GENTAŞ DEKORATİF YÜZEYLER A.Ş.
AND ITS' SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

(Convenience Translation into English from the
report originally issued Turkish)

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CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

To the General Assembly of
Gentaş Dekoratif Yüzeyler Sanayi ve Ticaret Anonim Şirketi

A. Audit of the Consolidated Financial Statements

1. Opinion

We have audited the consolidated financial statements of Gentaş Dekoratif Yüzeyler Sanayi ve Ticaret Anonim Şirketi ("the Parent or the Company") and its its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for Opinion

We conducted our audit in accordance with Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under Standards on Auditing issued by POA are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We declare that we are independent of the Company in accordance with the Code of Ethics for Auditors issued by POA (including Independence Standards) ("Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Emphasis of Matter

Without qualifying our opinion, we would like to draw attention to the following issues;

Çelik Uluslararası Nakliyat ve Turizm A.Ş. which has the 44.97% of shares of GBS Gentaş Bolu Lamine Fiber Levha Entegre Ağaç Sanayi ve Ticaret A.Ş., one of the subsidiaries of the Group, filed a lawsuit on 8 June 2020 to cancel the general assembly of GBS Gentaş Bolu Lamine Fiber Levha Entegre Ağaç Sanayi ve Ticaret A.Ş held dated 28 May 2020 to Bolu 2nd Civil Court of First Instance. According to the interim decision of the court dated 20 January 2021 all the decisions taken on the General Assembly meeting was preliminary injuncted. The abovementioned lawsuit has not been concluded as of the report date.

4. Key Audit Matters

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

Key Audit Matter	How The Matter Was Addressed In Our Audit
Revenue Recognition	
The Group's revenue consists of the sales of Werzalit and Laminate products. Revenue is recognized as a result of the realization of the Group's performance obligations and accordingly the transfer of control over products and services to the buyer. As revenue has been determined as the key audit matter due to the importance of the revenue in the financial statements and is the most important performance indicator criteria the recognition of revenue is considered as a key audit matter. Accounting policies and significant accounting assessments, estimates, assumptions and amounts used regarding the recognition of the Group's revenue are disclosed in note 2.11 and note 24.	During our audit, the following audit procedures were applied regarding revenue recognition: – By understanding the revenue process of the group; The design and implementation efficiency of the controls in the revenue process has been tested. – Revenue tested analytically. – It was evaluated with the detailed substantive tests to determine whether the control of the invoiced products were transferred to the customer with sampling basis. – Existence and accuracy of trade receivables balances have been tested with confirmation letters provided directly from customers with sampling basis. – In addition, the adequacy of disclosures regarding the revenue recognition in the notes to the financial statements is evaluated by us in the scope of TFRSs. As a result of these audit test on revenue recognition, we did not have any significant findings.

5. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Group's management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's consolidated financial reporting process.

6. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

In an independent audit, our responsibilities as independent auditors are as follows:

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

B) Other Responsibilities Arising from Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of Turkish Commercial Code ("TCC"), no significant matter has come to our attention that causes us to believe that for the period 1 January – 31 December 2021, the Company's bookkeeping activities and financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC, the Board of Directors provided to us the necessary explanations and required documents in connection with the audit.

3) Pursuant to the fourth paragraph of Article 398 of TCC no. 6102; Auditors' Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on 24 Februrary 2022.

The name of the engagement partner who supervised and concluded this audit is Taceddin Yazar.

İstanbul,
24 February 2022

BDO Denet Bağımsız Denetim
ve Danışmanlık A.Ş.
Member, BDO International Network

Taceddin Yazar, CPA
Partner in Charge

GENTAŞ DEKORATİF YÜZEYLER SANAYİ VE TİCARET A.Ş. AND ITS' SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021
(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

ASSETS	**Notes**	***Audited*** **31 December 2021**	***Restated (*)- Audited*** **31 December 2020**
Current Assets		**612.263.765**	**356.477.758**
Cash and Cash Equivalents	5	147.471.706	49.770.310
Financial Investments	6	2.862	3.210
Trade Receivables		124.645.611	105.387.701
- Trade Receivables from Related Parties	*4-8*	*2.614.215*	*4.417.624*
- Trade Receivables from Third Parties	*8*	*122.031.396*	*100.970.077*
Other Receivables		22.676.138	20.096.571
- Other Receivables from Related Parties	*4-9*	-	*11.861.008*
- Other Receivables from Third Parties	*9*	*22.676.138*	*8.235.563*
Inventories	10	275.823.400	167.968.219
Prepaid Expenses	11	28.591.090	7.196.650
Assets Related Current Period Tax	30	-	5.671
Other Current Assets	22	13.052.958	6.049.426
Non-Current Assests		**245.719.468**	**149.436.379**
Other Receivables		83.557	79.576
-Other Receivables from Third Parties	*9*	*83.557*	79.576
Financial Investments	6	14.260	21.895
Investments Valued by Equity Method	12	74.348.464	37.255.727
Investment Properties	14	17.087.834	17.487.460
Tangible Assets	15	128.711.713	84.551.099
Right of Use Assets	13	3.011.170	4.242.510
Intangible Assets		2.121.554	1.933.213
- Goodwill	*17*	*942.792*	*942.792*
- Other Intangible Assets	*16*	*1.178.762*	*990.421*
Deferred Tax Assets	30	20.340.916	3.864.899
TOTAL ASSETS		**857.983.233**	**505.914.137**

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

(*) Note 2.7

GENTAŞ DEKORATİF YÜZEYLER SANAYİ VE TİCARET A.Ş. AND ITS' SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021
(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

LIABILITIES	Notes	*Audited* 31 December 2021	*Restated (*)- Audited* 31 December 2020
Short-Term Liabilities		**342.098.161**	**112.544.632**
Short Term Borrowings	7	66.487.122	1.787.429
Short Term Portion of Long Term Borrowings	7	10.373.330	7.499.869
Trade Payables		143.517.026	57.346.569
- Trade Payables To Related Parties	*4-8*	*55.925.618*	*6.162.503*
- Trade Payables To Third Parties	*8*	*87.591.408*	*51.184.066*
Employee Benefits Payables	18	11.334.562	10.248.411
Other Payables		3.591.913	2.816.625
- Other Payables to Related Parties	*4-9*	*86.691*	*374.015*
- Other Payables to Third Parties	*9*	*3.505.222*	*2.442.610*
Deferred Revenue	11	87.248.660	16.761.283
Corporation Tax Payables	30	13.046.469	8.870.963
Short Term Provisions		4.256.946	3.488.166
- Provisions for Employee Benefits	*19*	*4.256.946*	*3.488.166*
Other Short Term Provisions	22	2.242.133	3.725.317
Long-Term Liabilities		**32.336.941**	**28.209.895**
Long Term Borrowings	7	21.622.430	20.639.744
Other Payables	9	107	107
Long-Term Provisions for Employee Benefits	21	10.714.404	7.570.044
EQUITY		**483.548.131**	**365.159.610**
Parent Shareholders' Equity		**399.449.366**	**299.008.685**
Paid in Capital	23	200.000.000	154.000.000
Capital Adjustments Due to Cross-Ownership		(13.485.691)	(10.238.623)
Accumulated Other Comprehensive Income or Expenses Not to be Reclassified to Profit or Loss			
- Re-Measurements Gains/Losses on Defined Benefit Plans		(1.943.380)	(1.357.334)
- Translation Differences		8.281.245	6.967.791
Effect of Business Combinations Under Common Control		4.544.333	4.544.333
Restricted Reserves	23	27.184.553	23.328.033
Accumulated Profit	23	67.703.602	57.073.411
Profit / (Loss) For The Period		107.164.704	67.524.692
Non-Controlling Interests		**84.098.765**	**63.317.307**
TOTAL LIABILITIES AND EQUITY		**857.983.233**	**505.914.137**

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

(*) Note 2.7

GENTAŞ DEKORATİF YÜZEYLER SANAYİ VE TİCARET A.Ş. AND ITS' SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021
(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	***Audited*** **1 January-31 December 2021**	***Restated (*)-Audited*** **1 January-31 December 2020**
Revenues,net	24	788.037.619	481.570.942
Cost of Sales (-)	24	(623.327.119)	(334.720.826)
GROSS PROFIT		**164.710.500**	**146.850.116**
Marketing, Sales and Distribution Expenses (-)	25	(39.383.702)	(27.119.320)
General Administrative Expenses (-)	25	(36.398.197)	(27.905.269)
Research and Development Expenses (-)	25	(4.560.910)	(2.105.716)
Other Operating Income	27	107.419.522	36.015.632
Other Operating Expenses (-)	27	(69.578.398)	(35.248.257)
OPERATING PROFIT		**122.208.815**	**90.487.186**
Income From Investments Valued by Equity Method	12	38.958.771	7.610.959
Income From Investment Activities	28	9.735.218	15.727.389
Expenses From Investment Activities (-)	28	(4.347.710)	(729.245)
OPERATING PROFIT BEFORE FINANCING EXPENSE		**166.555.094**	**113.096.289**
Financial Expenses (-)	29	(29.285.452)	(15.523.904)
PROFIT/(LOSS) BEFORE TAX		**137.269.642**	**97.572.385**
Tax Income / (Expense)		**(4.165.577)**	**(16.266.964)**
- Current Tax Income / (Expense)	30	(20.474.667)	(17.343.703)
- Deferred Tax Income / (Expense)	30	16.309.090	1.076.739
PROFIT / (LOSS) FOR THE PERIOD		**133.104.065**	**81.305.421**
Other Comprehensive Income / Expense			
- Defined Benefit Plans Remeasurement Earnings/ (Losses)		(834.630)	(111.620)
- Defined Benefit Plans Remeasurement Earnings/ (Losses), Tax Effect		166.926	22.324
- Other comprehensive income from investments valued by equity method		(68.245)	(9.073)
- Translation differences		1.313.454	3.918.128
Other Comprehensive Income / (Expense) (After Tax)		**577.505**	**3.819.759**
TOTAL COMPREHENSIVE INCOME / (EXPENSE)		**133.681.570**	**85.125.180**
Distribution of Profit/Loss			
Non-Controlling Interests		25.939.361	13.780.729
Parent Company Shares		107.164.704	67.524.692
Earnings Per 100 Shares	31	0,536	0,338
Distribution of Comprehensive Income			
Non-Controlling Interests		25.789.458	13.702.995
Parent Company Shares		107.892.112	71.422.185
Earnings Per 100 Shares		0,539	0,357

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

(*) Note 2.7

GENTAŞ DEKORATİF YÜZEYLER SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS' SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021
(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

