or inflation adjustments. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the year in which they were issued and for each earlier period.

Shareholders have equal rights on the shares and there is no preferred share (Note 28).

Events after the Reporting Period

Events after the reporting period, the balance date and the date of approval of the financial statements to be published, in favor or against the Group refers to events that occur. According to perform smoothing, two types of situations can be identified:

- Events that require adjustment after the reporting period, the balance sheet date of the relevant facts showing there is evidence that the conditions of the situation,

- Related events that occur after the reporting period showing improvements (non-adjusting events after the reporting period)

The accompanying financial statements of the Group in the reporting period, adjusting subsequent events have been registered and non-adjusting events after the reporting period are shown in the notes (Note 32).

Provisions, Contingent Liabilities and Contingent Assets

Provisions

There is a present legal or constructive obligation as a result of past events, and resources embodying economic benefits to settle the obligation and it is probable that they kept the company is expected to have a safe manner in the event of liability should be recognized in the consolidated financial statements. The provisions of the expenditure required to settle the obligation at the balance sheet date, with the most realistic estimates calculated by the Company's management and are discounted to present value where the effect is material.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

C. Summary of Significant Accounting Policies (cont'd)

Contingent Liabilities

Obligations under this group, within the control of the entity arising from past events, and the presence of one or more uncertain future events on the realization of the non-existence will be confirmed as the assessed liabilities Contingent liabilities are not included in the consolidated financial statements. Because, to settle the obligation, have the possibility of an outflow of resources embodying economic benefits or the amount of obligation cannot be measured with sufficient reliability. Too far from the entity of resources embodying economic benefits likely to come out, unless the notes to the consolidated financial statements show that conditional obligations (Note 17).

Contingent Assets

The Group within the control of the entity arising from past events, and the presence of one or more uncertain events, which will be confirmed by the realization of assets, is considered as a contingent asset. If an inflow of resources embodying economic benefits is not certain contingent assets described in the notes to the consolidated financial statements.

All of the economic benefits required to settle a provision are expected to be part of the cases, which shall be collected by third parties, it is virtually certain that reimbursement will be received and the amount of the event can be measured reliably, are recognized and reported as an asset.

Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions (Note 16).

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight- line basis over the expected lives of the related assets, or alternatively netted off with the cost of related asset.

Current and Deferred Income Tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the statement of profit or loss, except to the extent that it relates to items recognized directly in equity. In such case, the tax is also recognized in shareholders' equity (Note 27).

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries of the Company operate.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date.

The principal temporary differences arise from the carrying values of property, plant and equipment and available for-sale-investments and their historical costs, various provisions and unused tax allowances and exemptions.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

C. Summary of Significant Accounting Policies (cont’d)

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities, and deferred taxes relate to the same taxable entity and the same taxation authority.

Employment Termination Benefits

Employment termination benefits, as required by the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Company arising in case of the retirement of the employees, termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one year service. Provision which is allocated by using defined benefit pension's current value is calculated by using prescribed liability method. Actuarial gains and losses are recognized as other comprehensive income or loss in shareholders’ equity in the period in which they arise (Note 18).

Reporting of Cash Flows

The Group's net assets, financial structure, and the ability to affect the amounts and timing of cash flows, financial statement users to provide information about the cash flow statement holds. Cash flow statement, cash flows from operating, investing and financing activities are classified.

Cash flows from operating activities, cash flows from operating activities of the Group. From investing activities Cash flows from investing activities (fixed asset investments and financial investments) and the cash flows. Cash flows related to financing activities, the resources used in financing activities of the Group and repayments. Cash and cash equivalents include cash, bank deposits and investments that are readily convertible into cash at short-term, highly liquid investments with original maturities of three months or less.

Capital and Dividends

Ordinary shares are classified as owner's equity. Dividends books after deducted from accumulated profit

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

D. Significant Accounting Estimates

The preparation of consolidated financial statements requires management to affect the reported amounts of assets and liabilities in the balance sheet at the date of the possible liabilities and commitments and the amounts of revenue and expenses during the reporting period required to make certain assumptions and estimates. These estimates and assumptions are based on management's best knowledge of current events and transactions despite the actual results may vary. Estimates are revised regularly and any necessary corrections are made and are reflected in the income statement in the periods. Critical judgments in applying the Group's accounting policies Summary of Significant Accounting Policies in the process of applying the accounting policies specified in management, with a significant impact on the amounts recognized in the financial statements (other than the estimates discussed below) made the following comments:

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below

a) Severance pay provision calculates under actuarial estimations (discount rate, future salary increases and employee leave rate)

b) Doubtful receivable provisions reflects future loss of possible uncollectible receivable amounts as at balance sheet date. While the determination impairment of receivables, past performance of third party receivables, market credibility's and performances from balance sheet date until the confirmation of financial statements taking into consideration.

c) While the determination provision for lawsuits, Group's legal advisors and Group Management's opinions regarding possibility of lose lawsuits and liabilities in case of lose took into consodiration. Group Management determines lawsuit provision according to best estimations.

3. SEGMENT REPOTING

Financial performances are not followed separately by the Financial Management. Hence, the Group is not reporting according to the departments of activity.

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

4. CASH AND CASH EQUIVALENTS

	December 31, 2021	December 31,2020
Cash in hand	19.215	40.710
Cash at banks		
- *Time deposits (with maturities of three months or less)*	32.282.726	77.219.442
- *Demand deposits*	9.171.340	4.278.594
Total	**41.473.281**	**81.538.746**

As of 31.12.2021 and 31.12.2020, the time deposit details are as follows:

Currency type	Interest Rate (%)	Maturity Date	December 31, 2021	Interest Rate (%)	Maturity Date	December 31, 2020
TRY	2%	01.02.2022	8.680	6,50%-18,75%	15.02.2021	27.295.542
EUR	0,40%	01.02.2022	23.932.149	1,50%-2,90%	22.02.2021	34.948.667
USD	0,09%-1,00%	01.02.2022	8.341.897	0,39%-2,00%	22.02.2021	14.975.233
Total			**32.282.726**			**77.219.442**

TRY 872.581 of time deposits consist of profit share participation partnership accounts of participation banks. (31 December 2020: TRY 27.607.599)

Foreign currency distribution of deposit accounts are as follows:

	December 31, 2021	December 31,2020
TRY	3.962.186	28.426.933
EUR	28.796.165	15.019.274
USD	8.695.715	38.051.829
Total	**41.454.066**	**81.498.036**

There is no blockage on deposits (31 December 2020: None).

Explanations on the nature and level of risks in cash and cash equivalents are explained in note 30.

