

**ORGE ENERJİ ELEKTRİK TAAHHÜT ANONİM ŞİRKETİ AND ITS
SUBSIDIARY**

*JUNE 30, 2022 CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS*

(ENGLISH CONVENIENCE TRANSLATION OF CONDENSED INTERIM
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 STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2022
(Amounts expressed in TRY unless otherwise stated)

ASSETS	Notes	non-Audited Current Year June 30, 2022	Audited Prior Year December 31, 2021
Current Assets		672.499.645	485.708.416
Cash and cash equivalents	3	78.694.046	41.473.281
Trade receivables		99.192.866	80.416.483
- Trade receivables from non-related parties	5	99.192.866	80.416.483
Other receivables		80.341	80.341
- Other receivables from related parties	6	80.341	80.341
Contractual assets arising from ongoing construction and contracting works	9	415.795.212	301.902.445
Inventories	7	56.900.615	46.254.013
Expenses paid in advance		10.379.663	4.792.787
- Expenses paid in advance to non-related parties	8	10.379.663	4.792.787
Current tax-related assets	24	45.693	1.224.745
Other current assets	18	11.411.209	9.564.321
Non-Current Assets		131.115.074	95.947.473
Other receivables		539.946	181.412
- Other receivables from non-related parties	6	539.946	181.412
Investment property	10	106.950.000	77.650.000
Tangible fixed assets	11	3.843.725	3.435.143
Right of use assets	14	785.246	1.090.173
Intangible fixed assets	12	23.485	23.829
Assets related to the current period tax	24	18.770.612	13.566.916
Expenses paid in advance	8	202.060	-
Total Assets		803.614.719	581.655.889

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

ORGE ENERJİ ELEKTRİK TAAHHÜT ANONİM ŞİRKETİ AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2022

(Amounts expressed in TRY unless otherwise stated)

LIABILITIES	Notes	non-Audited Current Year June 30, 2022	Audited Prior Year December 31, 2021
Short-Term Liabilities		271.062.545	172.768.458
Financial liabilities	4	147.909.664	44.426.551
Current installments of long-term financial liabilities	4	17.434.249	9.788.287
Trade payables		66.357.079	107.666.516
-Trade payables to non-related parties	5	66.357.079	107.666.516
Employee benefit liabilities	17	3.332.326	2.857.492
Other payables		2.692.028	1.372.245
-Other payables to related parties	26	19.155	19.022
-Other payables to non- related parties	6	2.672.873	1.353.223
Liabilities arising from customer contracts	9	32.781.645	5.909.811
Short-term provisions		555.554	747.556
-Short-term provisions related with employee benefits	17	205.937	249.094
-Other short-term provisions	16	349.617	498.462
Long-Term Liabilities		82.767.485	63.563.363
Long-term financial liabilities	4	936.163	3.546.864
Other payables		13.500	2.181.386
-Other payables to non-related parties	6	13.500	2.181.386
Long-term provisions		2.145.706	1.345.880
-Long-term provisions related to employee benefits	17	2.145.706	1.345.880
Deferred tax liabilities	24	79.672.116	56.489.108
Other long-term liabilities		-	125
SHAREHOLDERS' EQUITY		449.784.733	345.324.093
Paid-in capital	19	80.000.000	80.000.000
Treasury shares (-)	19	(10.023.428)	(355.250)
Share premium (discount)	19	2.098.440	2.098.440
Other accumulated comprehensive income (loss) that will not be reclassified in profit or loss		81.561	314.542
- Tangible fixed assets revaluation gain / (loss)	19	456.520	456.520
- Loss / gain due to defined benefit plans	19	(374.959)	(141.978)
Restricted reserves set aside from profit	19	14.079.919	4.411.742
Profit / loss of previous years	19	249.186.442	154.893.255
Net profit / loss for the year		114.361.799	103.961.364
Non-controlling interests		(44)	(25)
TOTAL OF LIABILITIES AND SHAREHOLDERS' EQUITY		803.614.719	581.655.889

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

ORGE ENERJİ ELEKTRİK TAAHHÜT ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NON-AUDITED
CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED JANUARY 01 - JUNE 30, 2022
(Amounts expressed in TRY unless otherwise stated)

PROFIT/LOSS SECTION	Notes	January 1- June 30, 2022	January 1- June 30, 2021	April 1- June 30, 2022	April 1- June 30, 2021
Continuing Operations					
Revenue	20	304.841.975	111.941.307	156.954.870	76.167.304
Cost of Sales (-)	20	(182.347.841)	(75.580.981)	(96.332.780)	(49.252.526)
GROSS OPERATING PROFIT / LOSS		122.494.134	36.360.326	60.622.090	26.914.778
General Administration Expenses (-)		(6.492.310)	(4.652.353)	(3.117.373)	(2.413.481)
Other Income from Operating Activities	21	21.384.874	5.179.276	13.194.424	3.084.953
Other Loss from Operating Activities (-)	21	(25.172.724)	(6.642.042)	(8.570.462)	(5.003.732)
NET OPERATING PROFIT / LOSS		112.213.974	30.245.207	62.128.679	22.582.518
Income from Investment Activities	22	29.577.650	1.479.537	29.478.661	473.100
Loss from Investment Activities	22	-	-	-	-
OPERATING INCOME / LOSS BEFORE FINANCING EXPENSES		141.791.624	31.724.744	91.607.340	23.055.618
Financial Incomes	23	15.667.910	9.711.354	8.002.163	3.332.438
Financial Expenses (-)	23	(18.640.410)	(4.566.662)	(12.019.495)	(1.143.738)
CONTINUING OPERATIONS' PROFIT/LOSS BEFORE TAX FOR THE YEAR		138.819.124	36.869.436	87.590.008	25.244.318
Continuing Operations' Tax Income/Expense		(24.457.344)	(10.481.768)	(13.837.109)	(8.077.367)
Current Period Tax Income/ Loss	24	(1.216.091)	(245.107)	(903.830)	479.960
Deferred Tax Income/ Loss	24	(23.241.253)	(10.236.661)	(12.933.279)	(8.557.327)
CONTINUING OPERATIONS' PROFIT/LOSS FOR THE YEAR		114.361.780	26.387.668	73.752.899	17.166.951
PROFIT/LOSS FOR THE YEAR		114.361.780	26.387.668	73.752.899	17.166.951
Distribution of Total Comprehensive Incomes					
Minority Shareholders		114.361.780	26.387.668	73.752.899	17.166.951
Parent's Company		(19)	(1)	(10)	5
Earnings Per Share		114.361.799	26.387.669	73.752.909	17.166.946
Earnings Per Share from Continuing Activities	25	1,430	0,330	0,922	0,145

ORGE ENERJİ ELEKTRİK TAAHHÜT ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NON-AUDITED
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME AS OF JANUARY 01 - JUNE 30, 2022
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