				Accumulated Other Comprehensive Income or Expenses not to be Reclassified to Profit or Loss				Retained Earnings				
		Equity	**Capital Adjustments Due to Cross-Ownership**	**Defined Benefit Plans Remeasurement Earnings / (Losses)**	**Translation Differences**	**Business Combination Under Common Control**	**Reserves**	**Accumulated Profit/Loss**	**Net Profit/Loss**	**Total Equity**	**Non-Controlling Interests**	**Total Equity**
Balances as of 01 January 2021 - Previously Reported		**154.000.000**	**(10.238.623)**	**(1.357.334)**	**6.967.791**	**4.544.333**	**23.328.033**	**57.073.411**	**64.691.074**	**299.008.685**	**66.150.925**	**365.159.610**
Adjustment	2.7	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2.833.618**	**2.833.618**	**(2.833.618)**	**-**
01 January 2021 -Restated		**154.000.000**	**(10.238.623)**	**(1.357.334)**	**6.967.791**	**4.544.333**	**23.328.033**	**57.073.411**	**67.524.692**	**301.842.303**	**63.317.307**	**365.159.610**
Transfers		-	-	-	-	-	3.856.520	54.279.780	(58.136.300)	-	-	-
Dividend Payment		-	-	-	-	-	-	-	(9.388.392)	**(9.388.392)**	(5.008.000)	**(14.396.392)**
Capital Adjustments Due to Cross-Ownership		-	(3.247.068)	-	-	-	-	2.350.411	-	**(896.657)**	-	**(896.657)**
Capital Increases		46.000.000	-	-	-	-	-	(46.000.000)	-	-	-	-
Total Comprehensive Income		**-**	**-**	**(586.046)**	**1.313.454**	**-**	**-**	**-**	**107.164.704**	**107.892.112**	**25.789.458**	**133.681.570**
Period Income/Loss		-	-	-	-	-	-	-	*107.164.704*	*107.164.704*	*25.939.361*	***113.104.065***
Other Comprehensive Income		-	-	*(586.046)*	*1.313.454*	-	-	-	-	*727.408*	*(149.903)*	***577.505***
Balance as of 31 December 2021		**200.000.000**	**(13.485.691)**	**(1.943.380)**	**8.281.245**	**4.544.333**	**27.184.553**	**67.703.602**	**107.164.704**	**399.449.366**	**84.098.765**	**483.548.131**
Balances as of 01 January 2020		**145.000.000**	**(9.216.334)**	**(1.336.699)**	**3.049.663**	**4.544.333**	**21.025.360**	**57.552.538**	**10.871.208**	**231.490.069**	**50.077.812**	**281.567.881**
												-
Transfers		-	-	-	-	-	2.302.673	8.568.535	(10.871.208)	-	-	-
Dividend Payment		-	-	-	-	-	-	-	-	-	(463.500)	**(463.500)**
Capital Adjustments Due to Cross-Ownership		-	(1.022.289)	-	-	-	-	(47.662)	-	**(1.069.951)**	-	**(1.069.951)**
Capital Increases		9.000.000	-	-	-	-	-	(9.000.000)	-	-	-	-
Total Comprehensive Income		**-**	**-**	**(20.635)**	**3.918.128**	**-**	**-**	**-**	**64.691.074**	**68.588.567**	**16.536.613**	**85.125.180**
Period Income/Loss		-	-	-	-	-	-	-	*64.691.074*	*64.691.074*	*16.614.347*	***81.305.421***
Other Comprehensive Income		-	-	*(20.635)*	*3.918.128*	-	-	-	-	*3.897.493*	*(77.734)*	***3.819.759***
Balance as of 31 December 2020		**154.000.000**	**(10.238.623)**	**(1.357.334)**	**6.967.791**	**4.544.333**	**23.328.033**	**57.073.411**	**64.691.074**	**299.008.685**	**66.150.925**	**365.159.610**

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

GENTAŞ DEKORATİF YÜZEYLER SANAYİ VE TİCARET A.Ş. AND ITS' SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021
(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	***Audited*** **1 January-31 December 2021**	***Restated (*)-Audited*** **1 January-31 December 2020**
CASH FLOW PROVIDED BY OPERATIONS		**95.180.411**	**22.273.658**
Period Income/Loss		**133.104.065**	**81.305.421**
Profit / (Loss) from Continuing Operations		133.104.065	81.305.421
Adjustments Regarding Net Profit Reconciliation For The Period		**(17.175.448)**	**30.632.861**
Adjustments Regarding Depreciation and Amortization Expenses	13-14-15-16-26	14.017.354	13.478.559
Adjustments Related to Impairment		2.380.388	8.115.724
Adjustments for Impairment(Reversal) of Receivables	*8*	*1.321.633*	*1.599.462*
Adjustments for Impairment (Reversal) of Other Financial Assets or Investments	*6*	-	*200.000*
Adjustments for Impairment (Reversal) of Inventory	*10*	*1.058.755*	*6.316.262*
Adjustments for Provisions		4.612.250	3.188.083
Adjustments for Provisions (Cancellation) for Employee Benefits	*19-21*	*4.612.250*	*3.188.083*
Adjustments for Interest (Income) and Expenses		2.245.278	6.579.761
Adjustments for Interest Income	*28*	*(1.541.717)*	*(887.508)*
Adjustments for Interest Expenses	*29*	*4.304.929*	*6.507.292*
Deferred Financing Expenses	*4-8*	*(1.728.514)*	*(936.887)*
Deferred Financing Income	*4-8*	*1.210.580*	*1.896.864*
Adjustments for Retained Earnings of Affiliates		(38.958.771)	(5.694.490)
Adjustments for Tax (Income) Expense	30	4.165.577	16.266.964
Adjustments for Losses (Earnings) Arising from the Disposal of Fixed Assets		(2.137.524)	(11.301.740)
Adjustments for Losses (Earnings) Arising from the Disposal of Tangible Fixed Assets	*15-28*	*(2.137.524)*	*(11.301.740)*
Adjustment for Cash Outflow from Financial or Investment Activities	28	(3.5000.000)	-
Changes in Working Capital		**(2.915.302)**	**(79.513.100)**
Adjustments for Decrease (Increase) in Trade Receivables	4-8	(21.790.123)	(49.814.208)
Adjustments for Decrease (Increase) in Other Receivables	4-9	(2.583.548)	(10.759.256)
Adjustments for Decrease (Increase) in Inventories	10	(108.913.936)	(46.186.793)
Decrease (Increase) in Prepaid Expenses	11	(21.394.440)	(958.073)
Adjustments for Increase (Decrease) in Accounts Payable	4-8	87.898.971	11.798.468
Adjustments for Increase (Decrease) in Other Payables	4-9	775.288	1.371.087
Increase (Decrease) in Deferred Income	11	70.487.377	7.407.323
Adjustments for Other Increase (Decrease) in Working Capital		(7.394.891)	7.628.352
Decrease (Increase) in Other Assets	*22*	*(6.997.858)*	*1.470.914*
Increase (Decrease) in Other Liabilities	*22*	*(397.033)*	*6.157.438*
Cash Flow Provided by Operations		**113.013.315**	**32.425.182**
Payables of Employee Benefits	21	(1.533.742)	(578.049)
Tax Returns (Payments)	30	(16.299.162)	(9.573.475)
CASH FLOWS FROM INVESTING ACTIVITIES		**(38.265.462)**	**(9.586.279)**
Cash Outflow Due to Share Purchase or Capital Increase in Affiliates		-	232.500
Cash inflows / (Outflows) from Sales of Shares or Debt Instruments of Other Businesses or Funds		3.467.083	(152.380)
Cash Inflows from Sale of Tangible and Intangible Assets		2.643.864	11.931.072
Cash Inflows from the Sale of Tangible Assets	*15*	*2.643.864*	*11.931.072*
Cash Outflows from Purchase of Tangible and Intangible Assets		(47.197.538)	(22.805.895)
Cash Outflows from Purchase of Tangible Assets	*15*	*(46.804.268)*	*(17.655.531)*
Cash Outflows from Purchase of Intangible Assets	*16*	*(393.270)*	*(5.150.364)*
Cash Inflows from the Sale of Investment Property	14	-	320.916
Dividends Received		1.279.412	-
Interest Received	28	1.541.717	887.508
CASH FLOWS FROM FINANCING ACTIVITIES		**49.517.138**	**(7.257.820)**
Cash Inflows From Borrowing	7	81.266.378	5.569.182
Cash Outflows Related to Debt Payments	7	(16.003.807)	(10.110.448)
Cash Outflows Related to Debt Payments from Lease Contract		(1.349.041)	(2.253.054)
Dividends Paid		(14.396.392)	(463.500)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF FOREIGN CURRENCY		**106.432.087**	**5.429.559**
The Effect of Foreign Currency Conversion Adjustments on Cash and Cash Equivalents		(8.730.691)	(605.815)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**97.701.396**	**4.823.744**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	**49.770.310**	**44.946.566**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**5**	**147.471.706**	**49.770.310**

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

NOTE 1 - ORGANIZATION AND PRINCIPAL ACTIVITIES OF THE GROUP

Gentaş Dekoratif Yüzeyler San. ve Tic. A.Ş. ("Parent Company") (formerly Gentaş Genel Metal San. Ve Tic. A.Ş.) was established in 1972 and its is the production and sale, using the license of WERZALIT Company from Germany, of table sheets, school desks, chair seats and back pieces, structural sections, impregnated board and laminate. The company is registered in Mengen- Bolu, and its head office is located at the address Dolantı Sokak No: 21 Siteler / Ankara.

The Parent Company is registered with the Capital Markets Board (CMB) and its shares have been quoted on the Istanbul Stock Exchange (ISE) since 1990.

The ultimate parent and controlling party of the Company is the members of Kahraman Family.

The areas of activity of the investment in equities and subsidiaries of the Company (altogether shall be referred to as the "Group") are specified as follows:

Subsidiaries;
GBS Gentaş Bolu Lam.Lif Levha Entegre Ağaç.San.A.Ş. ("GBS Gentaş"): In consequence of privatization, the company has merged into Group on the date of 9 August 2000. The registered head office address of the Company is at Mudurnu way 5. Km. Doğancı Köyü Bolu Turkey. The Company's main area of activity is the production of HPL plate, HPL compact laminate and impregnated paper.

Genmar Yapı Ürünleri Dağıtım Pazarlama Sanayi ve Ticaret A.Ş. ("Genmar Yapı"): The main activity of the company is the production and sales of educational equipment and hotel and restaurant furniture.

Gentas Italy SRL ("Gentas Italy"): was established in Italy in May 2014 with a capital of 10,000 Euros to support the Company's growth in the European market. Following the establishment of Gentas Italy, Liri Industriale S.P.A., one of the first laminate producers in Italy, acquired its assets (production facility, stock, brand) in 2015 for 3.100.000 Euro.

The area of activities of the Group's investments are as follows.

Investment in Equities;
Gentaş Kimya A.Ş ("Gentaş Kimya"): The main area of activity of the Company is the production and sale of chemical substances.

5K Yüzey Teknolojileri Orman Ürünleri Mobilya Sanayi ve Ticarert A.Ş. ("5K"): The main activity of the company is the production of melamine coated panels, digital printing and the production of lacquered decorative panels with UV technology. The Company' shared was sold on 29 December 2021 amounted 3.500.000 TL (Note 4).

Gendepo Mobilya Tasarım Ürünleri Sanayi ve Ticaret A.Ş. ("Gendepo"): The main activity of the company is the purchase and sale of all kinds of furnitures and accessories, tables, chairs, wardrobes, sofas, bedrooms, teen rooms, armchair and sofa sets.