5. FINANCIAL LIABILITIES

Short term financial liabilities

	December 31, 2021	December 31,2020
Short term financial liabilities	**44.426.551**	**49.224.676**
a) Bank Loans	42.431.259	48.274.314
b) Liabilities from Operating Leases	433.962	283.328
c) Credit Cards	1.561.330	667.034
Short-term current portion of long-term financial liabilities	**9.788.287**	**12.986.640**
a) Bank loans	9.788.287	12.986.640
Total	**54.214.838**	**62.211.316**

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

5. FINANCIAL LIABILITIES (cont'd)

Long term financial liabilities

	December 31, 2021	December 31,2020
a) Bank loans	2.473.175	12.213.945
b) Liabilities from operating leases	1.073.689	1.343.997
Total	**3.546.864**	**13.557.942**

a) Bank Loans

December 31, 2021				
Currency	Effective Interest Rate (%)	Short-term	Short-term portion of long-term loans	Long-term
TRY	7,50% -24%	42.431.259	9.788.287	2.473.175
Total		**42.431.259**	**9.788.287**	**2.473.175**

December 31, 2020				
Currency	Effective Interest Rate (%)	Short-term	Short-term portion of long-term loans	Long-term
TRY	0,95% -19,08%	48.274.314	12.986.640	12.213.945
Total		**48.274.314**	**12.986.640**	**12.213.945**

As of 31 December 2021 and 31 December 2020, the repayment details of bank loans by years are as follows:

	December 31, 2021	December 31,2020
Less than 1 year	52.219.546	61.260.954
1 - 5 years	2.473.175	12.213.945
Total	**54.692.721**	**73.474.899**

As of December 31, 2021, there are participation bank loans of 12.712.160 TRY (31 December 2020: TRY 12.431.095)

b) Payables from rental transactions

The maturity breakdown of the Company's liabilities regarding lease transactions in accordance with TFRS 16 is as follows:

December 31, 2021		
Payables from Rental Transactions	**Minimum Rent Payments**	**Present Value of Minimum Payments**
Less than 1 year	434.475	433.962
1 - 5 years	1.167.584	1.073.689
Present Value of the Lease Obligation	**1.602.059**	**1.507.651**

December 31, 2020		
Payables from Rental Transactions	**Minimum Rent Payments**	**Present Value of Minimum Payments**
Less than 1 year	465.668	283.328
1 - 5 years	1.647.776	1.343.997
Present Value of the Lease Obligation	**2.113.444**	**1.627.325**

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

6. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

Details of Group's trade receivables as of balance sheet date:

Short-term trade receivables	**December 31, 2021**	**December 31,2020**
Trade receivables (*)	33.251.443	28.398.406
Notes receivables (*)	47.833.187	5.265.819
Unearned credit finance income (-)	(336.619)	-
Doubtful receivables (**)	1.015.425	1.015.425
Provision for doubtful receivables (-)	(1.015.425)	(1.015.425)
IFRS 9 doubtful	(331.528	(101.199)
Total	**80.416.483**	**33.563.026**

(*)Trade and Notes Receivables	**December 31, 2021**	**December 31,2020**
1-3 Months	80.859.513	33.579.225
3-6 Months	225.117	85.000
Total	**81.084.630**	**33.664.225**

As of 31 December 2021, amount of TRY 1.346.953 (31 December 2020: TRY 1.116.624) of trade receivables are doubtful receivables. Doubtful receivables consist of uncollected receivables which are due from completed projects. In 2021, provision for doubtful receivables of TRY 230.329 was reserved.

(**)The movements of provision for doubtful receivables are as follows:

Doubtful receivables	**December 31, 2021**	**December 31,2020**
As of January 1	1.116.624	1.091.162
Period Charge	230.329	25.462
As of December 31	**1.346.953**	**1.116.624**

b) Short-term Trade Payables:

Details of Group's trade payables as of balance sheet date:

Short-term trade payables	**December 31, 2021**	**December 31,2020**
Trade payables (*)	71.874.364	16.313.197
Notes payables (*)	36.927.028	1.372.089
Unearned credit finance charges (-)	(1.134.876)	-
Total	**107.666.516**	**17.685.286**

(*)Trade and notes payables	**December 31, 2021**	**December 31,2020**
1-3 Months	106.200.491	17.685.286
3-6 Months	2.600.901	-
Total	**108.801.392**	**17.685.286**

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

7. OTHER RECEIVABLES AND PAYABLES

Other short-term receivables	**December 31, 2021**	**December 31,2020**
Due from tax authorities	80.341	114.878
Total	**80.341**	**114.878**

Other long-term receivables	**December 31, 2021**	**December 31,2020**
Deposits and guarantees given	181.412	92.440
Total	**181.412**	**92.440**

Other short-term payables	**December 31, 2021**	**December 31,2020**
Taxes and funds payable	1.192.255	300.325
Payable other liabilities	38.982	7.970
Other miscellaneous debts	121.986	161.106
Sub-Total	**1.353.223**	**469.401**
Due to related parties (Note 29)	19.022	19.155
Total	**1.372.245**	**488.556**

Other long-term payables	**December 31, 2021**	**December 31,2020**
Deposit and guarantees received	2.181.511	-
Toplam	**2.181.511**	**-**

8. INVENTORIES

	December 31, 2021	**December 31,2020**
Raw materials and supplies	43.827.490	6.326.794
Trade goods	2.426.523	-
Total	**46.254.013**	**6.326.794**

As of the balance sheet date, the Group does not have any stocks with a net realizable value less than its cost. (December, 31 2020: None).

Group does not have any pledged inventory in return for loans as at December 31, 2021 (December, 31 2020: None).

9. PREPAID EXPENSES AND DEFERRED INCOME

Current Prepaid Expenses	**December 31, 2021**	**December 31,2020**
Advances Given for Inventories	4.520.467	1.321.998
Short-term Prepaid Expenses	206.020	2.665
Work Advances	66.300	746.031
Toplam	**4.792.787**	**2.070.694**

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

10. CONSTRUCTION CONTRACTS

	December 31, 2021	December 31,2020
Assets related to ongoing construction contracts	301.902.445	218.581.211
Total	**301.902.445**	**218.581.211**

The details of assets related to ongoing construction contracts are as follows:

	December 31, 2021	December 31,2020
Receivables arising from customer contracts	301.902.445	218.581.211
- Assets relating with domestic construction contracts	-	-
- Assets not yet acquired relating with domestic construction contracts (*)	301.902.445	218.581.211

(*) Since there is no possible doubt about whether the group will meet the requirements for the acquisition of unearned assets, costs of the unearned assets are reflected in the financial statements on an accrual basis at fair value.

Liabilities Arising from Customer Contracts	December 31, 2021	December 31,2020
Advances received	5.909.811	23.255.694
Total	**5.909.811**	**23.255.694**

11. INVESTMENT PROPERTIES

As of 31 December 2021 and 31 December 2020, the movements of investment property are as follows:

01 January 31 December 2021

Fair value	**Land**	**Building**	**Total**
Opening Balance	**4.480.000**	**36.405.000**	**40.885.000**
Value increase/decrease	195.000	31.382.318	31.577.318
Transfers from tangible fixed assets	-	5.187.682	5187682
Closing Balance	**4.675.000**	**72.975.000**	**77.650.000**

01 January 31 December 2020

Fair value	**Land**	**Building**	**Total**
Opening Balance	**4.320.000**	**31.810.000**	**36.130.000**
Disposals	-	(9.010.000)	(9.010.000)
Value increase/decrease	160.000	4.427.245	4.587.245
Transfers from tangible fixed assets	-	9.177.755	9177755
Closing Balance	**4.480.000**	**36.405.000**	**40.885.000**

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

11. INVESTMENT PROPERTIES (cont'd)

The Group has appraised the lands in Hatay and the buildings in Şile, Kartal, Kadıköy,Ümraniye and Maltepe to Aden Gayrimenkul Değerleme ve Danışmanlık A.Ş., an independent appraisal company licensed by the CMB, which is not affiliated with the Group. The Group management believes that the valuation company in question has professional knowledge and up-to-date information on the class and location of the real estate and machinery.