PROFIT/LOSS FOR THE YEAR		114.361.780	26.387.668	73.752.899	17.166.951
OTHER COMPREHENSIVE INCOME					
Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss		(232.981)	(64.635)	107.154	(64.414)
Gains (Losses) On Remeasurements of Defined Benefit Plans	17	(291.226)	(80.794)	133.942	(80.518)
Taxes Related to Loss / Gain on Defined Benefit Plans Remeasurement	24	58.245	16.159	(26.788)	16.104
Other Comprehensive Income (Loss)		(232.981)	(64.635)	107.154	(64.414)
Total Comprehensive Income		114.128.799	26.323.033	73.860.053	17.102.537

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

ORGE ENERJİ ELEKTRİK TAAHHÜT ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NON-AUDITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED JANUARY 1 - JUNE 30, 2022

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

	Notes	Issued capital	Treasury Shares(-)	Share Premium (Discount)	Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		Legal Reserves	Retained Earnings		Shareholders' Equity	Non-Controlling Interest	Total Equity
					Increase / (Decrease) from Revaluation of Tangible Fixed Assets	Revaluation and Remeasurements Gain / (Loss)		Defined Benefit Plans Remeasurement Gains / Losses	Prior Years' Profits or Losses			
Balances as of January 1, 2021 (opening)	19	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
Capital increase		30.000.000	-	-	-	-	-	(30.000.000)	-	-	-	-
Transfers		-	-	-	-	-	908.193	53.669.945	(54.578.138)	-	-	-
Total Comprehensive Income		-	-	-	-	(64.635)	-	-	26.387.669	26.323.034	(1)	26.323.033
Period Profit (Loss)		-	-	-	-	-	-	-	26.387.669	26.387.669	(1)	26.387.668
Other Comprehensive Income (Loss)		-	-	-	-	(64.635)	-	-	-	(64.635)	-	(64.635)
Increase (Decrease) Due to Repurchase Transactions of Shares		-	(198.591)	-	-	-	-	-	-	(198.591)	-	(198.591)
Balance as of June 30, 2021 (closing)	19	80.000.000	(553.841)	2.098.440	456.520	(165.315)	4.610.333	154.694.664	26.387.669	267.528.470	(23)	267.528.447
Balances as of January 1, 2022 (opening)	19	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
Transfers		-	-	-	-	-	9.668.177	94.293.187	(103.961.364)	-	-	-
Total Comprehensive Income		-	-	-	-	(232.981)	-	-	114.361.799	114.128.818	(19)	114.128.799
Period Profit (Loss)		-	-	-	-	-	-	-	114.361.799	114.361.799	(19)	114.361.780
Other Comprehensive Income (Loss)		-	-	-	-	(232.981)	-	-	-	(232.981)	-	(232.981)
Increase (Decrease) Due to Repurchase Transactions of Shares		-	(9.668.178)	-	-	-	-	-	-	(9.668.178)	-	(9.668.178)
Balance as of June 30, 2022 (closing)	19	80.000.000	(10.023.428)	2.098.440	456.520	(374.959)	14.079.919	249.186.442	114.361.799	449.784.733	(44)	449.784.689

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

ORGE ENERJİ ELEKTRİK TAAHHÜT ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NON-AUDITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED JANUARY 1 - JUNE 30, 2022
(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

	Notes	January 1- June 30, 2022	January 1- June 30, 2021
A. Cash Flows from Operating Activities		(58.671.434)	13.031.788
Period profit (Loss)		114.361.799	26.387.668
Profit from continuing operations (Loss)		114.361.799	26.387.668
Adjustments to Reconcile Net Profit/(Loss)		(1.923.285)	10.655.389
Adjustments for depreciation and amortisation expenses	11,12	750.075	755.862
Adjustments for provisions		374.843	212.014
- Adjustments for (reversal of) provisions related to employee benefits	17	523.688	203.340
- Adjustments related to lawsuits and/or penal provisions	16	(148.845)	8.674
Adjustments for interest (income) expenses		3.068.789	(476.122)
<i>Adjustments for interest (income) expenses</i>	4	2.104.612	(1.008.203)
<i>Deferred financing expense due to futures</i>	5	738.491	353.418
<i>Unearned financing income resulted from forward sales</i>	5	225.686	178.663
Adjustments for fair value losses (gains)		(29.300.000)	-
<i>Adjustments for fair value losses (gains) of investment properties</i>	10	(29.300.000)	-
Adjustments for tax (income) expenses	24	23.183.008	10.220.502
Adjustments for losses (gains) on disposal of non-current assets	12	-	(56.867)
Changes in Working Capital		(167.085.304)	(19.910.510)
Adjustments for decrease (increase) in trade accounts receivable		(19.002.069)	11.378.171
<i>Adjustments for decrease (increase) in non-related trade receivable</i>	5	(19.002.069)	11.378.171
Adjustments for decrease (increase) in other receivables related to operations		(358.534)	3.251
<i>Adjustments for decrease (increase) in other receivables non-related parties with operations</i>	6	(358.534)	3.251
Adjustments for stage of completion of construction or service contracts in progress	9	(87.020.933)	(53.141.476)
Adjustments for decrease (increase) in inventories	7	(10.646.602)	(13.875.276)
Decrease (increase) in prepaid expenses	8	(5.788.936)	(65.109)
Adjustments for increase (decrease) in trade accounts payable		(42.047.928)	37.878.344
Increase (decrease) in trade payables to unrelated parties	5	(42.047.928)	37.878.344
<i>Increase (decrease) in employee benefit liabilities</i>	17	474.834	1.061.044
<i>Adjustments for increase (decrease) in other operating payables</i>		(848.103)	2.656.696
Increase (decrease) in other related party payables related to operations	26	133	8.001
Increase (decrease) in other operating payables to unrelated parties	6	(848.237)	2.648.695
<i>Adjustments for other increase (decrease) in working capital</i>		(1.847.033)	(5.806.155)
Decrease (increase) in other assets related to activities	18	(1.846.907)	(5.806.155)
Decrease (increase) in other liabilities related to activities		(125)	-
Cash Flows from Operating Activities		(54.646.790)	17.132.547
Income tax expenses	24	(4.024.644)	(4.100.759)
B. Cash Flows From (Used In) Investing Activities		(853.385)	(657.056)
Proceeds from sales of property, plant, equipment and intangible assets	11,12	-	89.067
Purchase of property, plant, equipment and intangible assets	11,12	(853.385)	(746.123)
C. Cash Flows From (Used In) Financing Activities		96.745.584	(36.651.581)
Payments to acquire entity's shares or other equity instruments	19	(9.668.178)	(198.591)
Proceeds from borrowings	4	108.701.703	-
Cash outflows related to debt payments	4	-	(36.202.182)
Payments of lease liabilities	4	(325.800)	(250.808)
Interest expenses	23	(1.962.141)	-
Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes		37.220.765	(24.276.849)
Net Increase (Decrease) In Cash and Cash Equivalents	3	37.220.765	(24.276.849)
Cash and Cash Equivalents at The Beginning of The Period	3	41.473.281	81.538.746
Cash and Cash Equivalents at The End of The Period		78.694.046	57.261.897

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

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2022

(Amounts expressed in Turkish Lira (“TRY”) 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. on June 30, 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 in “Kozyatağı Mahallesi Değirmen Sokak Nida Kule No: 18 Kat: 18 34742 Kadıköy, İstanbul” and there is no any branch offices.