As of 31 December 2021, the average number of personnel employed within the Group is 775 (31 December 2020: 768).

NOTE 1 – ORGANIZATION AND AREA OF ACTIVITY OF THE GROUP (Cont.)

Approval of Financial Statements

Consolidated financial statements were approved by the board of directors on February 24, 2022. The General Assembly and certain regulatory authorities have the authority to make changes after the legal financial statements are published.

Effect of the COVID-19 Pandemic on Group Activities

COVID-19 Pandemic The New Type of Coronavirus (COVID-19) epidemic, which emerged in Wuhan, People's Republic of China, in December 2019 spread all over the world and was declared as a Pandemic by the World Health Organization on March 11, 2020. This situation adversely affects the social life and economic activities in the geography where the Group operates.

The Group management closely monitors all developments and takes the necessary measures in order to reduce the negative effects of the COVID-19 epidemic on the consolidated financial statements, consolidated financial performance and consolidated cash flows of the Group to an acceptable level.

The management of the group reviews the evaluations regarding the continuity of the business. The Group management believes that the Group can successfully manage its commercial risks despite the current uncertain economic outlook. On the other hand, the management has a reasonable expectation that the Group has the resources to provide sufficient liquidity reserves in a twelve-month period to maintain its operational existence.

The Group analyzes the socio-economic effects of the global recession and this recession with the Board of Directors and professional managers who have experienced crisis management due to the fragility of the sector, and shares the decisions to be taken regarding the continuity of the company with all its stakeholders and carries out the process in a clear and transparent manner. In this context, the Parent Company obtained the "TSE COVID-19 safe production certificate" from the Turkish Standards Institute in 2020 by meeting the requirements of the required hygiene, infection prevention and control certification program.

The Group Management plans to provide fast and effective reactions to unusual and unexpected situation and aims to pass the process with the least loss on behalf of the Group and its stakeholders with all the actions taken and plans to ensure its continuity.

In addition, the estimates and assumptions used for the expected credit losses of the Group, the impairment assumptions for the assets within the Group and the performance obligations within the scope of the recognition of the revenue were re-evaluated and the consolidated financial statements prepared on the basis of the going concern of the business were prepared based on these evaluations.

NOTE 2 - PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Main Principles Regarding Presentation

The accompanying consolidated financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets" (The "Communiqué"), which were published in the Official Gazette No. 28676 dated 13 June 2013.

The Group implements the Turkish Accounting Standards / Turkish Financial Reporting Standards and the annexes and interpretations thereof ("TAS / TFRS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué.

The Parent Company (and its Subsidiaries operates in Turkey) maintain their books of accounts and prepare their statutory financial statements on the basis of Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance of the Republic of Turkey. These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the Turkish Financial Reporting Standards issued by POA.

2.2 Correction of Financial Statements in Hyperinflation Periods

CMB, with its resolution dated 17 March 2005, announced that all publicly traded entities operating in Turkey was not obliged to apply inflationary accounting effective from 1 January 2005. In accordance with this resolution, TAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied to the consolidated financial statements since 1 January 2005.

2.3 Functional Currency and Financial Statement Presentation Currency

Financial statements of companies whose functional currency is not TL have been prepared according to their own valid currencies, and these financial statements have been converted to TL for consolidation purposes in accordance with TAS 21 (Effects of Changes in Foreign Exchange Rates). The Group has determined TL as the reporting unit for the presentation of consolidated financial statements and notes. All currencies except the currency selected for the measurement of the items in the consolidated financial statements are treated as foreign currencies.

The functional currency of the Group is TL, and the accompanying consolidated financial statements and notes are presented in TL.

2.4 Financial Statements of Subsidiaries Operating in Foreign Countries

Gentas Italy operates and locate in Italy. Gentas Italy's financial statements are modified with certain out- of-book adjustments and reclassifications to comply with Group's accounting policies. The assets and liabilities of the Group's foreign operations are expressed in TL using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and recognized in the Group's foreign currency translation reserve.

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

NOTE 2 - PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.5 Basis of Consolidation

The accompanying financial statements include the accounts of the parent company and its subsidiaries and investments in equity. The basis of consolidated financial statement preparation is as follows;

- The Subsidiary is the Company in which the Company has the power to control the financial and operating policies for the benefit of the Company either through the power to exercise more than 50% of voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself; or although not having the power to exercise more than 50% of the voting rights, through the exercise of an actual dominant influence over the financial and operating policies. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition of control or up to the effective date of disposal, as appropriate. Where necessary adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.
- The financial statements of subsidiaries are consolidated using the full consolidation method. In this context, subsidiaries' shareholders equity and their book value are offsetting. The book value of the Company's shares and dividends that arise from these shares are offsetting from related shareholders and income statement accounts.
- The receivables and liabilities of subsidiaries included in consolidation with each other, they are made to each other sales of goods and services, income and expense items with each other is formed due to the transactions are eliminated as a mutual.
- Consolidation of subsidiaries under the equity share capital account, including all items of the group, the parent company and subsidiaries to minority interests deducted from the amounts accrued and it is indicated under the name of “Non-Controlling Interest” in the consolidated financial position statement equity group.
- Investments in equity accounted through the equity method are expressed initially at their historical values. After the date of purchase, the amount carried forward is increased or decreased from the profits or losses of the partnership according to the share ratio of the affiliating company. The distribution of profits from partnership decreases the value of the partnership. In the event that the change in the equity capital result from the equity items outside of profit or loss, relevant changes in relation to these items are made in the equity capital of the Company. In the event that the decrease in the value of net assets of the partnership is not temporary, the value of partnership is shown with the decreased value in the financial statements. In the event that the value of the net assets turns to negative, the relevant amount is not classified as asset or liability and displayed as zero in the financial statements.

The subsidiaries included in consolidation and the shareholding percentage for the years ended 31 December 2021 and 2020 is set out below:

Title	**Effective Share (%)**	
	31 December 2021	**31 December 2020**
GBS Gentaş	53,65	53,65
Gentas Italy	100,00	100,00
Genmar Yapı	62,70	62,70
Gentaş Kimya	14,50	14,50
5K (*)	-	30,00
Gendepo (**)	54,68	46,50

(*) 5K shares was sold on 27 December 2021.
(**) The parent Company acquired an additional 8.18% shares on December 22, 2021 and will be fully consolidated as of January 1, 2022.

NOTE 2 – PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.6 New and Revised Financial Reporting Standards

The Group has applied the new and revised TAS / TFRSs, which are valid as of January 1, 2021, related to their field of activity. The details of the standards, changes, improvements and interpretations that have not yet come into force and have not been adopted early by the Group are given below.

a) New standards prevalent after 1 January 2021 and changes and interpretations to existing previous standards

Benchmark Interest Rate Reform - 2nd Stage (Amendments in TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16)

Changes by the IASB in August 2020, complementing those published in 2019 and focusing on the effects of the benchmark interest rate reform on the financial statements of businesses, for example, an interest rate measure used to calculate interest on a financial asset: replacing it with an alternative benchmark rate, Published on December 18, 2020;

Phase 2 changes, Benchmark Interest Rate Reform - Phase 2 addresses issues that could affect financial reporting during an interest rate comparison reform, including the effects of changes in contractual cash flows or hedging relationships resulting from changing an interest rate metric.

The purpose of the Phase 2 changes is to assist companies in:

- Application of TFRS Standards when changes are made in contractual cash flows or hedging relationships due to the Benchmark Interest Rate Reform
- Provide useful informations to users of financial statements.
- In the second phase of the project, the provisions in TFRS 9 Financial Instruments, TAS 39 Financial Instruments: Recognition and Measurement, TFRS 7 Financial Instruments: Disclosures, TFRS 4 Insurance Contracts and TFRS 16 Leases have changed regarding the following:
- Changes in the basis of determining the contractual cash flows of financial assets, financial liabilities and lease liabilities;
- Hedge accounting; and
- Disclosures

Phase 2 changes apply only to changes required by the benchmark rate reform in financial instruments and hedging relationships. Although these changes will be applied as of the reporting periods that start on or after January 1, 2021, early implementation is also permitted.

NOTE 2 – PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.6 New and Revised Financial Reporting Standards (Cont.)

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

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

COVID-19-Related Rent Concessions beyond 30 June 2021 (the 2021 amendment)

International Standard Board (IASB) has extended the practical expedient by 12 months – permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022. The original amendment was issued in May 2020 to make it easier for lessees to account for covid-19-related rent concessions, such as rent holidays and temporary rent reductions, while continuing to provide useful information about their leases to investors. Related changes were published by POA as Amendments to TFRS 16 on June 5, 2020.

The amendment is effective for annual reporting periods beginning on or after 1 April 2021. Lessees are permitted to apply it early, including in financial statements not authorised for issue as of 31 March 2021 the date of publication of this amendment. In other words, if the financial statements for the accounting periods before the date of publication of the amendment have not yet been issued, it is possible to apply this amendment for the relevant financial statements. The 2021 amendments are applied retrospectively with the cumulative effect of initially applying it being recognised in opening retained earnings.

The original version of the practical expedient was, and remains, optional. However, the 2021 amendments are, in effect, not optional. This is because a lessee that chose to apply the practical expedient introduced by the 2020 amendments has to consistently apply the extension to eligible contracts with similar characteristics and in similar circumstances.

This means that lessees will need to reverse previous lease modification accounting if a rent concession was ineligible for the original practical expedient under the 2020 amendments but becomes eligible as a result of the extension.

Reference to the Conceptual Framework (Amendments to TFRS 3)

In May 2020, IASB issued Reference to the Conceptual Framework, which made amendments to IFRS 3 Business Combinations.
The amendments updated IFRS 3 by replacing a reference to an old version of the Board’s Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. And then, TFRS 3 amendment was issued on 27 July 2020 by POA to reflect these amendments.

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

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

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

The amendments improve transparency and consistency by clarifying the accounting requirements—specifically, the amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. And then, TAS 16 amendment was issued on 27 July 2020 by POA to reflect these amendments.

NOTE 2 – PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.6 New and Revised Financial Reporting Standards (Cont.)

b) Standards issued but not yet effective and not early adopted (cont.)

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. The amendments apply retrospectively, but only to items of Property, Plant and Equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

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

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

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

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

The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

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

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

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

The amendments include:

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

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

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to TAS 1.

NOTE 2 – PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.6 New and Revised Financial Reporting Standards (Cont.)

b) Standards issued but not yet effective and not early adopted (cont.)

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to TAS 12 Income Taxes

In May 2021 IASB issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, which amended IAS 12 Income Taxes. Related changes were published by POA as Amendments to TAS 12 on 27 August 2021.

The amendments to TAS 12 Income Taxes clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The amendments clarify that the exemption does not apply to transactions such as leases and decommissioning obligations. These transactions give rise to equal and offsetting temporary differences.

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to Amendments to TAS 12.