According to expertize report,

Location	**Valuation Date**	**Value after valuation (TRY)**		**Valuation Method**
		Land	**Buildings**	
İskenderun	04.01.2022	4.675.000	-	Precedent Comparison
Şile	31.12.2021	-	30.970.000	Precedent Comparison, Cost Aproach
Kartal	31.12.2021	-	3.600.000	Precedent Comparison
Kadıköy	31.12.2021	-	21.525.000	Precedent Comparison
Maltepe	03.01.2022	-	11.180.000	Income Deduction
Ümraniye	31.12.2021	-	5.700.000	Precedent Comparison
Total		**4.675.000**	**72.975.000**	

There is no mortgage on investment properties as of December 31, 2020 (December 31, 2020: None).

The Group's rent income from investment properties in the current year is 350.280 TRY'dir. (December, 31 2020: 84.621 TRY)

There is insurance coverage amounting to TRY 12,285.690 on Investment Properties. (31 December 2020: 8,087,364 TRY).

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

12. TANGIBLE FIXED ASSETS

Tangible Fixed Assets	01 January 2021	Additions	Disposals	Transfer	31 December 2021
Buildings	5.764.091	-	-	(5.764.091)(*)	-
Vehichles	1.979.811	337.058	(93.814)	-	2.223.055
Fixtures	2.429.237	1.233.362	-	-	3.662.599
Leasehold improvements	171.719	189.221	-	-	360.940
Other tangible fixed assets	189.988	-	-	-	189.988
Total	**10.534.846**	**1.759.641**	**(93.814)**	**(5.764.091)**	**6.436.582**

Accumulated depreciation	01 January 2021	Additions	Disposals	Transfer	31 December 2021
Buildings	461.127	115.282	-	(576.409)	-
Vehichles	770.527	349.496	(41.214)	-	1.078.809
Fixtures	1.083.774	344.092	-	-	1.427.866
Leasehold improvements	158.504	146.272	-	-	304.776
Other tangible fixed assets	189.988	-	-	-	189.988
Total	**2.663.920**	**955.142**	**(41.214)**	**(576.409)**	**3.001.439**
Net amount	**7.870.926**			**(5.187.682)**	**3.435.143**

(*) The building in Ümraniye, which was previously included in tangible fixed assets, has been transferred to investment properties as of 31.12.2021.

The total of the current period depreciation expenses is TRY 955.142 (31 December 2020: TRY 704.281).

There is no mortgage on investment tangible fixed assets as of 31 December 2021 (31 December 2020: None).

As of 31 December 2021, there is insurance coverage on tangible assets amounting to TRY 4.435.785 (31 December 2020: 6.406.689)

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

12. TANGIBLE FIXED ASSETS (cont'd)

Tangible Fixed Assets	**01 January 2020**	**Additions**	**Disposals**	**Transfer**	**31 December 2020**
Buildings	15.400.799	-	-	(9.636.708)(*)	5.764.091
Vehichles	1.961.173	303.312	(284.674)	-	1.979.811
Fixtures	2.022.641	421.091	(14.495)	-	2.429.237
Leasehold improvements	161.220	10.499	-	-	171.719
Other tangible fixed assets	189.988	-	-	-	189.988
Total	**19.735.821**	**734.902**	**(299.169)**	**(9.636.708)**	**10.534.846**

Accumulated depreciation	**01 January 2020**	**Additions**	**Disposals**	**Transfer**	**31 December 2020**
Buildings	804.798	115.282	-	(458.953)	461.127
Vehichles	635.563	281.938	-	(146.974)	770.527
Fixtures	843.585	240.189	-	-	1.083.774
Leasehold improvements	144.714	13.790	-	-	158.504
Other tangible fixed assets	136.906	53.082	-	-	189.988
Total	**2.565.566**	**704.281**	**-**	**(605.927)**	**2.663.920**
Net amount	**17.170.255**				**7.870.926**

(*) The building in Maltepe, which was previously included in tangible fixed assets, has been transferred to investment properties as of 31.12.2020.

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

12. TANGIBLE FIXED ASSETS (cont'd)

The group uses the straight-line method. Depreciation periods for tangible assets are as follows:

	Useful Life
Buildings	50 years
Vehicles	4 - 5 years
Fixtures	3- 20 years
Leasehold improvements	5 years
Other tangible fixed assets	3 years

13. INTANGIBLE FIXED ASSETS

Intangible Assets	**1.01.2020**	**Additions**	**31.12.2020**	**Additions**	**31.12.2021**
Right	133.482	-	133.482	-	133.482
Total	**133.482**	**-**	**133.482**	**-**	**133.482**
Accumulated depreciation					
Right	76.881	31.736	108.617	1.036	109.653
Total	**76.881**	**31.736**	**108.617**	**1.036**	**109.653**
Net amount	**56.601**		**24.865**		**23.829**

The total of amortization expenses for the current period is TRY 1.036 and all of them are included in general administrative expenses. (31 December 2020: 31,736 TRY) .

The Group uses the straight-line method of depreciation. The amortization periods for intangible assets are as follows:

	Useful Life
Right	3-10 years

14. RIGHT TO USE ASSETS

	01 January 31 December 2021		
Cost value	**Office**	**Vehicles**	**Total**
Tfrs 16 opening effect	2.200.164	342.216	2.542.380
Purchases	3.086	-	3.086
Disposals	(469.865)	(342.216)	(812.081)
Closing Balance	**1.733.385**	**-**	**1.733.385**
Accumulated depreciation			
Opening balance	**(676.520)**	**(344.693)**	**(1.021.213)**
Period expense	(384.832)	-	(384.832)
Disposals	418.140	344.693	762.833
Closing Balance	**(643.212)**	**-**	**(643.212)**
Right of Use Assets, net	**1.090.173**	**-**	**1.090.173**

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

14. RIGHT TO USE ASSETS (cont'd)

	01 January 31 December 2020		
Cost value	**Office**	**Vehicles**	**Total**
Tfrs 16 opening effect	569.328	342.216	911.544
Purchases	1.630.836	-	1.630.836
Closing Balance	**2.200.164**	**342.216**	**2.542.380**
Accumulated depreciation			
Opening balance	**(398.741)**	**(189.733)**	**(588.474)**
Period expense	(277.779)	(154.960)	(432.739)
Closing Balance	**(676.520)**	**(344.693)**	**(1.021.213)**
Right of Use Assets, net	**1.523.644**	**(2.477)**	**1.521.167**

The total depreciation expenses for the current period is 384,832 TRY (31 December 2020: 432.739). All of this amount (31 December 2020: all) is included in general administrative expenses (Note 22).

The company leases many assets, including offices, warehouses and vehicles. The rental period is 2-5 years. (31 December 2020: 2-5 years). Rental contracts, the rental period is between 2 and 5 years, and they are related to storage, office and vehicle rentals. All operating leases bear a statement regarding the revision of conditions according to market conditions, in case the Company exercises its right to renew. The Company does not have the right to purchase the leased asset at the end of the lease period.

15. IMPROVEMENT OF ASSETS

A provision for impairment is set aside for doubtful receivables by the Group. (Note 6)

16. GOVERNMENT INCENTIVES AND AID

The incentives received by the Group, accounted for under other income, are as follows:

<u>31 December 2021</u>

i) The Group, within the scope of Social Security Law No. 5510, 27103,6111, 4857, benefits from an incentive amounting to 5% of the employer's share in the monthly SGK premium, since there is no delay in the payment of SSI premiums of its employees. As of 31 December 2021, the amount of incentive benefited by the Group is 1.248.683 TRY (Note 24).

ii) With the Law No. 6824 on the "Restructuring of Certain Receivables and Amending Certain Laws and Decrees with the Force of Law" in the Official Gazette dated March 8, 2017 and numbered 30001, 5% tax deduction is provided to the taxpayers. The amount of incentive benefited by the Group is 202.944 TRY for 2021 (Note 24).