As of June 30, 2022, average number of personnel is 605 (December 31, 2021: 462). 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 June 30, 2022 is 10. (31 December 2021: 39)

As of June 30, 2022, the share capital of the company is 80.000.000 TRY (December 31, 2021: 80.000.000 TRY), the publicly listed shares are 48 % of the total shares. Gündüz Family members are main shareholders of the company and has control in the management (Note 19).

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

<u>Subsidiary</u>	<u>Nature of Business</u>	<u>Proportion of Effective Interest (%)</u>	<u>Country of Incorporation</u>
And İnşaat Ticaret A.Ş.	Construction Equipment	99,96	Türkiye

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.

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2022

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

A. Basis of Presentation

Basis of Presentation of Consolidated Financial Statements

The Group registered in Türkiye 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 Türkiye (“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 Türkiye (“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 April 15, 2019 by POA and the format and mandatory information recommended by CMB.

For the period ended June 30, 2022, the Group prepared its condensed interim consolidated financial statements in accordance with the Turkish Accounting Standard No.34 Interim Financial Reporting.

Condensed interim consolidated financial statements of the Group do not include all the information and disclosures required in the annual financial statements, therefore these should be read in conjunction with the Group’s annual financial statements as of December 31, 2021.

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.

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.

Approval of Consolidated Financial Statement

Financial statement for the year ended June 30, 2022 had been approved in the Board of Directors meeting dated August 15, 2022 and subject to final approval in General Assembly of the Company.

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2022

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

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

A. Basis of Presentation (cont’d)

Financial Reporting in Hyperinflationary Economies

With the decision taken on March 17, 2005 and numbered 11/367, the CMB announced that, effective from January 1, 2005, the application of inflation accounting is no longer required for companies operating in Türkiye and preparing their consolidated financial statements in accordance with the financial reporting standards accepted by the CMB. Accordingly, Turkish Accounting Standards 29, “Financial Reporting in Hyperinflationary Economies”, issued by the POA, has not been applied in the consolidated financial statements for the accounting year commencing January 1, 2005.

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 of June 30, 2022 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2022 and thereafter. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

a) The new standards, amendments and interpretations which are effective as of January 1, 2022 are as follows:

- Amendments to TFRS 3 – Reference to the Conceptual Framework
- Amendments to TAS 16 – Proceeds before intended use
- Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract

The amendments did not have a significant impact on the financial position or performance of the Group.

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2022

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont’d) New and Amended Turkish Financial Reporting Standards (cont’d)

b) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the interim condensed consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures when the new standards and interpretations become effective.

- TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)
- TFRS 17 - The New Standard for Insurance Contracts
- Amendments to IAS 1- Classification of Liabilities as Current and Non-Current Liabilities
- Amendments to TAS 8 - Definition of Accounting Estimates
- Amendments to TAS 1 - Disclosure of Accounting Policies
- Amendments to TAS 37 – Onerous Contracts – Costs of Fulfilling a Contract
- Amendments to TAS 12 – Deferred Tax on Assets and Liabilities Arising from a Single Transaction

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Consolidation principles

As of June 30, 2022, the consolidated financial statements include the financial results of the Company and its subsidiary that are listed at Note 1.

Control is normally evidenced when the Group controls an investee if and only if the company has all the following; a) power over the investee b) exposure, or rights, to variable returns from its involvement in the investee and c) the ability to use its power over the investee to affect the amount of company’s returns. The results of subsidiaries acquired during the year are included in the consolidated statements of income from the effective date of acquisition as appropriate.

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.

The share purchase/(sale) transactions of the Group with the minority shareholders without losing the control of the subsidiary are considered as a transaction between the shareholders of the company and are accounted for in the “adjustment difference arising from the change in the share ratio in the subsidiary” account under equity.

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2022

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

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

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

<u>Subsidiary</u>	<u>Capital</u>	<u>Capital of Acquired (TRY)</u>	<u>Effective Share Ratio (%)</u>
And İnşaat Ticaret A.Ş.	250.000	249.900	99,96

B. Changes in accounting policy

The condensed consolidated interim financial statements as of and for the period ended June 30, 2022 have been prepared in accordance of TAS 34. The accounting policies used in the preparation of these condensed interim consolidated financial statements as of and for the period ended June 30, 2022 are consistent with those used in the preparation of annual consolidated financial statements as of and for the year ended December 31, 2021. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements as of and for the year ended December 31, 2021.

3. CASH AND CASH EQUIVALENTS

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
Cash in hand	41.468	19.215
Cash at banks		
- Demand deposits	61.238.512	32.282.726
- Time deposits (with maturities of three months or less)	16.937.661	9.171.340
Other cash equivalents	476.405	-
Total	78.694.046	41.473.281

As of 30.06.2022 and 31.12.2021, the time deposit details are as follows:

<u>Currency type</u>	<u>Interest Rate (%)</u>	<u>Maturity Date</u>	<u>June 30, 2022</u>	<u>Interest Rate (%)</u>	<u>Maturity Date</u>	<u>December 31, 2021</u>
TRY	2,24%	30.06.2022	9.170	2,00%	24.12.2021	8.680
EUR	1,77%	28.06.2022	55.159.280	0,40%	31.12.2021	23.932.149
USD	1,20%	27.06.2022	6.070.062	0,09%-1,00%	13.12.2021	8.341.897
Total			61.238.512			32.282.726

29.842.046 TRY of time deposits consist of profit share participation partnership accounts of participation banks (December 31, 2021: 872.581 TRY).

Foreign currency distribution of deposit accounts are as follows:

	<u>June 30, 2021</u>	<u>December 31, 2021</u>
TRY	8.826.187	3.962.186
EUR	7.820.613	28.796.165
USD	61.529.373	8.695.715
Total	78.176.173	41.454.066

There is no blockage on deposits (December 31, 2021: None).

Explanations on the nature and level of risks in cash and cash equivalents are explained in Note 27.