Definition of Accounting Estimates (Amendments to TAS 8)

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty which is issued by IASB on 12 February 2021. Related changes were published by POA as Amendments to TAS 8 on 11 August 2021.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

- Selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and
- Choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying TAS 37 Provisions, Contingent Liabilities and Contingent Assets.

NOTE 2 – PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.6 New and Revised Financial Reporting Standards (Cont.)

b) Standards issued but not yet effective and not early adopted (cont.)

Definition of Accounting Estimates (Amendments to TAS 8) (cont.)

The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to Amendments to TAS 8)

Disclosure of Accounting Policies (Amendments to TAS 1)

IASB has issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures on 12 February 2021. Among these amendments, the ones related to TAS 1 were published by POA as Amendments to TAS 1 on 11 August 2021.

The key amendments to TAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements.

The amendments are effective from 1 January 2023, but companies can apply it earlier.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to Amendments to TAS 1.

Annual Improvements to TFRS Standards 2018–2020

Improvements to TFRSs

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

NOTE 2 – PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.6 New and Revised Financial Reporting Standards (Cont.)

b) Standards issued but not yet effective and not early adopted (cont.)

Annual Improvements to TFRS Standards 2018–2020 (cont.)

Improvements to TFRSs (cont.)

TFRS 1 First-time Adoption of International Financial Reporting Standards

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

TFRS 9 Financial Instruments

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

TAS 41 Agriculture

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

2.7 Changes and Errors in Accounting Policies and Estimates

Accounting policy changes resulting from the first application of a new standard are applied retrospectively or prospectively in accordance with the transition provisions, if any. Changes without any transition requirement, optional significant changes in accounting policies or identified accounting errors are applied retrospectively and the financial statements of the previous period are rearranged. Changes in accounting estimates are applied in the current period if the change is related to only one period, and for future periods, they are applied both in the period of change and prospectively.

The Group has inadvertently made a mistake amounted TL 2.833.618 in the reporting of the non-controlling interests and the interests of the parent company in the consolidated financial statements as of 31 December 2020. The financial statements of the previous period were restated by reclassifying the related accounts.

2.8 Offsetting

Financial assets and liabilities are offset and the net amount reported in the financial position statement 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.

NOTE 2 – PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.9 Comparative Information and Correction of Prior Period Financial Statements

Consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance trends. In order to maintain consistency with current year consolidated financial statements, comparative information is reclassed and significant changes are disclosed if necessary.

2.10 Going Concern

The consolidated financial statements have been prepared assuming that the Group will continue as a going concern on the basis that the entities will be able to realize its assets and discharge its liabilities in the normal course of business.

2.11 Summary of Significant Accounting Policies

The significant accounting policies implemented during the preparation of the accompanying consolidated financial statements are as follows:

Cash and Cash Equivalents
Cash and cash equivalents comprise cash at banks and on hand and cash in transit. Cash and cash equivalents consist of short-term highly liquid investments including time deposits generally having original maturities of three months or less. Foreign currency bank deposits valued at the end of period rate. Recorded value is estimated market value of other cash and bank deposits on the balance.

Trade Receivables
Trade receivables originating from the Group, which arise directly from the supply of goods or services to a debtor, are valued at discounted cost (reduced cost) using the effective interest method. Short-term trade receivables without a specified interest rate are evaluated from the invoice amount if the effect of accrual of interest is insignificant.

In the event of a situation indicating that the Group will not be able to collect the amounts due, a receivable risk provision is created for trade receivables. The amount of this provision is the difference between the registered value of the receivable and the possible amount of the receivable. The collectible amount is the value of all cash flows, including the amounts that can be collected from guarantees and assurances, discounted on the basis of the effective interest rate. If the amount of impairment decreases due to a situation that will occur after the loss is written off, the respective amount is reflected in the profit and loss statement in the current period.

The Group uses the simplified approach in TFRS 9 to calculate the expected credit losses of these financial assets. In cases where trade receivables are not impaired for certain reasons, the Group measures the expected credit loss allowance at an amount equal to lifetime expected credit losses. In the calculation of expected credit losses, past credit loss experiences and the Group's future forecasts are also taken into account.

Trade Payables
Trade payables are carried at amortized values which reflect the fair value of goods and services purchased.

NOTE 2 – PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.11 Summary of Significant Accounting Policies (Cont.)

Related Parties
Related parties are the person or businesses associated with the business that prepared its financial statements (reporting entity).

(a) A person or a member of that person's immediate family is deemed to be associated with the reporting entity in the following cases:

i. in the event of control or joint control over the reporting entity,
ii. in the event of a significant influence on the reporting entity.
iii. Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is deemed to be related to the reporting entity if any of the following conditions exist:

i. If the entity and the reporting entity are members of the same group (each parent company, subsidiary and other subsidiary is associated with the others).
ii. In the event that the business is the affiliate or business partnership of the other business (or a member of a group to which the other business is a member).
iii. In the event of both businesses are joint ventures of the same third party.
iv. In the event of one of the entities is a joint venture of a third enterprise and the other entity is an affiliate of that third entity.
v. In the event of the company has post-employment benefit plans for the employees of the reporting enterprise or an enterprise associated with the reporting enterprise. In the event of the reporting enterprise itself has such a plan, the sponsoring employers are also associated with the reporting enterprise.
vi. In the event of the business is controlled or jointly controlled by a person identified in (a).
vii. In the event of a person defined in subparagraph (i) of article (a) has a significant influence on the entity or is a member of the key management personnel of that entity (or the parent company of this enterprise).

Transaction with a related party is the transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Inventories
Inventories are valued at the lower of cost or net realizable value. The costs of inventories are determined using the “monthly moving weighted average cost” method. Inventories include all purchasing costs, costs of conversion and other costs incurred in order for the inventories to be brought into their existing situation and position. The costs of conversion of the inventories include the costs directly related to production overhead, such as direct labor costs. These costs also include the amounts distributed systematically from the fixed and variable production overheads incurred during the conversion of the raw materials and supplies into finished goods. Net realizable value is yielded by the estimated sales price in the ordinary course of business, less the total estimated costs of the completion and sales to be undertaken.

NOTE 2 – PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.11 Summary of Significant Accounting Policies (Cont.)

Borrowing Costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in the statement of profit or loss in the period in which they are incurred.

Financial Instruments
Classification and Measurement

Group classifies its financial assets in three categories of “financial assets measured at amortized cost”, “financial assets measured at fair value through other comprehensive income” and “financial assets measured at fair value through profit of loss”. The classification of financial assets is determined considering the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase.

Financial instruments measured at amortized cost”, are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group's financial assets measured at amortized cost include “cash and cash equivalents” and “trade receivables.” Certain financial assets, including cash and cash equivalents, are carried at their cost values and their carrying values are approximately it is assumed that the values of trade receivables discounted and provision for doubtful receivables are equal to the fair value of the assets within the scope of TFRS 9. Measured at amortized cost. Earnings and losses resulting from the valuation of most and non-derivative financial assets are recognized in the income statement.

Financial Liabilities
Loans are recorded with their values after the transaction costs are subtracted from the loan amount on the date they are received. If the difference between the discounted value and the first recorded value is significant, the credits are stated over the discounted cost value by using the effective interest method. The difference between the amount remaining after deducting the transaction costs and the discounted cost value is reflected in the income statement as financing cost during the loan period. Financing costs arising from loans are recorded in the income statement when they occur.

Assets held for sale
The assets are classified as assets that are intended to be recovered as a result of the sales transaction, rather than the use of their registered values, as well as held assets. The sale is expected to occur within twelve months following the balance sheet date. The need to complete the sale of various events or transactions. Allows you to choose or continue to continue the sales plan for the sale of the related asset. The prolonged time required for the sale is the assets held for sale.

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

NOTE 2 – PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.11 Summary of Significant Accounting Policies (Cont.)

Tangible Assets

The tangible assets are shown as cost of purchasing value less accumulated depletion and permanent depreciation. The historical cost of the tangible asset consists of the purchase price and non-refundable taxes and expenses to make the tangible asset available. The costs of tangible assets in except for land, landed property and construction in progress, are subjected to pro rata depreciation using straight-line method of depreciation based on their expected useful lives. The expected useful life, residual value and method of depreciation are reviewed each and every year for the possible effects of the changes that may occur in the estimations and accounted prospectively in case of a change in the estimations. The estimated useful lives of such assets, are stated as follows:

	Useful Life
Land and Land Improvements	3-25 year
Buildings	10-50 year
Plant, Machinery and Equipments	4-25 year
Other Tangible Assets	4-20 year
Vehicles and Equipment	4-10 year
Fixtures and Fittings	2-15 year

Profits and losses arising from the sale of tangible fixed assets are included in the operating income and expense accounts. Tangible assets purchased before 1 January 2005 are carried at cost adjusted for inflationary effects.

Intangible Assets

Intangible assets are assets consisting of primary rights and computer software, and they were first valued at the purchase price.Intangible assets are capitalized in order to obtain economic benefits in the future and to be able to accurately determine the cost. In the first records, there are intangible assets, accumulated amortization and cost. Intangible assets are subject to linear depreciation at estimated rates.

	Useful Life
Rights and Sofwares	3-15 year

Investment properties

Land and buildings or a part of the building or both, which are held in order to earn rentals or for capital appreciation or both (by the owner or by the lessee according to the leasing agreement), rather than for use in the production or supply of goods and services, or for administrative purposes or sale in the ordinary course of business, are classified as investment property.

An investment property is recognized as an asset in the event that there is a possibility of an inflow of future economic benefits pertaining to the property to the entity and that the cost of the investment property is reliably measurable.

The Group monitors investment property with historical cost value. Historical cost value denotes the amount of the cash or cash equivalents paid during the acquisition or construction of an asset or the fair value of other payments outside thereof or if possible to implement, the cost attributed to the relevant asset during the initial recognition.

NOTE 2 – PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.11 Summary of Significant Accounting Policies (Cont.)

Impairment on assets
The Group assesses whether there is any indication of impairment in relation to an asset at each balance sheet date. If there is any such indication, the recoverable amount of that asset is estimated. Impairment occurs if the book value of the said asset or any cash generating unit pertaining to that asset is higher than the amount to be recovered through use or sale. The recoverable amount is found out by selecting the higher of its fair value less costs to sell and its value in use. Value in use is the estimated present value of the future cash flows expected to be derived from an asset after its continuous use and disposal at the end of its useful life. Impairment losses are recognized in the statement of income.

Provisions, contingent assets and liabilities
In order for any amount of provisions to be recognized in the financial statements, the Group is to have a present legal or constructive obligation as a result of past events, it should be probable that an outflow of resources with economic benefits will be required to fulfill this obligation, and a reliable estimate of the amount of the said liability can be made. If the said criteria did not occur, then the Group discloses the said matters in the relevant notes. Contingent assets are not recognized until they are realized and only disclosed in the notes.

Contingent assets are continuously assessed in order for the true representation of the related developments in the financial statements. In the event that the inflow of economic benefit into the operation is almost certain, the relevant asset and the income related thereto are reflected into the financial statements of the term that the change occurred. In the event that the inflow of economic benefit becomes probable, the operation displays the said contingent asset in the notes of the financial statement.