<u>31 December 2020</u>

The Group benefits from an incentive amounting to 5% of the employer's share in the monthly SGK premium, since there is no delay in the payment of the SSI premiums of its employees within the scope of the Social Security Law No. 5510, 27103,6111, 4857. As of 31 December 2020, the amount of incentive benefited by the Group is TRY 992.982 (Note 24).

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

17. COMMITMENTS,CONTINGENT ASSETS AND LIABILITIES

Short-term provisions	**December 31, 2021**	**December 31,2020**
Provision for lawsuits	498.462	234.758
Total	**498.462**	**234.758**

Provisions for lawsuits relate to labor claims received by workers.

Long-Term Provisions

None (December, 31 2020: None).

Conditional Assets

None (December, 31 2020: None

Collaterals, Pledges, Mortgages:

Collaterals/pledges/mortgages ("CPM") position of the Group as of December 31, 2021 and December 31, 2020 is as follows:

CPM's given by the Company (Collaterals, Pledges, Mortgages)	**December 31, 2021**	**December 31,2020**
1. CPM's given for Company's own legal personality	153.429.361	81.189.470
2. CPM's given on behalf of fully consolidated companies	-	-
3. CPM's given on behalf of third parties for ordinary course of business	-	-
4. Total amount of other CPM's	-	-
- Total amount of CPM's given on behalf of the majority shareholder	-	-
- Total amount of CPM's given on behalf of other Group companies which are not in scope of 2 and 3	-	-
- Total amount of CPM's given on behalf of third parties which are not in scope of 3	-	-
Total	**153.429.361**	**81.189.470**

TRY equivalents of collaterals, pledges and mortgages give as of December 31, 2021 and December 31, 2020 are as follows on original currency basis are as follows:

		December 31, 2021		
CPM's given by the Company	**TRY Equivalents**	**USD**	**EUR**	**TRY**
Coverages	153.429.361	200.000	8.911.202	19.996.921
Total	**153.429.361**	**200.000**	**8.911.202**	**19.996.921**

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

17. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

	December 31, 2020			
CPM's given by the Company	**TRY Equivalents**	**USD**	**EUR**	**TRY**
Coverages	81.189.470	172.706	6.311.821	23.065.469
Total	**81.189.470**	**172.706**	**6.311.821**	**23.065.469**

All letters of guarantee have been given for the electrical contracting project works of the Group (31 December 2020: all).

The ratio of other CPM's given by the Group to the equities of Group is 0% as of December 31, 2021 (December 31, 2020: 0%).

18. EMPLOYEE BENEFITS

Liabilities Within The Scope of Employee Benefits	December 31, 2021	December 31,2020
Payables to employees	1.839.959	880.315
Social security deductions to be paid	1.017.533	645.034
Total	**2.857.492**	**1.525.349**

Short-term Provision for Employee Benefits	December 31, 2021	December 31,2020
Provision for vacation pay liability	249.094	136.963
Total	**249.094**	**136.963**

Long-term Provision for Employee Benefits	December 31, 2021	December 31,2020
Provision for employment termination benefits	1.345.880	1.196.701
Total	**1.345.880**	**1.196.701**

Under the Turkish Legislations, 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 and reaches the retirement age (58 for women and 60 for men).

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. IAS 19 ("Employee Benefits") stipulates the development of Company's liabilities by using actuarial valuation methods under defined benefit plans.

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

18. EMPLOYEE BENEFITS (Cont'd)

As at balance sheet date, provisions calculated according to assumption 16% expected salary increasing rate and 20% discount rate and about 4,67 % real discount rate and retiring assumption as follows (31.12.2020: % 8,5 % 12,80 and % 3,96).

	December 31, 2021	December 31,2020
Annual discount rate (%)	4,67	3,96
Retirement probability (%)	97,45	96,01

Main assumption is that maximum liability amount increases parallel to inflation rate for every service year. Therefore, discount rate used is the expected real rate adjusted for the future inflationary effects. Because of this, provisions in the accompanying financial statements as of December 31, 2020 are calculated by estimating present value of probable liabilities arising due to retirement of employees.

The Group's provision for employment termination benefits is calculated over TRY 8.284 effective as of January 01, 2021 (TRY 7.117 on December 31, 2020) since the ceiling for severance payment is adjusted every six months.

Movements of severance pay provisions during the year are as follows:

	December 31, 2021	December 31,2020
As of January 1	1.196.701	1.052.232
Service cost	380.848	580.717
Interest expense	55.886	44.374
Actuarial gain / losses (*)	51.623	(137.205)
Reversals of provisions	(339.177)	(343.417)
As of December 31/December 31	**1.345.880**	**1.196.701**

(*) As of December 31, 2021, TRY 51.623 (December 31, 2020: TRY 137.205) Actuarial Income/Loss booked in the statement of comprehensive income.

19. OTHER ASSETS AND LIABILITIES

Other Current Assets	December 31, 2021	December 31,2020
Transferred VAT	9.390.120	435.722
Other	174.201	13.483
Total	**9.564.321**	**449.205**

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

20. CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Paid in Capital:

The capital structure as of December 31, 2021 and December 31, 2020 is as follows:

	December 31, 2021		December 31, 2020	
Capital Structure	**Amount (TRY)**	**Share (%)**	**Amount (TRY)**	**Share (%)**
Nevhan Gündüz	16.552.033	21%	10.157.505	20%
Mahmut Gündüz	800	0%	500	0%
Orhan Gündüz	24.843.109	31%	15.748.750	31%
Nevin Gündüz	800	0%	500	0%
Murat Kartaloğlu	24.400	0%	250	0%
Quated shares	38.578.858	48%	24.092.495	48%
Paid-in share capital	**80.000.000**	**100%**	**50.000.000**	**100%**

Company has accepted the authorised capital system. Current authorised capital ceiling of the Company is TRY 250.000.000 and the issued capital is TRY 80.000.000 (31.12.2020: TRY 50.000.000). Capital of the Company consists of 80.000.000 shares, none of which has any privillages.

In the General Assembly held on 12 April 2021 30.000.000 TRY was added to share capital and it was decided to distribute as share. Capital increase was announced in Trade Registry Gazette No. 10359 dated 29 June 2021.

b) Share premium (discount)	**December 31, 2021**	**December 31,2020**
Share premium (discount)	2.098.440	2.098.440
Total	**2.098.440**	**2.098.440**

c) Treasury Shares	**December 31, 2021**	**December 31,2020**
Treasury shares	(355.250)	(355.250)
Total	**(355.250)**	**(355.250)**

Considering the Repurchased Shares Communiqué published by the Capital Markets Board and the announcements made on July 21, 2016 and July 25, 2016, the Company has purchased TRY 536.334 nominal value and TRY 486.334 nominal value shares during the prior period. The Company recently repurchased its shares with a nominal value of TRY 50.000 at an average price of TRY 7,1085 on October 26, 2020, and the balance at the end of current period consists of TRY 355.250 shares with a nominal value of TRY 80.000. Repurchased shares are shown over the acquisition value in equity.