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2022

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

4. FINANCIAL LIABILITIES

Financial liabilities	June 30, 2022	December 31, 2021
Short-term financial liabilities	147.909.664	44.426.551
a) Bank loans	146.190.703	42.431.259
b) Liabilities from operating leases	455.340	433.962
c) Credit cards	1.263.621	1.561.330
Short-term current portion of long-term financial liabilities	17.434.249	9.788.287
a) Bank loans	17.434.249	9.788.287
Total	165.343.913	54.214.838

Long-term financial liabilities	June 30, 2022	December 31, 2021
a) Bank loans	102.825	2.473.175
b) Liabilities from operating leases	833.338	1.073.689
Total	936.163	3.546.864

a) Bank Loans

June 30, 2022				
Currency	Effective Interest Rate (%)	Short-term	Short-term portion of long-term loans	Long-term
TRY	6,93% -33,83%	146.190.703	17.434.249	102.825
Total		146.190.703	17.434.249	102.825

December 31, 2021				
Currency	Effective Interest Rate (%)	Short-term	Short-term portion of long-term loans	Long-term
TRY	0,95% -19,08%	42.431.259	9.788.287	2.473.175
Total		42.431.259	9.788.287	2.473.175

	June 30, 2022	December 31, 2021
Less than 1 year	163.624.952	52.219.546
1 - 5 years	102.825	2.473.175
Total	163.727.777	54.692.721

As of June 30, 2022, there are participation bank loans of 53.736.459 TRY (December 31, 2021: 12.431.095 TRY)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2022

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4. FINANCIAL LIABILITIES (Cont’d)

b) Payables from rental transactions

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

June 30, 2022		
Payables from Rental Transactions	Minimum Rent Payments	Present Value of Minimum Payments
Less than 1 year	448.920	455.340
1 - 5 years	927.464	833.338
Present Value of the Lease Obligation	1.376.384	1.288.678

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

5. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

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

Short-term trade receivables	June 30, 2022	December 31, 2021
Trade receivables (*)	45.851.104	33.251.443
Notes receivables (*)	54.235.595	47.833.187
Unearned credit finance income (-)	(562.305)	(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)	(331.528)
Total	99.192.866	80.416.483

(*)Trade and Notes Receivables	June 30, 2022	December 31, 2021
1-3 Months	97.785.711	80.859.513
3-6 Months	2.300.988	225.117
Total	100.086.699	81.084.630

As of June 30, 2022, amount of 1.346.953 TRY (December 31, 2021: 1.346.953 TRY) of trade receivables are doubtful receivables. Doubtful receivables consist of uncollected receivables which are due from completed projects. There is no provision has been made for doubtful receivables in 2022.

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2022

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

5. TRADE RECEIVABLES AND PAYABLES (Cont’d)

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

Doubtful receivables	June 30, 2022	December 31, 2021
As of January 1	1.346.953	1.116.624
Period charge	-	230.329
As of December 31	1.346.953	1.346.953

Long-term trade receivables

None (December 31, 2021: None).

b) Short-term Trade Payables:

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

Short-term Trade Payables	June 30, 2022	December 31, 2021
Trade payables (*)	58.792.702	71.874.364
Notes payables (*)	7.960.762	36.927.028
Unearned credit finance charges (-)	(396.385)	(1.134.876)
Total	66.357.079	107.666.516

(*)Trade and Notes Payables

	June 30, 2022	December 31, 2021
1-3 Months	66.513.594	106.200.491
3-6 Months	239.870	2.600.901
Total	66.753.464	108.801.392

Long-term Trade Payables

None (December 31, 2021: None).

6. OTHER RECEIVABLES AND PAYABLES

Other short-term receivables	June 30, 2022	December 31, 2021
Due from tax authorities	80.341	80.341
Total	80.341	80.341

Other long-term receivables	June 30, 2022	December 31, 2021
Deposits and guarantees given	539.946	181.412
Total	539.946	181.412

Other short-term payables	June 30, 2022	December 31, 2021
Taxes and funds payable	421.241	1.192.255
Payable other liabilities	40.475	38.982
Other miscellaneous debts	2.211.157	121.986
Sub-total	2.672.873	1.353.223
Due to related parties (note 26)	19.155	19.022
Total	2.692.028	1.372.245

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2022

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

6. OTHER RECEIVABLES AND PAYABLES (Cont'd)

Other long-term payables	June 30, 2022	December 31, 2021
Deposits and guarantees received	13.500	2.181.386
Total	13.500	2.181.386

7. INVENTORIES

Short-term inventories	June 30, 2022	December 31, 2021
Raw materials and supplies	37.565.244	43.827.490
Trade goods	19.335.371	2.426.523
Total	56.900.615	46.254.013

Long-term inventories

None (December 31, 2021: None).

As of the balance sheet date, the Group does not have any stocks with a net realizable value less than its cost. (December 31, 2021: None).

Group does not have any pledged inventory in return for loans as at June 30, 2022 (December 31, 2021: None).

8. PREPAID EXPENSES AND DEFERRED INCOME

Current Prepaid Expenses

Short-term prepaid expenses	June 30, 2022	December 31, 2021
Advances Given for Inventories	9.663.643	4.520.467
Short-term Prepaid Expenses	487.220	206.020
Work Advances	228.800	66.300
Toplam	10.379.663	4.792.787

Long-term prepaid expenses	June 30, 2022	December 31, 2021
Long-term Prepaid Expenses	202.060	-
Toplam	202.060	-

Non Current Prepaid Expenses

None (December 31, 2021: None).

Short-term and Long-term Deferred Income

None (December 31, 2021: None).

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2022

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

9. CONSTRUCTION CONTRACTS

	June 30, 2022	December 31, 2021
Assets Related to Ongoing Construction Contracts	415.795.212	301.902.445
Total	415.795.212	301.902.445

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

	June 30, 2022	December 31, 2021
Receivables Arising from Customer Contracts	415.795.212	301.902.445
- Assets relating with domestic construction contracts	-	-
- Assets not yet acquired relating with domestic construction contracts (*)	415.795.212	301.902.445

(*) 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	June 30, 2022	December 31, 2021
Advances received	32.781.645	5.909.811
Total	32.781.645	5.909.811

10. INVESTMENT PROPERTIES

As of June 30, 2022 and December 31, 2021, the movements of investment property are as follows:

January 1-June 30, 2022

Fair value	Land	Building	Total
Opening Balance	4.675.000	72.975.000	77.650.000
Value increase/decrease	1.445.000	27.855.000	29.300.000
Closing Balance	6.120.000	100.830.000	106.950.000

January 1-December 31, 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	5.187.682
Closing Balance	4.675.000	72.975.000	77.650.000

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2022

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10. 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	30.06.2022	6.120.000	-	Market Approach, Cost Approach
Şile	30.06.2022	-	45.430.000	Market Approach
Kartal	30.06.2022	-	4.000.000	Market Approach
Kadıköy	30.06.2022	-	28.750.000	Market Approach
Maltepe	30.06.2022	-	13.850.000	Market Approach
Ümraniye	30.06.2022	-	8.800.000	Market Approach
Total		6.120.000	100.830.000	

There is no mortgage on investment properties as of June 30, 2022 (December 31, 2021: None).

The Group’s rent income from investment properties in the current year is 277.650 TRY (June 30, 2021: 87.898 TRY).

There is insurance coverage amounting to 23.892.790 TRY on Investment Properties (December 31, 2021: 12.285.690 TRY).

ORGE ENERJİ ELEKTRİK TAAHHÜT A.Ş. AND ITS SUBSIDIARY**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2022***(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)***11. TANGIBLE FIXED ASSETS**

Tangible Fixed Assets	January 1, 2022	Additions	Transfer	June 30, 2022
Vehicles	2.223.056	210.195	-	2.433.251
Fixtures	3.662.599	643.191	-	4.305.790
Leasehold improvements	360.940	-	-	360.940
Other Tangible Fixed Assets	189.988	-	-	189.988
Total	6.436.583	853.386	-	7.289.969

Accumulated depreciation	January 1, 2022	Additions	Transfer	June 30, 2022
Vehicles	1.078.810	191.909	-	1.270.719
Fixtures	1.427.866	229.045	-	1.656.911
Leasehold improvements	304.776	23.850	-	328.626
Other Tangible Fixed Assets	189.988	-	-	189.988
Total	3.001.440	444.804	-	3.446.244

Net amount	3.435.143			3.843.725
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The total of the current period depreciation expenses is 444.804 TRY (June 30, 2021: 473.008 TRY).