Business combinations and goodwill
Business combinations are considered as the merging of two separate legal entities or businesses into one reporting entity. Business combinations are accounted for using the purchase method within the scope of TFRS 3.

The acquisition cost includes the fair value of the assets given at the date of purchase, the capital instruments issued, the liabilities assumed or incurred at the date of the change, and the costs that may be associated with additional acquisition. If the business combination agreement includes provisions that stipulate that the cost can be corrected depending on future events; if this correction is probable and its value can be determined, the acquirer includes this correction at the merger date at the merger date.

The difference between the acquisition cost of an enterprise and the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired enterprise is recognized in the consolidated financial statements as goodwill.

The goodwill arising during the business combination is not depreciated, instead it is subjected to impairment tests once a year (as of 31 December) or more frequently if circumstances indicate impairment.

Impairment losses calculated over goodwill cannot be associated with the income statement, even if the impairment has disappeared in the subsequent periods. Goodwill is associated with units that generate cash during the impairment test.

NOTE 2 – PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.11 Summary of Significant Accounting Policies (Cont.)

Business combinations and goodwill (cont.)

In the event that the fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the merger cost, the difference is associated with the consolidated income statement.

In accounting for business combinations under common control, assets and liabilities subject to business combinations are included in the consolidated financial statements with their book values. Income statements are consolidated from the beginning of the fiscal year when the business combination occurred. The financial statements of the previous period are prepared in the same way for comparability. As a result of these transactions, no goodwill or negative goodwill is calculated. The difference that occurs as a result of netting the amount in proportion to the share of the company, of which the participant amount is purchased, is directly accounted for as “the effect of business combinations under common control” in equity. The Group's acquisition of Genmar Orman, realized on June 19, 2012, has not been applied as TFRS 3 “Business Combinations” standard, which is considered as a “business merger under common control”.

Foreign currency transactions
The foreign currency transactions realized within the year are converted over the foreign exchange rates valid at the dates of transactions. The monetary assets and liabilities depending on foreign exchange are converted into Turkish Lira over the exchange rates valid at the end of the period. The exchange difference arising out of the conversions of monetary assets and liabilities depending on foreign exchange are reflected into the consolidated statement of income at the period their income or losses are realized.

Revenue
Merchandise sales:

The Group transfers the revenue to a customer and records the revenue in its consolidated financial statements as it fulfills or fulfills the performance obligation. When control of an asset is received (or passed) by the customer, the asset is transferred.

The Group records the revenue in its financial statements in line with the following basic principles;

(a) Determination of contracts with customers
(b) Determination of performance obligations in the contract
(c) Determination of the transaction price in the contract
(d) Dividing the transaction price into the contractual performance obligations.
(e) Revenue recognition when each performance obligation is met.

Revenue is collected when control of products is transferred to the customer. When the Company meets its performance obligation by transferring a product or service that is committed before, the revenue is recognized in the financial statements.

The Group calculates the financing component (in forward sales) over the period between the transfer date of the promised good to the customer at the beginning of the contract and the date the customer pays the price of this good. There are no practices such as performance premiums, incentives, etc. that will cause variability in the transaction price in the sales of goods of the Group.

NOTE 2 – PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.11 Summary of Significant Accounting Policies (Cont.)

Subsequent Events

Even if subsequent events occurred after any announcement regarding the profit for the period or public disclosure of other selected financial information, they include all events between the date of the financial statement and the date of authorization for the publication of the financial statement.

In case of events that require adjustment after subsequent, the Group makes the necessary corrections to the consolidated financial statements.

Taxes calculated on the basis of the company's earnings

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Leases
The Group – as a lessee

At the begining of a contract, the Group evaluates whether the contract is a lease of whether it contains a lease. If the contract delegates the right to control the use of the asset defined for a price, for a certain period of time, this contract is a lease or includes a lease. The Group considers the following conditions when evaluating whether a contract delegates its right to control the use of a defined asset for a specified period of time:

a) the contract involved the use of an identified asset – this may be specified explicitly or implicitly.

b) the asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.

c) the Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
d) the Group has the right to direct use of the asset. The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:

NOTE 2 – PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.11 Summary of Significant Accounting Policies (Cont.)

Leases (Cont.)

i. the Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;

ii. the Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Right of use asset
The right of use asset is initially recognized at cost comprising of:

a) amount of the initial measurement of the lease liability;
b) any lease payments made at or before the commencement date, less any lease incentives received;
c) any initial direct costs incurred by the Group; and
d) Costs incurred by the Group in the restoration of the underlying asset to the extent required by the terms and conditions of the lease.

To apply a cost model, the Group measure the right-of-use asset at cost:
a) less any accumulated depreciation and any accumulated impairment losses; and
b) adjusted for any remeasurement of the lease liability

The Group applies the depreciation provisions of TAS 16, "Property, Plant and Equipment while depreciating the right of use.

The Group applies TAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Rent obligations
At the commencement date, The Group measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group use the lessee's incremental borrowing rate. 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 Group exercising an option to terminate the lease.

After the commencement date, the Group measure the lease liability by:
a) increasing the carrying amount to reflect interest on the lease liability;
b) reducing the carrying amount to reflect the lease payments made; and
c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised insubstance fixed lease payments.

NOTE 2 – PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.11 Summary of Significant Accounting Policies (Cont.)

Leases (Cont.)

Extension and early termination options
The lease obligation is determined by considering the extension and early termination options in the contracts. The majority of the extension and early termination options in the contracts are options that are jointly applicable by the Group and the lessor.

The Group determines the lease term by including the extension and early termination options at the Group's discretion under the relevant agreement and if the use of the options is reasonably certain. If there is a significant change in the circumstances, the assessment is reviewed by the Group.

Employee benefits
Defined benefit pension plan
Under Turkish Labour Law the Company is required to pay termination indemnities to each employee who completes one year of service, Group is obligated to paying the severance pay to employees who is having a reason to leave that is not include retairing, quitted from the work and because of bad behaving.

The Group calculates the provision for severance pay in the accompanying consolidated financial statements by estimating the present value of the possible future liability arising from the retirement of the employees. All actuarial gains and losses calculated are reflected in the consolidated other comprehensive income statement.

Defined contribution plan
The Company is required to pay social insurance premiums to the Social Security Institution in Turkey. As long as the company pays these premiums, it has no other obligations. These premiums are reflected in personnel expenses in the period they are accrued.

Capital and dividends
Ordinary shares are classified as capital. The dividends distributed over the ordinary shares are recorded as deduced from the accumulated profit in the declared period.

Interest Income
Interest income is accrued in the relevant period on the basis of the effective interest method, which brings the remaining principal balance and the estimated cash inflows to be obtained during the expected life of the relevant financial asset to the net book value of the said asset. Interest income and foreign exchange gains related to commercial transactions are recognized as other income from operating activities.

Earnings per share
Earnings per share are determined by dividing the net income by the weighted average number of shares that have been outstanding during the year concerned. The companies can increase their share capital by making a pro-rata distribution of their shares (“Bonus Shares”) to existing shareholders from retained earnings and allowed reserves. When calculating the earnings per share, these bonus shares are considered as issued shares. Therefore, the weighted average number of shares used in the calculation of the earnings per share is obtained by implementing retrospectively the bonus issuance of the shares.

Cash flow statement
In the statement of cash flows, cash flows in relation to the period are reported as classified on the basis of operating activities, investment activities and financing activities. The cash and cash equivalents in the statement of cash flows include the cash and bank deposits.

NOTE 2 – PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.12 Summary of Significant Accounting Policies

The critical accounting estimates that have significant effect on the book values of the assets and liabilities are as follows:

Receivable / Payable Discount:
In the calculation of the cost amortized with the effective interest rate method of the trade receivables and payables, the due receipt and payment periods expected according to the existing data regarding the receivables and payables are taken into consideration. The amount of the financial income and expenses within the costs of purchases and revenues from sales are calculated on estimated basis according to the effective interest rate method using the turnover rates of the received trade receivables and payables at the related term period and classified into the financial income and expenses.

The amounts of unaccrued financial income and expenses contained in the costs of purchases and revenues from sales resulting from forward purchases and sales are determined approximately through the use of average turnover rates of trade receivables and payables

Useful life:
Tangible and intangible assets are subjected to amortization and depreciation throughout their estimated useful lives.

Employment termination benefits:
The provision for employment termination benefits is reduced to its value at the balance sheet date by calculating the personnel turnover rate based on the past year experiences and expectations.

Allowances for doubtful receivables:
The Group provides allowance for the overdue doubtful receivables by considering customers financial position, past experience and other factors and evaluating customers credit standing.

Deferred tax assets
Deferred tax assets are recorded when it is determined that taxable income is likely to occur in the upcoming years. In cases where taxable income is likely to occur, deferred tax asset is calculated over all kinds of temporary differences. Since the assumptions used that the company will have taxable profit in the future periods are found sufficient deferred tax asset has been recorded.

Inventory impairment
While determining the impairment of inventory, the physical and historical background of the stocks are examined, their usability is determined in line with the opinions of the technical personnel and provisions are made for items that are expected to be unusable. In the determination of the net realizable value of the stocks, the data regarding the list sales prices and the average discount rates given during the year are used and estimates are made regarding the sales expenses to be incurred.

Provisions for litigation
While making provisions for the lawsuits, the Group management evaluates the possibilities of losing the lawsuits and the liabilities that may arise in case of loss by taking the opinions of the Group's legal counsel and experts. The Group management determines the provisions for lawsuits based on the best estimates..

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

NOTE 2 – PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.13 Changes in accounting policies

The Group has applied the new and revised TAS / TFRSs, which are valid as of January 1, 2020, related to their field of activity. Benchmark Interest Rate Reform - 2nd Stage' amendments have affected the Group/Company's financial performance, balance sheet, presentation and disclosures. Relevant explanations are presented below:

The application of TFRSs affected by amendments related with Benchmark Interest Rate Reform - 2nd Stage (Amendments in TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16) is mandatory for periods starting from 1 January 2021. The amendments facilitate the Group with respect to certain loans (Note 8) whose contract terms were affected by the benchmark interest rate reform.

NOTE 3 – SEGMENT REPORTING

The Group management has determined the reportable parts of the Company as the companies that have entered into consolidation. Group companies operate in the same sector, but each is managed and reported separately.