The Company also classifies the shares acquired within the scope of the liquidity provider transaction within the repurchased shares at the end of the period, and as of 31 December 2021, the Company does not have any repurchased shares within the scope of liquidity providing. (31 December 2020: None).

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

20. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (cont'd)

d) Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss	**December 31, 2021**	**December 31,2020**
Revaluation and recognition gain/(Loss)	456.520	456.520
Other gains (Losses)	(141.978)	(100.680)
Total	**314.542**	**355.840**

e) Restricted Reserves Appropriated From Profits	**December 31, 2021**	**December 31,2020**
1st order reserve fund	4.056.492	3.346.890
Treasury share reserves	355.250	355.250
Total	**4.411.742**	**3.702.140**

The 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 share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital.

Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital. Dividend distributions are made in TRY in accordance with its Articles of Association, after deducting taxes and setting aside the legal reserves as discussed above.

In accordance with Article 520 of the Law No. 6102 published in 2014, a reserve fund of 355.250 TRY has been set aside for the repurchased shares.

f) Prior Year's Profit	**December 31, 2021**	**December 31,2020**
Opening balance	131.024.719	84.182.247
Transfers	23.868.536	46.842.472
Total	**154.893.255**	**131.024.719**

g) Change in non-controlling interests	**December 31, 2021**	**December 31,2020**
Opening balance	(22)	(20)
Profit for the year attributable to non-controlling interest portion	(3)	(2)
Total	**(25)**	**(22)**

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

21. REVENUE AND COST OF SALE

Revenue	**January 01 - 31 December 2021**	**January 01 - 31 December 2021**
Contracting sales	232.326.342	124.702.418
Materials sales	76.432.542	40.351.219
Total Income	**308.758.884**	**165.053.637**

Cost of Sales (-)	**January 01 - 31 December 2021**	**January 01 - 31 December 2021**
- Cost of services given (-)	(170.624.422)	(95.145.597)
- Cost of trade goods sold (-)	(26.615.416)	(5.531.543)
Cost of Sales (-)	**(197.239.838)**	**(100.677.140)**
Gross Profit	**111.519.046**	**64.376.497**

22. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

General Admınıstratıve Expenses	**January 01 - 31 December 2021**	**January 01 - 31 December 2021**
Personnel expenses	4.563.143	3.119.195
Depreciation expenses	912.908	947.576
Provision for employment termination benefit	97.557	625.091
Rent expense	627.567	162.404
Representation hospitality expenses	675.098	350.888
Consultancy expenses	481.474	311.889
Repair & maintanence expenses	132.494	138.216
Advertisement and public relation expenses	117.738	124.568
Transportation expenses	61.882	86.671
Registration expense	141.345	83.911
Travelling expenses	100.405	57.235
Amortization expenses	1.036	31.736
Provision for vacation pay liability	112.131	23.621
Stationery expenses	41.084	21.666
Other	819.997	849.988
Total	**8.885.859**	**6.934.655**

23. EXPENSES BY NATURE

Deprcation Expenses	**January 01 - 31 December 2021**	**January 01 - 31 December 2020**
Service cost	426.035	189.444
General administrative expense	913.944	947.576
Total	**1.339.979**	**1.137.020**

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

23. EXPENSES BY NATURE (cont'd)

Amortization and Exhaustion Shares	**January 01 - 31 December 2021**	**January 01 - 31 December 2020**
General administrative expense	1.036	31.736
Total	**1.036**	**31.736**

Personnel Expenses	**January 01 - 31 December 2021**	**January 01 - 31 December 2020**
Personel Expenses	27.695.478	22.815.593
Social Security expenses	6.142.613	4.550.706
Provision for employment termination benefits	1.003.119	625.091
Provision for vacation pay liability	112.131	23.621
Other Social Benefits	313.344	197.257
Total	**35.266.685**	**28.212.268**

Fees for Services Received from independent Auditor/Independent audit firms

	January 01 - 31 December 2021	**January 01 - 31 December 2020**
Audit and assurance fee (*)	71.700	99.000
Tax consulting fee	-	-
Other assurance services fee	-	-
Other service fee apart from audit	-	-
Total	**71.700**	**99.000**

(*) Fees are presented excluding VAT.

24. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other income from operating activities	**January 01 - 31 December 2021**	**January 01 - 31 December 2020**
Foreign exchange gains	7.769.066	6.679.085
Scrap sales	1.811.537	479.192
Government grants income	1.452.905	992.982
Unearned credit finance charges	1.134.876	51.758
Maturity difference income	227.528	-
Price difference income	106.315	271.620
Fixed asset sales revenues	46.011	-
Canceled provisions	-	455.468
Other income	3.828.531	974.011
Total	**16.376.769**	**9.904.116**

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

24. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES (cont'd)

Other expense from operating activities (-)	**January 01 - 31 December 2021**	**January 01 - 31 December 2020**
Foreign exchange loss	32.026.460	5.681.542
Unearned credit finance charges	336.619	177.786
Penalty Expenses for Construction Site	26.259	456.532
Doubtful receivables provision	494.033	64.252
Other expenses	3.622.811	455.508
Total	**36.506.182**	**6.835.620**

25. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

Income from investment activities	**January 01 - 31 December 2021**	**January 01 - 31 December 2020**
Investment property value increase gain	31.577.318	4.080.000
Rent income	350.280	84.621
Gains on investment property sales	-	272.179
Total	**31.927.599**	**4.436.800**

Expenses from investment activities (-)	**January 01 - 31 December 2021**	**January 01 - 31 December 2020**
Losses on sales of investment real estate	-	948.691
Total	**-**	**948.691**

26. FINANCIAL INCOME AND EXPENSES

Financial income (-)	**January 01 - 31 December 2021**	**January 01 - 31 December 2020**
Interest income from time deposits	1.530.164	3.206.296
Foreign exchange gains	19.981.824	9.716.643
Total	**21.511.988**	**12.922.939**

Financial expenses (-)	**January 01 - 31 December 2021**	**January 01 - 31 December 2020**
Interest and commission expense (-)	6.575.521	9.481.610
Foreign exchange losses(-)	3.959.364	2.099.683
Total	**10.534.885**	**11.581.293**

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

27. INCOME TAX

	December 31, 2021	**December 31, 2020**
Current year corporation tax expense	761.253	1.193.677
Prepaid taxes and withholding taxes (-)	(761.253)	-
Current income tax liability	**-**	**1.193.677**

Tax Income / (Expense)	**January 01 - 31 December 2021**	**January 01 - 31 December 20201**
Current Period Income Tax Provision (-)	(761.253)	(4.058.508)
Deferred Tax Income / (Expense)	(20.685.862)	(6.703.449)
Total	**(21.447.115)**	**(10.761.957)**

Current Assets Related to Current Period Tax	**December 31, 2021**	**December 31, 2020**
Prepaid Taxes and Funds	1.224.745	-
Total	**1.224.745**	**-**

Non - current income tax assets	**December 31, 2021**	**December 31, 2020**
Prepaid taxes and withholding taxes	13.566.916	5.664.865
Total	**13.566.916**	**5.664.865**

Corporate Tax

The Group is subject to corporate tax valid in Turkey. Necessary provisions have been made in the accompanying financial statements for the estimated tax liabilities of the Group regarding the current period operating results.

The corporate tax rate to be accrued on taxable corporate income is over the remaining tax base after adding the non-deductible expenses from the tax base in the determination of the commercial income and deducting the tax-exempt gains, non-taxable incomes and other deductions.