There is no mortgage on investment tangible fixed assets as of June 30, 2022 (December 31, 2021: None).

As of June 30, 2022, there is insurance coverage on tangible assets amounting to 15.878.044 TRY (December 31, 2021: 4.435.785)

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11. TANGIBLE FIXED ASSETS (cont’d)

Tangible Fixed Assets	January 1, 2021	Additions	Disposals	Transfer	December 31, 2021
Buildings	5.764.091	-	-	(5.764.091)*	-
Vehicles	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	January 1, 2021	Additions	Disposals	Transfer	December 31, 2021
Buildings	461.127	115.282	-	(576.409)	-
Vehicles	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				3.435.143

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

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11. 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

12. INTANGIBLE FIXED ASSETS

<u>Intangible Assets</u>	January 1, 2021	<u>Additions</u>	December 31, 2021	<u>Additions</u>	June 30, 2022
Rights	133.482	-	133.482	-	133.482
Total	133.482	-	133.482	-	133.482

<u>Accumulated depreciation</u>	January 1, 2021	<u>Additions</u>	December 31, 2021	<u>Additions</u>	June 30, 2022
Rights	108.617	1.036	109.653	344	109.997
Total	108.617	1.036	109.653	344	109.997

Net amount	24.865	23.829	23.485
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The total of amortization expenses for the current period is 344 TRY and all of them are included in general administrative expenses. (June 30, 2021: 591 TRY).

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

	Useful Life
Rights	3-10 years

13. RIGHT TO USE ASSETS

	January 1-June 30, 2022		
Cost value	<u>Office</u>	<u>Vehicles</u>	<u>Total</u>
TFRS 16 opening balance	1.733.385	-	1.733.385
Purchases	-	-	-
Disposals	-	-	-
Closing Balance	1.733.385	-	1.733.385
Accumulated depreciation			
Opening balance	(643.212)	-	(643.212)
Period expense	(304.927)	-	(304.927)
Disposals	-	-	-
Closing Balance	(948.139)	-	(948.139)
Right of Use Assets, net	785.246	-	785.246

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2022

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

13. RIGHT TO USE ASSETS (cont’d)

	January 1-December 31, 2021		
Cost value	Office	Vehicles	Total
TFRS 16 opening balance	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	(676.520)	(344.693)	(1.021.213)
Opening balance	(384.832)	-	(384.832)
Period expense	418.140	344.693	762.833
Closing Balance	(643.212)	-	(643.212)
Right of Use Assets, net	1.090.173	-	1.090.173

The total depreciation expenses for the current period is 304.927 TRY. All of this amount is included in general administrative expenses.

The company leases many assets, including offices, warehouses and vehicles. The rental period is 2-5 years. (December 31, 2021: 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.

14. IMPROVEMENT OF ASSETS

A provision for impairment is set aside for doubtful receivables by the Group (Note 5).

15. GOVERNMENT INCENTIVES AND AID

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

June 30, 2022

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 December 31, 2021, the amount of incentive benefited by the Group is 853.121 TRY.

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 518.180 TRY for 2022.

December 31, 2021

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 December 31, 2021, the amount of incentive benefited by the Group is 1.248.683 TRY.

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2022

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16. COMMITMENTS, CONTINGENCIES AND LIABILITIES

Short-term provisions	June 30, 2022	December 31, 2021
Provision for lawsuits	349.617	498.462
Total	349.617	498.462

Provisions for lawsuits relate to labor claims received by workers.

Collaterals, Pledges, Mortgages:

Collaterals/pledges/mortgages (“CPM”) position of the Group as of June 30, 2022 and December 31, 2021 is as follows:

<u>CPM’s given by the Company (Collaterals, Pledges, Mortgages)</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>
1. CPM’s given for Company’s own legal personality	106.506.763	153.429.361
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	106.506.763	153.429.361

TRY equivalents of collaterals, pledges and mortgages give as of June 30, 2022 and December 31, 2021 are as follows on original currency basis are as follows:

<u>CPM’s given by the Company</u>	<u>June 30, 2022</u>			
	<u>TRY Equivalents</u>	<u>USD</u>	<u>EUR</u>	<u>TRY</u>
Coverages	106.506.763	33.664	4.423.900	28.429.600
Total	106.506.763	33.664	4.423.900	28.429.600

<u>CPM’s given by the Company</u>	<u>December 31, 2021</u>			
	<u>TRY Equivalents</u>	<u>USD</u>	<u>EUR</u>	<u>TRY</u>
Coverages	153.429.361	200.000	8.911.202	19.996.921
Total	153.429.361	200.000	8.911.202	19.996.921

All letters of guarantee have been given for the electrical contracting project works of the Group (December 31, 2021: all).

The ratio of other CPM’s given by the Group to the equities of Group is 0% as of June 30, 2022 (December 31, 2021: 0%).

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17. EMPLOYEE BENEFITS

Liabilities Within The Scope of Employee Benefits	June 30, 2022	December 31, 2021
Payables to employees	2.220.908	1.839.959
Social security deductions to be paid	1.111.418	1.017.533
Total	3.332.326	2.857.492

Short-term Provision for Employee Benefits	June 30, 2022	December 31, 2021
Provision for vacation pay liability	205.937	249.094
Total	205.937	249.094

Long-term Provision for Employee Benefits	June 30, 2022	December 31, 2021
Provision for employment termination benefits	2.145.706	1.345.880
Total	2.145.706	1.345.880

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.

As of balance sheet date, provisions calculated according to assumption 16% expected salary increasing rate and 20% discount rate and about 3,45% real discount rate and retiring assumption as follows (31.12.2021: 16%, 20% and 3,45%).

	June 30, 2022	December 31, 2021
Annual discount rate (%)	3,45	4,68
Retirement probability (%)	97,23	97,45

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, 2021 are calculated by estimating present value of probable liabilities arising due to retirement of employees.

10.849 TRY (December 31, 2021: 8.284 TRY) maximum amount used on calculation of retirement pay provision with effect from January 1, 2022.

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17. EMPLOYEE BENEFITS (Cont’d)

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

	June 30, 2022	December 31, 2021
As of January 1	1.345.880	1.196.701
Service cost	335.844	380.848
Interest expense	462.177	55.886
Actuarial gain / losses (*)	291.226	51.622
Reversals of provisions	(289.421)	(339.177)
Closing Balances	2.145.706	1.345.880

(*) As of June 30, 2022, Actuarial Income/Loss is calculated as 291.226 TRY (December 31, 2021: 51.622 TRY) in the statement of comprehensive income.