Balance sheet reporting;

31 December 2021

	Domestic			**Overseas**		
	Gentaş	**GBS Gentaş**	**Genmar Yapı**	**Italy**	**Eliminations**	**Consolidated**
Total Assets	627.771.866	201.178.874	102.032.747	39.475.765	(112.476.019)	857.983.233
Total Liabilities	243.508.319	69.454.999	41.559.357	36.457.242	(16.544.815)	374.435.102
Net Assets	**384.263.547**	**131.723.875**	**60.473.390**	**3.018.523**	**(95.931.204)**	**483.548.131**
Amortization	6.459.446	4.125.024	3.367.774	1.046.399	(981.290)	14.017.354
Construction in progress	21.627.370	15.402.518	-	-	-	37.029.888

31 December 2020

	Domestic			**Overseas**		
	Gentaş	**GBS Gentaş**	**Genmar Yapı**	**Italy**	**Eliminations**	**Consolidated**
Total Assets	388.759.503	124.202.905	66.311.423	21.461.093	(94.820.787)	505.914.137
Total Liabilities	90.929.324	22.665.929	24.157.155	18.895.700	(15.893.581)	140.754.527
Net Assets	**297.830.179**	**101.536.976**	**42.154.268**	**2.565.393**	**(78.927.206)**	**365.159.610**
Amortization	5.141.677	4.122.617	3.422.871	791.394	-	13.478.559
Construction in progress	39.266	184.984	-	-	-	224.250

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

NOTE 3 – SEGMENT REPORTING (Cont.)

Profit/Loss Reporting;

1 January – 31 December 2021;

	Domestic			Overseas		
	Gentaş	**GBS**	**Genmar**	**Gentas Italy**	**Eliminations**	**Consolidated**
Revenue	522.347.175	299.783.826	176.561.281	2.762.105	(213.416.768)	788.037.619
Cost of Sales (-)	(435.754.734)	(246.802.509)	(148.901.784)	(4.913.579)	213.045.487	(623.327.119)
Gross Profit	**86.592.441**	**52.981.317**	**27.659.497**	**(2.151.474)**	**(371.281)**	**164.710.500**
Marketing, Sales and Distribution Expenses (-)	(24.066.884)	(9.262.540)	(9.316.023)	-	3.261.745	(39.383.702)
General Administrative Expenses (-)	(22.459.402)	(6.156.412)	(6.186.132)	(1.976.102)	379.851	(36.398.197)
Research and Develepment Expenses (-)	(4.550.915)	-	(12.841)	-	2.846	(4.560.910)
Other Operating Income	69.120.267	24.933.173	15.163.275	2.029.752	(3.826.945)	107.419.522
Other Operating Expenses (-)	(46.143.672)	(17.439.320)	(6.533.966)	-	538.560	(69.578.398)
Operating Profit / (Loss)	**58.491.835**	**45.056.218**	**20.773.810**	**(2.097.824)**	**(15.224)**	**122.208.815**
Income From Investments Valued by Equity Method	39.172.604	-	(213.833)	-	-	38.958.771
Income from Investment Activities	24.045.083	3.657.176	4.738.039	1.347.980	(24.053.060)	9.735.218
Expenses from Investment Activities (-)	-	(4.432.300)	-	84.590	-	(4.347.710)
Profit /(Loss) Before Financing Expenses	**121.709.522**	**44.281.094**	**25.298.016**	**(665.254)**	**(24.068.284)**	**166.555.094**
Financing Expenses (-)	(29.669.896)	(232.596)	(782.804)	(195.070)	1.594.914	(29.285.452)
Profit / (Loss) from Continuing Operations Before Tax	**92.039.626**	**44.048.498**	**24.515.212**	**(860.324)**	**(22.473.370)**	**137.269.642**
Tax Income / (Expense)						
- Current Tax Income/(Expense)	(5.634.981)	(9.474.274)	(5.365.412)	-	-	(20.474.667)
- Deferred Tax Income/(Expense)	10.344.971	6.043.628	(79.509)	-	-	16.309.090
Period Profit/(Loss)	**96.749.616**	**40.617.852**	**19.070.291**	**(860.324)**	**(22.473.370)**	**133.104.065**

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

NOTE 3 – SEGMENT REPORTING (Cont.)

Profit/Loss Reporting; (Cont.);

1 January – 31 December 2020;

	Domestic			Overseas		
	Gentaş	**GBS Gentaş**	**Genmar Yapı**	**Gentas Italy**	**Eliminations**	**Consolidated**
Revenue	330.549.134	182.050.521	117.256.720	3.262.902	(151.548.335)	481.570.942
Cost of Sales (-)	(247.325.544)	(134.256.588)	(102.626.167)	(2.060.862)	151.548.335	(334.720.826)
Gross Profit	**83.223.590**	**47.793.933**	**14.630.553**	**1.202.040**	**-**	**146.850.116**
Marketing, Sales and Distribution Expenses (-)	(14.146.349)	(5.936.353)	(7.032.811)	(3.807)	-	(27.119.320)
General Administration Expenses (-)	(16.430.773)	(4.877.970)	(5.311.820)	(1.284.706)	-	(27.905.269)
Research and Develepment Expenses (-)	(2.105.385)	-	(331)	-	-	(2.105.716)
Other Operating Income	19.683.627	10.809.112	6.713.018	-	(1.190.125)	36.015.632
Other Operating Expenses (-)	(20.917.663)	(9.599.000)	(4.179.485)	(2.099.834)	1.547.725	(35.248.257)
Operating Profit / (Loss)	**49.307.047**	**38.189.722**	**4.819.124**	**(2.186.307)**	**357.600**	**90.487.186**
Income From Investments Valued by Equity Method	10.036.780	(2.434.757)	8.936	-	-	7.610.959
Income from Investment Activities	18.487.874	78.421	1.819.286	1.880.200	(6.538.392)	15.727.389
Expenses from Investment Activities (-)	(495.962)	-	(334.011)	(65.042)	165.770	(729.245)
Profit /(Loss) Before Financing Expenses	**77.335.739**	**35.833.386**	**6.313.335**	**(371.149)**	**(6.015.022)**	**113.096.289**
Financing Expenses (-)	(12.086.832)	(1.885.758)	(1.452.853)	(98.461)	-	(15.523.904)
Profit/(Loss) Before Tax	**65.248.907**	**33.947.628**	**4.860.482**	**(469.610)**	**(6.015.022)**	**97.572.385**
Tax Income/(Expense)						
- Period Tax Income/(Expense)	(8.699.818)	(7.362.300)	(1.281.585)	-	-	(17.343.703)
- Deferred Tax Income/(Expense	314.632	413.642	348.465	-	-	1.076.739
Period Profit/(Loss)	**56.863.721**	**26.998.970**	**3.927.362**	**(469.610)**	**(6.015.022)**	**81.305.421**

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

NOTE 4 – RELATED PARTY DISCLOSURES

a) Purchases/Sales;

	1 January– 31 December 2021				1 January – 31 December 2020			
	Purchases		Sales		Purchases		Sales	
	Product	Services	Product	Services	Product	Services	Product	Services
Gentaş Kimya Sanayi Ticaret A.Ş.	267.682.002	79.353	14.638.512	640.033	100.751.309	231.103	2.607.197	1.349.052
2K Yapı Uygulama Tasarım Sanayi ve Tic.Ltd. Şti.	41.511	14.385	1.192.101	136.041	-	352	2.141.824	122.412
Gendepo Mobilya Tasarım Ürünleri San ve Tic.A.Ş	81.047	-	769.048	10.450	-	-	-	-
4K Grup Yapı ve Orm.Ürün.İnş.San.ve Tic.A.Ş. (*)	-	-	-	-	-	-	378.747	-
Kahramanlar Ağaç Sanayi ve Tic.A.Ş.	572.629	582.002	19.426.110	975	2.614.627	739.663	13.941.929	357.382
5K Yüzey Teknolojileri A.Ş.	1.370.318	220.817	2.415.111	436.999	1.817.502	21.552	2.568.329	156.524
Yaşar Çelik Orman Ür. Kim.Nak. İnş. San. A.Ş.	24.245	498.413	14.557.109	-	77.803	418.645	5.630.680	38.461
TDL Yapı Tasarım Sanayi ve Ticaret Ltd.Şti. (*)	1.554.201	307.240	402.417	945	-	-	-	-
Çelikor Global Lojistik A.Ş.	-	-	-	-	-	218.500	-	-
Total	**271.325.953**	**1.702.210**	**53.400.408**	**1.225.443**	**105.261.241**	**1.629.815**	**27.268.706**	**2.023.831**

(*) Not a related party as of 31 December, 2021.

Other Purchases and Sales;

1 January – 31 December 2021: On 29 December, 2021, The Group sold 22,86% of its shares of 5K Yüzey Teknolojileri A.Ş., at a value of 3.500.000 TL, to Burhan Karaman.

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

NOTE 4 – RELATED PARTY DISCLOSURES (Cont.)

b) Trade Payables /Receivables;

	31 December 2021		**31 December 2020**	
	Trade Receivables	**Trade Payables**	**Trade Receivables**	**Trade Payables**
Gentaş Kimya Sanayi Ticaret A.Ş.	-	56.820.530	-	6.353.801
Kahramanlar Ağaç Sanayi ve Tic.A.Ş.	84.340	-	2.126.570	-
2K Yapı Uygulama Tasarım Sanayi ve Tic.Ltd.Şti.	8.732	-	22.706	-
Gendepo Mobilya Tasarım Ürünleri San ve Tic.A.Ş	1.244.493	-	480.207	-
5K Yüzey Teknolojileri Orman Ür.Mob.San.AŞ	487.158	-	450.000	-
Yaşar Çelik Orman Ürn.Kimya Nak.İnş.San.ve Tic.A.Ş	1.120.450	-	661.436	-
TDL Yapı Tasarım Sanayi ve Ticaret Ltd.Şti. (*)	-	-	815.819	-
Deferred finance income/expense	(330.958)	(894.912)	(139.114)	(191.298)
Total	**2.614.215**	**55.925.618**	**4.417.624**	**6.162.503**

(*) Not a related party as of 31 December 2021.

The Group also has a dividend debt of 86.691 TL to its shareholders (31 December 2020: 374.015 TL).

	31 December 2021	**31 December 2020**
Other Receivables		
Gentaş Kimya Sanayi Ticaret A.Ş. (*)	-	11.507.015
Receivables From Shareholders	-	353.993
	-	**11.861.008**

(*) *1 January – 31 December 2020:* In Kocaeli Province, Dilovası Distict, Demirciler Mahallesi, 144 island, 1 Parcel, 19.999 m2 land, was sold to Gentaş Kimya, its subsidiary, which was included in the consolidation by the company through the equity method, on February 9, 2018, at a value of 5.599.720 TL determined through bargain sales.

NOTE 4 – RELATED PARTY DISCLOSURES (Cont.)

As a result of the correspondence with the Capital Markets Board Auditing Department, as of December 31, 2020, Group compromise on allocating the amount of 13.500.000 TL stated in the valuation report obtained from an independent valuation firm authorized by the CMB and between the initial sale price of 5.599.720 TL for the relevant real estate with a difference of 7.900.280 TL, a total of 12.588.390 TL, including the interest amounting to 4.688.110 TL calculated from the date of the first sale to be collected from Gentaş Kimya in 2021 with a maturity of 1 year and in equal installments. This change in the fair value estimation took place in the accounting period of 1 January - 31 December 2020 and the receivables from the relevant transaction and belonging to the period 1 January - 31 December 2020, amounting to 11.507.015TL , were accounted for in other receivables.The income arising from this transaction amounting to 11.507.015 TL was recognized as 9.807.899 TL under income from investment activities in the statement of profit and loss, after the elimination of downstream transactions.

c) *Benefits Provided to Senior Management;* The total amount of wages and similar benefits paid to senior management between January 1 - December 31, 2021 is 6.790.545 TL. The entire amount is comprised of the fee (1 January -31 December 2020: 4.971.838 TL). The Group has determined the board of directors, general manager and assistant general managers as senior management.