The tax legislation provides for a temporary tax (prepaid tax) of 25% (23% for taxation period of 2022, 20% for taxation period of 2023 and after) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final tax liability for the year.

In addition, temporary taxes are levied at a rate of 25% (23% for taxation period of 2022, 20% for taxation period of 2023 and after) over the bases declared in interim periods during the year to be deducted from the corporation tax.The temporary taxes paid within the year will be offset against the final corporate tax liability for the year. The temporary tax can be offset against any other financial liability against the state.

Tax losses that are reported in the Corporation tax return may be carried forward and deducted from the corporation tax base for a maximum period of five years following the year in which the losses were incurred.

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

27. INCOME TAX (Cont'd)

Income Tax Withholding

In addition to corporate taxes, their share of the profit from the distribution of dividends in the event of the company's income in the statements, including non-resident institutions and branches of foreign companies in Turkey on any dividends distributed, except for the calculation of income tax withholding is required. Income tax 24 April 2003 - 22 July 2006 was 10% in all companies. This rate is from 22 July 2006 2006/10731 15% by the Council of Ministers. Undistributed dividends incorporated in share capital are not subject to income tax withholding.

The reconciliation of the period tax expense with the profit for the period is as follows:

	December 31, 2021	**December 31, 2020**
Profit / Loss Before Tax	125.408.476	65.340.093
Taxable Profit / Loss	125.408.476	65.340.093
Corporate Tax Rate in effect	25%	22%
Calculated Tax Expense	**(31.352.119)**	**(14.374.820)**
Expenses not deductible for tax purposes	(1.357.465)	(43.283)
Difference due to tax rate change	11.262.469	3.656.146
Total	**(21.447.115)**	**(10.761.957)**

Deferred Tax:

The Group accounts for deferred tax assets and deferred tax liabilities for temporary timing differences arising from differences between its tax base legal financial statements and financial statements prepared in accordance with TFRS. The aforementioned differences are generally due to the fact that some income and expense items take place in different periods in financial statements prepared in accordance with the taxable financial statements and TFRS, and these differences are stated below.

As the corporate tax rate, which was 20% as of 31 March 2021, has changed to 25% for 2021 corporate earnings and 23% for 2022 corporate earnings, for temporary differences expected to be realized/closed in 2021 in the deferred tax calculation as of 31 December 2021. A tax rate of 25% is used for temporary differences that are expected to be realized/closed in 2022, and 20% for temporary differences that are expected to be realized/closed in 2022 and after.

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

27. INCOME TAX (Cont'd)

	Temporary Differences		**Deferred Tax Assets / (Liabilities)**	
Deferred Tax Assets :				
	31.12.2021	**31.12.2020**	**31.12.2021**	**31.12.2020**
Doubtful receivables provision	1.346.953	1.116.624	269.391	223.325
Lawsuit provision	498.462	234.758	99.692	46.952
Cost adjustment of long term construction project	382.081.716	241.431.912	80.247.847	48.286.382
Loan interest accruals	1.774.268	1.223.040	375.871	244.608
Unused vacation provision	249.094	136.963	57.292	27.393
Employee termination benefit	1.345.880	1.196.701	269.176	239.340
Other	356.329	16.332	81.364	3.266
Total	**387.652.702**	**245.356.330**	**81.400.633**	**49.071.266**
Deferred Tax Liabilities :				
Difference between registered values of investment properties and tax bases	(53.238.818)	(21.661.499)	(1.853.973)	(2.166.150)
Book value and tax basis difference of tangible and intangible assets	(6.733.038)	(1.697.881)	(803.018)	(339.576)
Construction projects revenue adjustments	(644.181.426)	(411.855.084)	(134.968.639)	(82.371.017)
Deposit interest accrual	(13.436)	(150.137)	(3.090)	(30.027)
Other	(1.134.876)	109.669	(261.020)	21.934
Total	**(705.301.594)**	**(435.254.932)**	**(137.889.740)**	**(84.884.836)**
			-	-
Deferred Tax Asset / (Liability), net			**(56.489.107)**	**(35.813.570)**
Deferred Tax Expense / (Revenue)			**(20.675.537)**	**(6.781.615)**
Included in the actuarial (Profit) / Loss Fund			(10.325)	27.441
Amount Deducted from the Valuation Increase Fund			-	50.725
Deferred tax expense / (income) for the period			**(20.685.862)**	**(6.703.449)**

Deferred tax movement is as follows:

Deferred Tax Asset / (Liability) Movements	**December 31, 2021**	**December 31, 2020**
Opening Balance	(35.813.570)	(29.031.955)
Current year deferred tax (expense) / benefit	(20.685.862)	(6.703.449)
Deferred tax liability accounted under equity resulting from actuarial gain / loss	10.325	(27.441)
Deduction from revaluated assets held for sale	-	(50.725)
Total	**(56.489.107)**	**(35.813.570)**

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

28. EARNINGS PER SHARE

	January 01 - 31 December 2021	January 01 - 31 December 2020
Net Profit / (Loss) for the Period	103.961.361	54.578.136
Weighted Average Number of Shares	80.000.000	80.000.000
Profit / (Loss) Per Share from Ongoing Activities	1,300	0,682

29. RELATED PARTY TRANSACTIONS

December 31, 2021	**Receivables**	**Payables**
	Short Term	**Short Term**
Balances with related parties	Non commercial	Non commercial
Shareholders		
Orhan Gündüz	-	19.022
Total	**-**	**19.022**

December 31, 2020	**Receivables**	**Payables**
	Short Term	**Short Term**
Balances with related parties	Non commercial	Non commercial
Shareholders		
Orhan Gündüz	-	19.155
Total	**-**	**19.155**

The transactions of the Group with the related parties in the periods 01.01.- 31.12.2021 and 01.01.- 31.12.2020 are as follows:

Transactions with related parties	**January 01- December 31, 2021**	**January 01- December 31, 2020**
Rent Income		
Orhan Gündüz	81.356	84.621
Total	**81.356**	**84.621**

The Group has determined key management personnel as board members, group presidents, vice - presidents. Benefits provided to key management personnel as January 1, 2020 – December 31, 2021 and January 1, 2020 – December 31 2020 is as follows:

Short term benefits provided to key management personnel	**January 1- December 31, 2021**	**January 1- December 31, 2020**
Short term benefits provided to key management personnel	378.000	378.000
Total	**378.000**	**378.000**

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

30. QUALITY AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

a) Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and equity items including the previous year earnings as specified in note 20.

Board of Directors of the Group periodically examines its capital structure. The board evaluates the risks associated with each capital class together with the capital cost. Based on the recommendations of the board, the Group aims to balance its overall capital structure through the payrnent of dividends, new share issues and share buy-backs as well as the issue of new debt on the redemption of existing debt.

The Group uses Liabilities / Equity rate while they follow capital sufficiency. This rate is found by net liabilities divided by total equity. Net liabilities are counted by cash and cash equivalents minus total liabilities which appear in balance sheet.

As of 31 December 2021 and 31 December 2020, the net debt / total equity ratio is as follows;

	31 December 2021	31 December 2020
Total Payables	236.331.821	157.299.812
Less: Cash and cash equivalents	(41.473.281)	(81.538.746)
Net Debt	**194.858.540**	**75.761.066**
Total Equity	345.324.068	241.404.005
Net Debt/Total Capital Ratio	56%	31%

b) Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

b.1) Credit Risk

Financial losses due to Group's receivables and financial assets which could result from not implementing agreement clauses related to financial assets by a customer or other party constitutes credit risk. Group tries to decrease credit risk by conducting operations with confidential parties and attaining enough collateral. Trade receivables are due from a wide range of customers rather than a narrow customer portfolio.