18. OTHER ASSETS AND LIABILITIES

Other Current Assets	June 30, 2022	December 31, 2021
Transferred VAT	11.277.362	9.390.120
Other	133.847	174.201
Total	11.411.209	9.564.321

19. CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Paid-in Capital:

The capital structure as of June 30, 2022 and December 31, 2021 is as follows:

Capital Structure	June 30, 2022		December 31, 2021	
	Amount (TRY)	Share (%)	Amount (TRY)	Share (%)
Nevhan Gündüz	16.762.033	21%	16.552.033	21%
Mahmut Gündüz	800	0%	800	0%
Orhan Gündüz	24.843.109	31%	24.843.109	31%
Nevin Gündüz	800	0%	800	0%
Murat Kartaloğlu	24.400	0%	24.400	0%
Quated shares	38.368.858	48%	38.578.858	48%
Paid-in share capital	80.000.000	100%	80.000.000	100%

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19. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (cont’d)

Company has accepted the authorised capital system. Current authorised capital ceiling of the Company is 80.000.000 TRY and the issued capital is 80.000.000 TRY (31.12.2021: 80.000.000 TRY). Capital of the Company consists of 80.000.000 shares, none of which has any privileges.

In the General Assembly held on April 12, 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 June 29, 2021.

b) Share premium (discount)	June 30, 2022	December 31, 2021
Share premium (discount)	2.098.440	2.098.440
Total	2.098.440	2.098.440

c) Treasury Shares	June 30, 2022	December 31, 2021
Treasury Shares	(10.023.428)	(355.250)
Total	(10.023.428)	(355.250)

Taking into account the Communiqué on Repurchased Shares published by the Capital Markets Board and the announcements made on July 21, 2016 and July 25, 2016, the Company's shares with a nominal value of 1.513.413 TRY as of June 30, 2022 were repurchased together with the previous shares. The balance at the end of the period consists of shares amounting to 10.023.428 TRY with a nominal value of 1.513.413 TRY. Repurchased shares are shown in equity at their purchase value.

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 June 30, 2022, there are no shares repurchased within the scope of liquidity provision. (December 31, 2021: None).

d) Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss	June 30, 2022	December 31, 2021
Revaluation and recognition gain/(Loss)	456.520	456.520
Other gains (Losses)	(374.959)	(141.978)
Total	81.561	314.542

e) Restricted Reserves Appropriated From Profits	June 30, 2022	December 31, 2021
1st order reserve fund	4.056.491	4.056.492
Treasury share reserves	10.023.428	355.250
Total	14.079.919	4.411.742

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 10.023.428 TRY has been set aside for the repurchased shares.

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19. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (cont’d)

f) Prior Year’s Profit	June 30, 2022	December 31, 2021
Opening balance	154.893.255	131.024.719
Prior years profits and losses	103.961.364	54.578.138
Transfers	(9.668.177)	(709.602)
Capital increase	-	(30.000.000)
Total	249.186.442	154.893.255

g) Change in non-controlling interests	June 30, 2022	December 31, 2021
Opening balance	(25)	(22)
Profit for the year attributable to non-controlling interest portion	(19)	(3)
Total	(44)	(25)

20. REVENUE AND COST OF SALES

Revenue	January 1 - June 30, 2022	January 1 - June 30, 2021	April 1 - June 30, 2022	April 1 - June 30, 2021
Contracting sales	257.685.598	103.370.470	119.973.572	72.107.468
Materials sales	47.156.377	8.570.837	36.981.298	4.059.836
Total Income	304.841.975	111.941.307	156.954.870	76.167.304

Cost of Sales (-)	January 1 - June 30, 2022	January 1 - June 30, 2021	April 1 - June 30, 2022	April 1 - June 30, 2021
- Cost of services given (-)	(142.014.159)	(65.380.441)	(59.509.740)	(43.633.227)
- Cost of trade goods sold (-)	(40.333.682)	(10.200.540)	(36.823.040)	(5.685.784)
- Cost of depreciation (-)	-	-	-	66.485
Cost of Sales (-)	(182.347.841)	(75.580.981)	(96.332.780)	(49.252.526)
Gross Profit	122.494.134	36.360.326	60.622.090	26.914.778

21. OTHER INCOMES AND EXPENSES FROM OPERATING ACTIVITIES

Other incomes from operating activities	January 1 - June 30, 2022	January 1 - June 30, 2021	April 1 - June 30, 2022	April 1 - June 30, 2021
Foreign exchange gains	10.474.135	1.513.489	5.756.468	588.428
Promotional income	5.084.746	-	5.084.746	-
Scrap sales revenue	3.207.477	213.703	1.810.233	-
Government grants income	1.371.301	612.107	521.343	484.316
Deferred finance income	733.004	353.418	-272.122	157.150
Price difference income	51.144	27.045	8.600	5.513
Maturity difference income	6.562	212.447	1.875	212.447
Fixed asset sales revenues	-	56.867	-	2.615
Other income and profits	456.505	2.190.200	283.281	1.634.484
Total	21.384.874	5.179.276	13.194.424	3.084.953

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

Other expenses from operating activities(-)	January 1 - June 30, 2022	January 1 - June 30, 2021	April 1 - June 30, 2022	April 1 - June 30, 2021
Foreign exchange loss	20.343.383	5.940.712	7.418.431	4.376.422
Non-tax-deductible expenses	2.257.526	-	815.430	-
Deferred finance expense	1.697.181	178.663	208.518	178.663
Other expenses	874.634	522.667	128.083	448.647
Total	25.172.724	6.642.042	8.570.462	5.003.732

22. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

Incomes from investment activities	January 1 - June 30, 2022	January 1 - June 30, 2021	April 1 - June 30, 2022	April 1 - June 30, 2021
Investment property valuation income	29.300.000	-	29.300.000	-
Rent income	277.650	87.898	178.661	60.839
Interest income	-	1.391.639	-	412.261
Total	29.577.650	1.479.537	29.478.661	473.100

Expenses from investment activities (-)

None (June 30, 2021: None).

23. FINANCIAL INCOMES AND EXPENSES

Financial Incomes	January 1 - June 30, 2022	January 1 - June 30, 2021	April 1 - June 30, 2022	April 1 - June 30, 2021
Foreign exchange gains	15.436.228	9.711.354	7.985.890	3.332.438
Interest income	231.682	-	16.273	-
Total	15.667.910	9.711.354	8.002.163	3.332.438

Financial Expenses (-)	January 1 - June 30, 2022	January 1 - June 30, 2021	April 1 - June 30, 2022	April 1 - June 30, 2021
Interest and commission expense	17.011.140	3.786.546	10.515.986	1.134.749
Foreign exchange losses	1.629.270	780.116	1.503.509	8.989
Total	18.640.410	4.566.662	12.019.495	1.143.738

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24. INCOME TAX

	June 30, 2022	December 31, 2021
Current year corporation tax expense	1.216.091	761.253
Prepaid taxes and withholding taxes (-)	(1.216.091)	(761.253)
Current income tax liability	-	-
	January 1 -	January 1 -
	June 30, 2022	June 30, 2021
Tax Income / (Expense)		
Current period income tax provision (-)	(1.216.091)	(245.107)
Deferred tax income / (expense)	(23.241.253)	(10.236.661)
Total	(24.457.344)	(10.481.768)
	June 30, 2022	December 31, 2021
Non - current income tax assets		
Prepaid taxes and withholding taxes	18.770.612	13.566.916
Total	18.770.612	13.566.916
	June 30, 2022	December 31, 2021
Current income tax assets		
Prepaid taxes and funds	45.693	1.224.745
Total	45.693	1.224.745

Corporate Tax

The Group is subject to corporate tax valid in Türkiye. 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 23% (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.