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

NOTE 5 – CASH AND CASH EQUIVALENTS

The details of the Group's cash and cash equivalents as of December 31, 2021 and 2020 are as follows;

	31 December 2021	31 December 2020
Cash	32.028	56.347
Banks	110.484.436	32.569.700
- Demand Deposit (**)	*106.965.807*	*18.665.462*
- Time Deposit	*3.518.629*	*13.904.238*
Other Liquid Assets (*)	36.955.242	17.144.263
Total	**147.471.706**	**49.770.310**

(*) Consist of receivables arising from credit card sales with a maturity of less than 3 months.
(**) Derives from the capital increase and dividend payments made by the Group during the period.

The details of the Group's time deposits as of December 31, 2021 and 2020 are as follows;

	31 December 2021			31 December 2020		
Type of Currency	**Interest Rate**	**Curreny Amount**	**TL Equivalent**	**Interest Rate**	**Curreny Amount**	**TL Equivalent**
Eur	-	-	-	%2,00	889.848	8.015.665
US Dollar	-	-	-	%2,75	800.000	5.872.400
TL	%5-%22	3.518.629	3.518.629	%18,00	16.173	16.173
Total			**3.518.629**			**13.904.238**

NOTE 6 – FINANCIAL INVESTMENTS

The details of the Group's financial investments as of December 31, 2021 and 2020 are as follows;

	31 December 2021		31 December 2020	
	Rate (%)	**Amount**	**Rate (%)**	**Amount**
Financial assets classified at fair value through profit or loss				
Funds	-	2.862	-	3.210
Short Term Financial Investments		**2.862**		**3.210**
Financial assets whose fair value difference is classified in other comprehensive income				
Orta Anadolu İhr.Birl.(Mosaş A.Ş.)	-	-	2	7.635
Ortak Satın Alma Organizasyonu	<1	14.260	<1	14.260
Long Term Financial Investments		**14.260**		**21.895**

The fair value of financial investments has been accounted for at cost due to its convergence to cost value.

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

NOTE 7 – BORROWINGS

The details of the borrowings of the Group as of 31 December 2021 and 2020 are as follows;

	31 December 2021		31 December 2020	
	Interest Rate (%)	Amount	Interest Rate (%)	Amount
Short Term Borrowings				
Loans				
- TL Loans	13,7%	14.761.984	-	-
- Eur Loans (*)	0,42%	51.697.094	%0,42	1.738.525
Other	-	28.044	-	48.904
Total		**66.487.122**		**1.787.429**
Short Term Portion of Long Term Borrowings				
Loans				
- Eur Loans (*)	0,50%	6.166.996	%0,50	3.802.152
- TL Loans	7,50%	3.278.777	%7,50	1.967.325
Leases				
- Operational Leases	-	927.557	-	1.730.392
Total		**10.373.330**		**7.499.869**
Long Term Borrowings				
Credits				
- Eur Loans (*)	0,50%	18.137.756	%0,50	14.837.256
- TL Loans	7,50%	1.293.397	%7,50	3.065.005
Leases				
- Operational Leases	-	2.191.277	-	2.737.483
Total		**21.622.430**		**20.639.744**

As of 31 December 2021, the Group is exposed to risks arising from the interest rate benchmark reform due to the replacement of EURIBOR with alternative benchmark interest rates (EUR STR).

(*) The amount of risk exposure is explained above.

As explained in Note 2.13, the Group will reflect the adjustments in the contractual cash flows as an adjustment to the effective interest rate when the benchmarks affecting its loans are changed, taking advantage of the facilitating application of the changes. Therefore, since the modified retrospective application approach was used for the Benchmark Rate Reform – Phase 2 changes, these changes had no impact on retained earnings as of January 1, 2021. As of 31 December 2021, the Group expects affected bank loans to switch to alternative interest rate benchmarks by the end of 2022.

The distribution of the maturity of long term loans is as follows;

	31 December 2021	31 December 2020
1-2 years	7.399.581	6.011.833
2-5 years	12.031.572	11.890.428
Total	**19.431.153**	**17.902.261**

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

NOTE 8 – TRADE RECEIVABLES AND PAYABLES

The details of trade receivables and payables of the Group as of 31 December 2021 and 2020 are as follows;

	31 December 2021	31 December 2020
Short Term Trade Receivables		
Trade Receivables	116.690.452	91.597.803
Cheques and Notes Receivables	9.165.739	15.686.762
Doubtful Trade Receivables	36.569.078	35.125.883
	162.425.269	142.410.448
Deferred Financing Expense (-)	(1.210.580)	(1.896.864)
Provisions for Doubtful Trade Receivables (-)	(36.569.078)	(35.125.883)
Total	**124.645.611**	**105.387.701**

As of 31 December 2021, the average collection period of receivables is 55 days (31 December 2020; 60 days).

As of the balance sheet date, there are no significant overdue receivables included in the trade receivables. Related party balances included in trade receivables are disclosed in Note 4.

The nature and amounts of the guarantees received in return for receivables are disclosed in Note 19.3. The risks and level of risks that group receivables are exposed to are disclosed in Note 32. Foreign currency balances of trade receivables are disclosed in Note 32- Currency Risk.

Movement of doubtful receivables for the years ended 31 December 2021 and 2020 is as follows;

	1 January – 31 December 2021	1 January – 31 December 2020
Opening Balance	35.125.883	33.545.815
Provisions Canceled During the Period (Note 27)	(347.509)	(3.290.512)
Increase in Provisions During the Period (Note 27)	1.669.142	4.889.974
Foreign Currency Conversion Adjustment	121.562	(19.394)
Closing Balance	**36.569.078**	**35.125.883**

	31 December 2021	31 December 2020
Short Term Trade Payables		
Suppliers	145.245.540	58.283.456
Deferred Financing Income (-)	(1.728.514)	(936.887)
Total	**143.517.026**	**57.346.569**

As of December 31, 2021, the average payment period of payables is 58 days (31 December 2020: 56 days).

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

NOTE 9 – OTHER RECEIVABLES AND PAYABLES

The details of other receivables and payables of the Group as of 31 December 2021 and 2020 are as follows;

	31 December 2021	31 December 2020
Other Short Term Receivables		
Receivables from Related Parties (Note 4)	-	11.861.008
Receivables from Tax Office	21.742.923	7.512.996
Receivables from Employees	646.949	483.467
Guarantees Given	2	132.067
Other Receivables	286.264	107.033
Total	**22.676.138**	**20.096.571**
Other Long Term Receivables		
Guarantees Given	83.557	79.576
Total	**83.557**	**79.576**

	31 December 2021	31 December 2020
Other Short Term Payables		
Deposits and Guarantees Received	1.023.602	1.023.602
Debts to Related Parties (Note 4)	86.691	374.015
Other Payables	2.481.620	1.419.008
Total	**3.591.913**	**2.816.625**

	31 December 2021	31 December 2020
Other Long Term Payables		
Deposits and Guarantees Received	107	107
Total	**107**	**107**

NOTE 10 – INVENTORIES

The details of inventories of the Group as of 31 December 2021 and 2020 are as follows;

	31 December 2021	31 December 2020
Raw Materials	136.605.555	95.311.128
Semi-finished Goods	15.687.711	7.712.767
Finished Goods	79.268.850	49.557.205
Merchandises	16.760.477	10.531.599
Other Inventories	40.119.923	16.415.881
Provision for Inventories (-)	(12.619.116)	(11.560.361)
Total	**275.823.400**	**167.968.219**

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

NOTE 10 – INVENTORIES (Cont.)

	1 January - 31 December 2021	1 January - 31 December 2020
Opening Balance	11.560.361	5.244.099
Current Period Provisions	1.058.755	6.316.262
Closing Balance	**12.619.116**	**11.560.361**

NOTE 11 – PREPAID EXPENSES AND DEFERRED INCOME

The details of the prepaid expenses and deferred income of the Group as of 31 December 2021 and 2020 are as follows;

	31 December 2021	31 December 2020
Short Term Prepaid Expenses		
Advance Giving for Inventories	26.424.391	5.251.378
Other Prepaid Expenses	2.164.836	1.768.846
Advances Given for Business Purposes	1.863	176.426
Total	**28.591.090**	**7.196.650**

	31 December 2021	31 December 2020
Short Term Deferred Income		
Advances Received	73.767.959	12.263.590
Deferred Income	13.480.701	4.497.693
Total	**87.248.660**	**16.761.283**

NOTE 12 – INVESTMENT VALUED BY EQUITY METHOD

The investments of Group valued by equity method as of 31 December 2021 and 2020 are as follows :

	31 December 2021		31 December 2020	
	Amount	Rate	Amount	Rate
Gendepo	37.842	54,68%	210.773	46,50%
Gentaş Kimya	74.310.622	14,50%	37.044.954	14,50%
5K Yüzey (*)	-	-	-	30,00%
Total	**74.348.464**		**37.255.727**	

(*) Sold in the current period.

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

NOTE 12 – INVESTMENT VALUED BY EQUITY METHOD (Cont.)

Amounts associated with profit and loss as of 31 December 2021 and 2020 are as follows;

	31 December 2021	31 December 2020
Gentaş Kimya Net Profit	270.155.891	69.219.170
Shares Owned	14,50%	14,50%
Amount Associated wit Profit/Loss (Share Rate x Net Profit)	**39.172.604**	**10.036.780**
5K Yüzey Net Loss	-	-
Shares Owned	-	30,00%
Amount Associated with Profit/Loss (Share Rate x Net Profit)	**-**	**-**
Affiliate Impairment Provision	**-**	**(2.404.094)**
Gendepo Net Loss	(391.060)	(46.726)
Shares Owned	54,68%	46,50%
Amount Associated wit Profit/Loss (Share Rate x Net Profit)	**(213.833)**	**(21.727)**
Total	**38.958.771**	**7.610.959**

Financial information of equity investments as of 31 December 2021 and 2020 are as follows;

	31 Aralık 2021		31 Aralık 2020	
	Gendepo	Gentaş Kimya	Gendepo	Gentaş Kimya
Total Assets	1.851.813	1.127.423.922	912.451	437.672.377
Short Term Liabilities	1.789.599	538.487.911	459.177	117.905.398
Long Term Liabilities	-	42.232.190	-	33.924.861
Net Profit/Loss	(391.060)	270.155.891	(46.726)	69.219.170

Movement of the affiliates is as follows;