In order to minimize credit risk, the Group has made credit ratings considering the default risks of counterparties and categorized the relevant parties. The Company's current credit risk rating methodology includes the following categories:

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

30. QUALITY AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont’d)

b) Financial Risk Factors (Cont’d)

b.1) Credit Risk (Cont’d)

Details of credit and receivable risk are as follows:

Decemberr 31, 2021	**Receivables**					**Cash and Cash Equivalents**
	Trade receivables from		**Other receivables from**			
Current Period	**Related parties**	**Other parties**	**Related parties**	**Other parties**	**Assets related to ongoing construction contracts**	**Deposit in bank**
Maximum credit risk exposed as of balance sheet date (A+B+C+D) (1)	**-**	**80.084.955**	**-**	**261.753**	**301.902.445**	**41.454.066**
- Secured portion of the maximum credit risk by guarantees, etc. (*)	-	-		-		-
A. Net book value of financial assets that are neither past due nor impaired (2)	-	80.416.483	-	261.753	301.902.445	41.454.066
B. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-	-
C. Net book value of the impaired assets (3)	-	-	-	-	-	-
- Past due (gross carrying amount)		1.015.425	-	-	-	-
- Impairment (-)		(1.015.425)	-	-	-	-
- Secured portion of the net carrying value by guarantees, etc.	-	-	-	-	-	-
- Not overdue (gross amount)	-	-	-	-	-	-
- Impairment (-)	-	(331.528)	-	-	-	-
- Secured portion of the net carrying value by guarantees, etc.	-	-	-	-	-	-
D. Off-balance sheet items include credit risk	-	-	-	-	-	-

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

30. QUALITY AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont'd)
b) Financial Risk Factors (Cont'd)
b.1) Credit Risk (Cont'd)

December 31, 2020	**Receivables**					**Cash and Cash Equivalents**
	Trade receivables from		**Other receivables from**			
Prior Period	**Related parties**	**Other parties**	**Related parties**	**Other parties**	**Assets related to ongoing construction contracts**	**Deposit in bank**
Maximum credit risk exposed as of balance sheet date						
(A+B+C+D) [1]	**-**	**33.461.827**	**-**	**207.318**	**218.581.211**	**81.498.036**
- Secured portion of the maximum credit risk by guarantees, etc. (*)	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired [2]	-	33.563.026	-	207.318	218.581.211	81.498.036
B. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-	-
C. Net book value of the impaired assets [3]	-	-	-	-	-	-
- Past due (gross carrying amount)		1.015.425	-	-	-	-
- Impairment (-)		(1.015.425)	-	-	-	-
- Secured portion of the net carrying value by guarantees, etc.	-	-	-	-	-	-
- Not overdue (gross amount)	-	-	-	-	-	-
- Impairment (-)	-	(101.199)	-	-	-	-
- Secured portion of the net carrying value by guarantees, etc.	-	-	-	-	-	-
D. Off-balance sheet items include credit risk	-	-	-	-	-	-

[1] In determining the amount, factors that increase credit reliability, such as guarantees received, are not taken into account.
[2] Trade receivables consist of note receivables and account receivables from customer. The management of the Group foresees that no problems will be encountered in collecting the relevant amounts, considering its past experience.
[3] Impairment tests have been conducted within the framework of the suspicious receivable policy determined by the management regarding the receivables of the Group from its customers.

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

30. QUALITY AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont'd)

b) Financial Risk Factors (Cont'd)

b.2) Liquidity Risk

The main responsibility for liquidity risk management rests with the board of directors. The Board of Directors has established an appropriate liquidity risk management for the short, medium and long term funding and liquidity requirements of the Group management. The Group manages its liquidity risk by regularly monitoring the estimated and actual cash flows and by ensuring the continuation of sufficient funds and borrowing reserves by matching the maturities of financial assets and liabilities.

The table below shows the maturity distribution of the Group's non-derivative financial liabilities. Non-derivative financial liabilities are prepared without discounting and based on the earliest due dates. Interests to be paid on these liabilities are included in the table below.

Tables related to liquidity risk are given below:

31 December 2021	**Book value**	**Total expected cash outflows**	**1-3 months**	**3-12 months**	**1-5 years**
Non-Derivative Financial Obligations	**166.800.463**	**174.232.447**	**117.496.164**	**52.858.149**	**3.878.134**
Bank credits	54.692.721	60.895.421	8.247.573	49.937.298	2.710.550
Operating Lease Obligations	1.507.651	1.602.059	114.525	319.950	1.167.584
Bank Credit Cards	1.561.330	1.561.330	1.561.330	-	-
Trade payables	107.666.516	108.801.392	106.200.491	2.600.901	-
Other payables	1.372.245	1.372.245	1.372.245	-	

31 December 2020	**Book value**	**Total expected cash outflows**	**1-3 months**	**3-12 months**	**1-5 years**
Non-Derivative Financial Obligations	**93.943.100**	**97.193.124**	**37.493.538**	**45.119.978**	**14.579.608**
Bank credits	73.474.899	76.238.804	18.652.662	44.654.310	12.931.832
Operating Lease Obligations	1.627.325	2.113.444	-	465.668	1.647.776
Bank Credit Cards	667.034	667.034	667.034	-	-
Trade payables	17.685.286	17.685.286	17.685.286	-	-
Other payables	488.556	488.556	488.556	-	-

a.2) Market Risk

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Any changes did not occur in the current year in the methods of management and measurement of market risk exposed by the Group and the risks exposed compare to the previous year.

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

30. QUALITY AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont'd)

a.2.1) Foreign Exchange Risk Management

Foreign currency denominated transactions cause foreign currency risk. Foreign exchange risk is managed with currency purchase/sale contracts which are based on approved policy.

Group's foreign currency denominated monetary and non-monetary assets and monetary and non-monetary liabilities at the balance sheet date is as follows:

						Foreign Currency Position
		December 31, 2021				**December 31, 2020**
	TRY	**USD**	**EUR**	**TRY**	**USD**	**EUR**
1. Trade receivables	62.633.623	16.967	4.250.930	10.309.271	-	1.144.470
2a. Monetary financial assets (Includes cash in hand and bank accounts)	37.476.340	668.863	1.961.284	53.071.101	2.046.083	4.224.273
2b. Non-monetary financial assets	-	-	-	-	-	-
3. Other	-	-	-	-	-	-
4. Current assets (1+2+3)	**100.109.963**	**685.831**	**6.212.214**	**63.380.372**	**2.046.083**	**5.368.743**
5.Trade receivables	-	-	-	-	-	-
6- Other	-	-	-	-	-	-
7. Non-current assets	-	-	-	-	-	-
8. Total assets (4+5+6)	**100.109.963**	**685.831**	**6.212.214**	**63.380.372**	**2.046.083**	**5.368.743**
9. Trade payables	81.009.972	109.324	5.420.896	3.867.839	-	429.383
10. Financial liabilities	-	-	-	-	-	-
11- Monetary other liabilities	-	-	-	-	-	-
12. Non-monetary financial liabilities	-	-	-	-	-	-
13. Other	-	-	-	-	-	-
14. Short-term Liabilities	**81.009.972**	**109.324**	**5.420.896**	**3.867.839**	**-**	**429.383**
15. Financial liabilities	-	-	-	-	-	-
16. Long-term Liabilities	-	-	-	-	-	-
17. Total Liabilities	**81.009.972**	**109.324**	**5.420.896**	**3.867.839**	**-**	**429.383**
18. Net Foreign Currency Asset / (Liability) Position (8-17)	**19.099.991**	**576.507**	**791.318**	**59.512.533**	**2.046.083**	**4.939.360**

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

30. QUALITY AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont'd)

a) Financial Risk Factors (Cont'd)

a.2.1) Foreign Exchange Risk Management (Cont'd)

The Group is mainly exposed to Euro and US Dollars risks.