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 Türkiye on any dividends distributed, except for the calculation of income tax withholding is required. Income tax withholding rate for the period of April 24, 2003 – July 22, 2006 was 10% in all companies. This rate has been implemented as 15% since July 22 with the Council of Ministers Decision No. 2006/10731. Undistributed dividends incorporated in share capital are not subject to income tax withholding.

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24. INCOME TAX (cont’d)

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 23% as of June 30, 2022, 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 June 30, 2022. 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.

The Company revalued its investment properties in accordance with the rates determined by the Ministry of Finance, with reference to Article 11 of the Law on Restructuring of Certain Claims and Amending Certain Laws and Provisional Article 31 added to the Tax Procedure Law.

Accordingly, as of June 30, 2022, in the calculation of the deferred tax effect for the revaluation increases of investment property in TFRS financial statements, the fund formed with its indexed values for tax purposes has been excluded and deferred tax has not been calculated for this part.

	Temporary Differences		Deferred Tax Assets / (Liabilities)	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Deferred Tax Assets :				
Doubtful receivables provision	1.346.953	1.346.953	269.391	269.391
Lawsuit provision	349.617	498.462	69.923	99.692
Cost adjustment of long-term construction project	528.461.726	382.081.716	105.834.119	80.247.847
Loan interest accruals	3.553.080	1.774.268	792.208	375.871
Unused vacation provision	205.937	249.094	47.366	57.292
Employee termination benefit	2.145.706	1.345.880	429.141	269.176
Other	582.015	356.329	133.272	81.364
Total	536.645.034	387.652.702	107.575.420	81.400.633
Deferred Tax Liabilities :				
Difference between registered values of investment properties and tax bases	(82.538.818)	(53.238.818)	(4.783.973)	(1.853.973)
Book value and tax basis difference of tangible and intangible assets	(7.294.851)	(6.733.038)	(831.632)	(803.018)
Construction projects revenue adjustments	(901.867.024)	(644.181.426)	(181.535.984)	(134.968.639)
Deposit interest accrual	(20.774)	(13.436)	(4.778)	(3.090)
Other	(396.385)	(1.134.876)	(91.169)	(261.020)
Total	(992.117.852)	(705.301.594)	(187.247.536)	(137.889.740)
Deferred Tax Asset / (Liability), net	(455.472.818)	(317.648.892)	(79.672.116)	(56.489.107)
Deferred Tax Expense / (Revenue)			(23.183.008)	(20.675.537)
Included in the actuarial (Profit) / Loss Fund			(58.245)	(10.325)
Amount Deducted from the Valuation Increase Fund			-	-
Deferred tax expense / (income) for the period			(23.241.253)	(20.685.862)

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24. INCOME TAX (cont’d)

Deferred tax movement is as follows:

Deferred Tax Asset / (Liability) Movements	June 30, 2022	June 30, 2021
Opening Balance	(56.489.107)	(35.813.570)
Current year deferred tax (expense) / benefit	(23.241.254)	(10.236.661)
Deferred tax liability accounted under equity resulting from actuarial gain / loss	58.245	16.159
Total	(79.672.116)	(46.034.072)

25. EARNINGS PER SHARE

	January 1 - June 30, 2022	January 1 - June 30, 2021
Weighted Average Number of Shares	80.000.000	80.000.000
Net Profit / (Loss) for the Period	114.361.799	26.387.669
Profit / (Loss) Per Share from Ongoing Activities	1,430	0,330

26. RELATED PARTY TRANSACTIONS

June 30, 2022

	Receivables	Payables
	Short-Term	Short-Term
	Non-commercial	Non-commercial
Balances with related parties		
<u>Shareholders</u>		
Orhan Gündüz	-	19.155
Total	-	19.155

December 31, 2021

	Receivables	Payables
	Short-Term	Short-Term
	Non-commercial	Non-commercial
Balances with related parties		
<u>Shareholders</u>		
Orhan Gündüz	-	19.022
Total	-	19.022

The transactions of the Group with the related parties in the periods 01.01.-30.06.2022 and 01.01.-30.06.2021 are as follows:

Transactions with related parties

	January 1- June 30, 2022	January 1- June 30, 2021
Rent Income		
Orhan Gündüz	40.678	33.898
Total	40.678	33.898

The Group has determined key management personnel as board members, group presidents, vice - presidents, Benefits provided to key management personnel as January 1, 2022 – June 30, 2022 and January 1, 2021 – June 30, 2021 is as follows:

Short-term benefits provided to key management personnel

	January 1- June 30, 2022	January 1- June 30, 2021
Short-term benefits provided to key management personnel	189.000	189.000
Total	189.000	189.000

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27. 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 19.

The Group's cost of capital and the risks associated with each capital class are evaluated by the Group Management. Based on the Group Management's assessments, it is aimed to keep the capital structure in balance through the acquisition of new debt or the repayment of existing debt, as well as dividend payments and issuance of new shares.

The group monitors capital using the debt/total equity ratio. This ratio is found by dividing net debt by total equity. Net debt is calculated by deducting cash and cash equivalents from the total debt amount (includes financial liabilities and leasing and trade payables as shown in the statement of financial position).

As of June 30, 2022 and December 31, 2021, the net debt / total equity ratio is as follows;

	<u>June 30, 2021</u>	<u>December 31, 2021</u>
Total Payables	353.830.030	236.331.821
Less: Cash and cash equivalents	(78.694.046)	(41.473.281)
Net Debt	275.135.984	194.858.540
Total Equity	449.784.645	345.324.068
Net Debt/Total Capital Ratio	61%	56%

b) Financial Risk Factors

The Group's activities expose 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

The risk of financial loss to the Group due to the failure of one of the parties to the financial instrument to fulfill its contractual obligations is defined as credit risk. The Group seeks to mitigate credit risk by conducting transactions only with creditworthy parties and, where possible, obtaining adequate collateral. The credit risks that the Group is exposed to and the credit ratings of its customers are constantly monitored. Credit risks exposed by types of financial instruments:

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27. 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:

June 30, 2022	Receivables				Assets related to ongoing construction contracts	Cash and Cash Equivalents Deposit in bank
	Current Period	Trade receivables from Related parties	Other parties	Other receivables from Related parties		
Maximum credit risk exposed as of balance sheet date (A+B+C+D) (1)	-	98.861.338	-	620.287	415.795.212	78.176.173
- 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)	-	99.192.866	-	620.287	415.795.212	78.176.173
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)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Secured portion of the net carrying value by guarantees, etc,	-	1.015.425	-	-	-	-
- Not overdue (gross amount)	-	(1.015.425)	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Secured portion of the net carrying value by guarantees, etc,	-	-	-	-	-	-
D. Off-balance sheet items include credit risk	-	(331.528)	-	-	-	-

⁽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.