The table below presents the Group's sensitivity to a 10% deviation in foreign exchange rates especially US dollars and Euro. 10% is the rate used by the Group when generating its report on exchange rate risk; the related rate stands for the presumed possible change in the foreign currency rates by the Group's management. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. This analysis includes foreign currency denominated bank loans other than the functional currency of the ultimate user or borrower of the bank loans. The positive amount indicates increase in profit / loss or equity.

Exchange Rate Sensitivity Analysis Table

	Current Year			
	Profit/Loss		**Equities**	
	Foreign currency Appreciation	Foreign currency Depreciation	Foreign currency Appreciation	Foreign currency Depreciation
	If USD changes by 10% against TRY			
1- US Dollars net assets / liabilities	748.162	(748.162)	-	-
2- US Dollars hedged from risks (-)	-	-	-	-
3- US Dollars net effect (1+2)	**748.162**	**(748.162)**	-	-
	If USD changes by 10% against TRY			
4- Euro net assets / liabilities	1.161.837	(1.161.837)	-	-
5- Euro hedged from risks (-)	-	-	-	-
6- Euro net effect (4+5)	**1.161.837**	**(1.161.837)**	-	-
Total (3+6)	**1.909.999**	**(1.909.999)**	-	-

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

30. QUALITY AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont'd)

a) Financial Risk Factors (Cont'd)

a.2.1) Foreign Exchange Risk Management (Cont'd)

Exchange Rate Sensitivity Analysis Table

Prior Year

	Profit/Loss		**Equities**	
	Foreign currency Appreciation	Foreign currency Depreciation	Foreign currency Appreciation	Foreign currency Depreciation
If USD changes by 10% against TRY				
1- US Dollars net assets / liabilities	1.501.927	(1.501.927)	-	-
2-US Dollars hedged from risks (-)	-	-	-	-
3- US Dollars net effect (1+2)	**1.501.927**	**(1.501.927)**	-	-
If EUR changes by 10% against TRY				
4- Euro net assets / liabilities	4.449.326	(4.449.326)	-	-
5- Euro hedged from risks (-)	-	-	-	-
6- Euro net effect (4+5)	**4.449.326**	**(4.449.326)**	-	-
Total (3+6)	**5.951.253**	**(5.951.253)**	-	-

Interest rate risk management

The fact that changes in market interest rates cause fluctuations in the fair value or future cash flows of financial instruments necessitates the Group's need to cope with interest rate risk. Hedging strategies are evaluated regularly to ensure that they are consistent with the interest rate expectation and defined risk. Thus, it is aimed to establish an optimal hedging strategy, to review the position of the balance sheet and to keep interest expenditures under control at different interest rates.

As of December 31, 2021 and December 31, 2020, the Group's interest position table is as follows:

Fixed rate financial instruments	**31 December 2021**	**31 December 2020**
Financial Liabilities (Note 5)	56.200.371	75.769.258
Cash and Cash Equivalents (Note 4)	32.282.726	77.219.442

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

31. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)

December 31, 2021	**Measured at fair value through other comprehensive income**	**Measured at fair value through profit or loss**	**Measured at amortized cost**	**Book Value**	**Note**
Financial Assets					
Cash and cash equivalents	-	-	41.473.281	41.473.281	4
Trade receivable	-	-	80.416.483	80.416.483	6
Financial liabilities					
Financial liabilities	-	-	57.761.702	57.761.702	5
Trade Payables	-	-	107.666.516	107.666.516	6
Other Financial Liabilities	-	-	-	-	-

December 31, 2020	**Measured at fair value through other comprehensive income**	**Measured at fair value through profit or loss.**	**Measured at amortized cost**	**Book Value**	**Note**
Financial Assets					
Cash and cash equivalents	-	-	81.538.746	81.538.746	4
Trade receivable	-	-	33.563.026	33.563.026	6
Financial liabilities					
Financial liabilities	-	-	12.986.640	12.986.640	5
Trade Payables	-	-	17.685.286	17.685.286	6
Other Financial Liabilities	-	-	136.963	136.963	-

Group management considers that the recorded values of financial instruments reflect their reasonable values.

31. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)(Cont'd)

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

• Category 1: Implies that in determining the fair values of assets and liabilities, active market trading price is used for valuation purposes.

• Category 2: Implies that in determining the fair values of assets and liabilities, should other market price be observed other than first degree market prices, then observed market price is used for valuation purposes.

• Category 3: Implies that in determining the fair values of assets and liabilities, data not based on market observation is used for valuation purposes.

As of December 31, 2021 and December 31, 2020, the Group does not have any financial assets with their fair values.

32. MATERIAL EVENTS AFTER THE BALANCE SHEET DATE

None. (December 31, 2020: None)

33. OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER MATTERS REQUIRED FOR CLEAR UNDERSTANDING OF FINANCIAL STATEMENT

None.

December 31,2020

Declared as a pandemic by the World Health Organization (WHO) on March 11, 2020, "Covid-19" has restrictive effects on human health in our country and the world, as well as in many areas such as production, trade and transportation. In this context, the possible effects of the Pandemic on our company are evaluated below as the Company Management:

- Due to the Covid-19 outbreak in the current period, a temporary suspension has been taken in one of our active construction sites. This construction site has started its activities again as of 13.05.2020. There may be a decrease in the number of personnel working within the framework of the measures taken and the guidance of our employers. With the normalization of working conditions, it is planned to finalize the works in accordance with the work programs approved by the employers.

- Our activities at our construction sites continue uninterruptedly, taking into account the measures and practices recommended by the relevant authorities (sleeping, working, social distance in food areas, regular health checks, hygiene equipment and clothing, etc.).

- Employees over the age of 55-60 and those with disabilities and chronic diseases have been given paid leave at our construction sites, the necessary construction site changes have been made, and they have been provided with short-time working allowance. There was a limited number of work outs.

- In our head office, remote work was carried out in the 50% -90% range during the period.

33. OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER MATTERS REQUIRED FOR CLEAR UNDERSTANDING OF FINANCIAL STATEMENT (con't)

- Temporary and partial contraction was observed in company revenues.

- There is no need for additional working capital.

- Among the government incentives acquired during the period, other tax and SSI payment delays, use of incentive loans, use of short-time work allowance and SSI additional incentives, etc. is located.

-As it is known, since contracting is a labor-intensive business, it is not possible to continue without execution by our blue-collar employees in the field. In case the worksite operations are stopped, the progress of the work, making new progress payments, generating turnover and cash flow may be significantly interrupted. However, if the normalization process continues as of the date of the financial statement announcement, if the economic activity, indicators and prices converge to the company's expectations, it is anticipated that the company's activities and financial status will not be subject to a significant impact.