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27. 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, 2021	Receivables				Assets related to ongoing construction contracts	Cash and Cash Equivalents Deposit in bank
	Trade receivables from	Other receivables from	Trade receivables from	Other receivables from		
Prior Period	Related parties	Other parties	Related parties	Other parties		
Maximum credit risk exposed as of balance sheet date	-	80.084.955	-	261.753	301.902.445	41.454.066
(A+B+C+D) ⁽¹⁾						
- 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)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Secured portion of the net carrying value by guarantees, etc,	-	1.015.425	-	-	-	-
- Not overdue (gross amount)	-	(1.015.425)	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Secured portion of the net carrying value by guarantees, etc,	-	-	-	-	-	-
D. Off-balance sheet items include credit risk	-	(331.528)	-	-	-	-

⁽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.

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27. 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:

June 30, 2022	<u>Book value</u>	<u>Total expected cash outflows</u>	<u>1-3 months</u>	<u>3-12 months</u>	<u>1-5 years</u>
Non-Derivative Financial Obligations	235.329.183	245.564.442	112.888.138	131.638.347	1.037.957
Bank credits	163.727.777	173.478.946	42.314.496	131.053.957	110.493
Operating Lease Obligations	1.288.678	1.376.384	104.400	344.520	927.464
Bank Credit Cards	1.263.621	1.263.621	1.263.621	-	-
Trade payables	66.357.079	66.753.463	66.513.593	239.870	-
Other payables	2.692.028	2.692.028	2.692.028	-	-
December 31, 2021	<u>Book value</u>	<u>Total expected cash outflows</u>	<u>1-3 months</u>	<u>3-12 months</u>	<u>1-5 years</u>
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	-	-

b.3) 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.

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

b.3.1) 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					
	June 30, 2022			December 31, 2021		
	TRY	USD	EUR	TRY	USD	EUR
1. Trade receivables	33.441.790	118.446	1.795.870	62.633.619	16.967	4.250.930
2a. Monetary financial assets (Includes cash in hand and bank accounts)	69.329.228	469.109	3.510.404	37.476.330	668.863	1.961.284
2b. Non-monetary financial assets	-	-	-	-	-	-
3. Other	-	-	-	-	-	-
4. Current assets (1+2+3)	102.771.018	587.555	5.306.274	100.109.949	685.830	6.212.214
5. Trade receivables	-	-	-	-	-	-
6. Other	-	-	-	-	-	-
7. Non-current assets	-	-	-	-	-	-
8. Total assets (4+5+6)	102.771.018	587.555	5.306.274	100.109.949	685.830	6.212.214
9. Trade payables	45.326.930	399.727	2.206.578	81.009.974	109.324	5.420.896
10. Financial liabilities	-	-	-	-	-	-
11. Monetary other liabilities	-	-	-	-	-	-
12. Non-monetary financial liabilities	-	-	-	-	-	-
13. Other	-	-	-	-	-	-
14. Short-term Liabilities	45.326.930	399.727	2.206.578	81.009.974	109.324	5.420.896
15. Financial liabilities	-	-	-	-	-	-
16. Long-term Liabilities	-	-	-	-	-	-
17. Total Liabilities	45.326.930	399.727	2.206.578	81.009.974	109.324	5.420.896
18. Net Foreign Currency Asset / (Liability) Position (8-17)	57.444.088	187.828	3.099.696	19.099.975	576.506	791.318

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

b) Financial Risk Factors (Cont’d)

b.3.1) 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	313.090	(313.090)	-	-
2- US Dollars hedged from risks (-)	-	-	-	-
3- US Dollars net effect (1+2)	313.090	(313.090)	-	-
	If EURO changes by 10% against TRY			
4- Euro net assets / liabilities	5.431.318	(5.431.318)	-	-
5- Euro hedged from risks (-)	-	-	-	-
6- Euro net effect (4+5)	5.431.318	(5.431.318)	-	-
Total (3+6)	5.744.408	(5.744.408)	-	-

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

b) Financial Risk Factors (Cont’d)

b.3.1) 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	748.161	(748.161)	-	-
2-US Dollars hedged from risks (-)	-	-	-	-
3- US Dollars net effect (1+2)	748.161	(748.161)	-	-
	If EURO 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)	1.909.997	(1.909.997)	-	-

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 June 30, 2022 and December 31, 2021, the Group's interest position table is as follows:

Fixed rate financial instruments	June 30, 2022	December 31, 2021
Financial Liabilities (Note 4)	165.016.455	56.200.371
Cash and Cash Equivalents (Note 3)	61.238.512	32.282.726

All of the Group's financial liabilities consist of fixed-rate loans. Therefore, no interest rate risk calculations have been made regarding interest rate changes (December 31, 2021: None).

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

June 30, 2022	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	-	-	78.694.046	78.694.046	3
Trade receivable	-	-	99.192.866	99.192.866	5
			-	-	
Financial liabilities					
Financial liabilities	-	-	166.280.076	166.280.076	4
Trade Payables	-	-	66.357.079	66.357.079	5
Other Financial Liabilities	-	-	-	-	

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	3
Trade receivable	-	-	80.416.483	80.416.483	5
Financial liabilities					
Financial liabilities	-	-	41.473.281	41.473.281	4
Trade Payables	-	-	80.416.483	80.416.483	5
Other Financial Liabilities	-	-	-	-	

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

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28. 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 June 30, 2022 and December 31, 2021, the Group does not have any financial assets with their fair values.

29. MATERIAL EVENTS AFTER THE BALANCE SHEET DATE

After the balance sheet date,

On July 6, 2022, the Group started contract negotiations with Serban İnşaat San. ve Tic. A.Ş. for the electrical works of Turkcell Veri Merkezi Projects, which are under construction in Ankara and Kocaeli provinces, amounting to EUR 4,256.606,85 + VAT and TL 26,842,363,20 + VAT.

On August 4, 2022, the Group started contract negotiations with Eze İnşaat A.Ş. for the electrification works of the double tunnels between the warehouse and the station of Gebze – Darıca Metro Projects, which are under construction in Kocaeli province, amounting to EUR 1.625.000 +VAT and TL 14.600.000 +VAT.

On August 9, 2022, the Group started contract negotiations with Folkart Yapı San. Tic. A.Ş. for the electrical works of Folkart Nefes Projects, which are under construction in Istanbul province, amounting to EUR 325.400,28 +VAT, USD 889.174,60 +VAT and TL 22.109.505,72 +VAT.

On August 10, 2022, within the scope of the Central Bank of the Republic of Türkiye Campus Project, which is under construction in Istanbul, an order for electrical materials amounting to 978.930,80 USD +VAT was received from a customer located in Türkiye.

(December 31, 2021: None).

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

None (December 31, 2021: None).