	31 December 2021		31 December 2020		
	Gendepo	G. Kimya	Gendepo	G. Kimya	5K
Balance of January 1	**210.773**	**37.044.954**	-	30.468.667	2.404.094
Sale of share of the Company	-	(559.278)	232.500	-	-
Capital Payment	40.900	-	-	-	-
Amount associated with Profit/Loss	(213.831)	39.172.604	(21.727)	10.036.780	(2.404.094)
Affiliate dividend payment	-	(1.279.412)	-	(682.353)	-
Share of comprehensive income /loss	-	(68.246)	-	(9.073)	-
Group payment sale / business combinations (Note 36)	-	-	-	(1.069.951)	-
Profit/Loss Elimination	-	-	-	(1.699.116)	-
Closing Balance	**37.842**	**74.310.622**	**210.773**	**37.044.954**	**-**

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

NOTE 13 – RIGHT OF USE ASSETS

Changes in the Group's right of use assets and depreciation as of December 31, 2021 and 2020 are as follows;

Cost	**31.12.2021**	**31.12.2020**
Opening	6.205.671	1.228.859
Addition	-	4.976.812
Amortized	(1.368.325)	-
Closing balance	**4.837.346**	**6.205.671**

Accumulated Amortisation	**31.12.2021**	**31.12.2020**
Opening	(1.963.161)	(742.969)
Addition	(1.231.340)	(1.220.192)
Amortized	1.368.325	-
Closing balance	**(1.826.176)**	**(1.963.161)**
Net Book Value	**3.011.170**	**4.242.510**

NOTE 14 – INVESTMENT PROPERTIES

The details of investment properties of the Group as of 31 December 2021 and 2020 are as follows;

	1 January 2021	**Addition**	**Disposal**	**Transfers**	**31 December 2021**
Cost					
Buildings	19.828.261	-	-	-	19.828.261
Accumulated Depreciation	(2.340.801)	(399.626)	-	-	(2.740.427)
Total	**17.487.460**	**(399.626)**	**-**	**-**	**17.087.834**

	1 January 2020	**Addition**	**Disposal**	**Transfers**	**31 December 2020**
Buildings	16.293.228	-	(450.225)	3.985.258	19.828.261
Accumulated Depreciation	(2.112.976)	(357.134)	129.309	-	(2.340.801)
Total	**14.180.252**	**(357.134)**	**(320.916)**	**3.985.258**	**17.487.460**

Real estates classified as assets held for sale are classified under investment properties as of December 31, 2020.

The Group had 1.290.098 TL rent income from investment properties (31 December 2020: 1.137.644 TL).

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

NOTE 15 – TANGIBLE ASSETS

Movements in tangible assets and related accumulated depreciation for the years ending on December 31, 2021 and 2020 are as follows:

	1.01.2021	Additon	Disposal	Transfers	Translation Differences	31 December 2021
Cost						
Land	3.719.573	-	-	-	59.440	3.779.013
Land Improvements	4.683.390	102.337	-	-	-	4.785.727
Buildings	37.979.438	-	-	-	9.540.927	47.520.365
Machinery, Plant and Equipment	138.120.641	1.785.491	(886.303)	3.298.737	3.652.022	145.970.588
Vehicles	4.145.616	3.830.235	(334.724)	-	16.431	7.657.558
Furniture and Fixtures	8.097.801	871.528	(281.097)	-	26.448	8.714.680
Other Tangible Assets	9.695.694	45.586	(124.161)	-	-	9.617.119
Leasehold Improvements	8.589.317	64.717	-	-	-	8.654.034
Construction in Progress (*)	224.251	40.104.374	-	(3.298.737)	-	37.029.888
	215.255.721	**46.804.268**	**(1.626.285)**	**-**	**13.295.268**	**273.728.972**
Accumulated Amortization						
Land Improvements	3.610.526	140.631	-	-	-	3.751.157
Buildings	8.756.968	857.613	-	-	1.129.138	10.743.719
Machinery, Plant and Equipment	94.566.574	8.444.156	(503.808)	-	2.096.030	104.602.952
Vehicles	3.229.368	613.506	(224.131)	-	16.429	3.635.172
Furniture and Fixtures	6.261.805	669.000	(275.270)	-	10.397	6.665.932
Other Tangible Assets	8.588.264	224.866	(116.736)	-	-	8.696.394
Leasehold Improvements	5.691.117	1.230.816	-	-	-	6.921.933
	130.704.622	**12.180.588**	**(1.119.945)**	**-**	**3.251.994**	**145.017.259**
Total	**84.551.099**					**128.711.713**

Current period depreciation charges, amounting to 9.869.089 TL reflected to the cost of sales (2020: 8.848.898 TL), amounting to 1.561.899 TL to marketing, sales and distribution expenses (2020: 1.265.306), amounting to 2.571.189 TL (2020: 3.359.317) in general administrative expenses and amounting to 15.177 TL (2020: 5.038 TL) in research and development expenses.

(*) The construction of the new warehouse of Gentaş Dekoratif Yüzeyler Sanayi ve Ticarat A.Ş. is due to the solar panel expenditures built for the factory.

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

NOTE 15 – TANGIBLE ASSETS (Cont.)

	1 January 2020	Addition	Disposal	Transfers	Translation Differences	31 December 2020
Cost						
Land	3.694.876	-	-	-	24.697	3.719.573
Land Improvements	4.292.908	-	-	390.482	-	4.683.390
Buildings	32.087.241	-	(42.194)	1.970.831	3.963.560	37.979.438
Machinery, Plant and Equipment	123.059.410	1.881.214	(1.059.448)	12.612.727	1.626.738	138.120.641
Vehicles	3.807.276	298.251	(244.553)	277.819	6.823	4.145.616
Furniture and Fixtures	7.484.386	600.520	(21.854)	23.690	11.059	8.097.801
Other Tangible Assets	9.272.998	2.051	-	420.645	-	9.695.694
Leasehold Improvements	7.634.484	954.833	-	-	-	8.589.317
Construction in Progress	2.001.783	13.918.662	-	(15.696.194)	-	224.251
	193.335.362	**17.655.531**	**(1.368.049)**	**-**	**5.632.877**	**215.255.721**
Accumulated Amortization						
Land Improvements	3.497.729	112.797	-	-	-	3.610.526
Buildings	7.658.697	734.818	(264)	-	363.717	8.756.968
Machinery, Plant and Equipment	85.881.609	8.445.545	(496.701)	-	736.121	94.566.574
Vehicles	3.139.898	305.607	(222.620)	-	6.483	3.229.368
Furniture and Fixtures	5.671.216	606.538	(19.132)	-	3.183	6.261.805
Other Tangible Assets	8.374.698	213.566	-	-	-	8.588.264
Leasehold Improvements	4.351.696	1.339.421	-	-	-	5.691.117
	118.575.543	**11.758.292**	**(738.717)**	**-**	**1.109.504**	**130.704.622**
Total	**74.759.819**					**84.551.099**

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

NOTE 16 – INTANGIBLE ASSETS

Movements in intangible fixed assets and related amortization for the years ending on December 31, 2021 and 2020 are as follows:

	1 January 2021	Additon	Disposal	Translation differences	31 December 2021
Cost					
Rights	303.617	-	-	64.294	367.911
Other	1.915.464	393.270	-	-	2.308.734
	2.219.081	**393.270**	**-**	**64.294**	**2.676.645**
Accumulated Amortisation					
Rights	241.252	19.044	-	63.423	323.719
Other	987.408	186.756	-	-	1.174.164
	1.228.660	**205.800**	**-**	**63.423**	**1.497.883**
Total	**990.421**				**1.178.762**

	1 January 2020	Additon	Disposal	Translation differences	31 December 2020
Cost					
Rights	267.334	9.565	-	26.718	303.617
Other	1.751.477	163.987	-	-	1.915.464
	2.018.811	**173.552**	**-**	**26.718**	**2.219.081**
Accumulated Amortisation					
Rights	194.361	20.743	-	26.148	241.252
Other	865.210	122.198	-	-	987.408
	1.059.571	**142.941**	**-**	**26.148**	**1.228.660**
Total	**959.240**				**990.421**

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

NOTE 17 – GOODWILL

The details of goodwill of the Group as of 31 December 2021 and 2020 are as follows;

	31 December 2021	31 December 2020
Goodwill arising from the GBS Gentaş acquisition	942.792	942.792
Total	**942.792**	**942.792**

Goodwill was also reviewed as of the date of 31 December 2021, in order to test against impairment, and no impairment has been detected in the amount of goodwill (31 December 2020: None).

NOTE 18 – PAYABLES WITHIN THE SCOPE OF BENEFITS FOR EMPLOYEES

The details of payables within the scope of benefits for employees of the Group as of 31 December 2021 and 2020 are as follows;

	31 December 2021	31 December 2020
Social security premiums payable	2.293.544	1.935.681
Taxes payable	8.534.282	4.203.569
Due to personnel	506.736	4.109.161
Total	**11.334.562**	**10.248.411**

NOTE 19 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

The details of provisions, contingent assets and liabilities of the Group as of 31 December 2021 and 2020 are as follows;

19.1 Short Term Provisions:

	31 December 2021	31 December 2020
Unused vacations	4.256.946	3.488.166
Total	**4.256.946**	**3.488.166**

19.2 Litigation and Disputes

a) Ongoing lawsuits filed by the Group:

As of 31 December 2021, there are a total of 36.569.078 TL claims filed by the Group (31 December 2020: 35.125.883 TL) fro trade receivables. The Group allocates provisions for its receivables at the stage of lawsuit and execution.

b) Significant law suits filed and pending against the Group:

As of 31 December 2021, there are ongoing lawsuits against the Group amounting to 143.000 TL (31 December 2020: 447.350). While allocating provisions for the lawsuits, the possibilities of losing the lawsuits and the liabilities that will arise in case of loss are evaluated by the Parent Company Management by taking the opinions of the company's legal counsel and experts. The Parent Company Management determines the lawsuit provisions based on the best estimates, and no provision has been made as of 31 December 2021 regarding the lawsuits filed against.

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

NOTE 19 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont.)

19.3 Given/Received Guarantees, Pledge and Mortgages:

a) Given GPM

	31 December 2021	31 December 2020
GPMs Given by the Group		
A- Total amount of the GPMs given in the name of its own legal entity	28.894.323	22.118.816
B- Total amount of the GPMs given on behalf of fully consolidated companies	7.835.288	1.738.525
C- GPMs given on behalf of the other third parties debt for the continuation of their ordinary economic activities	-	-
D- Total amount of other GPMs		
i- Total amount of GPMs given on behalf of parent company shareholder	-	-
ii- Total amount of GPMs given on behalf of other group companies which do not fall into the scope of items B and C	17.178.291	36.502.496
iii- Total amount of GPMs given on behalf of third parties which do not fall into the scope of item C	-	-
Total	**53.907.902**	**60.359.837**

The details of the GPM given by the Group as of 31 December 2021 and 2020 are as follows:

Type	Given to	31 December 2021	31 December 2020
Letter of guarantee	Government Agencies	2.479.500	1.223.667
Letter of guarantee-surety	Suppliers ****	1.619.355	1.960.543
Letter of guarantee	Banks *	24.795.468	18.934.606
Guarantee	Gentas Italy **	1.835.288	1.738.525
Guarantee	Genmar	6.000.000	-
Guarantee	5K ***	17.178.291	36.502.496
Total		**53.907.902**	**60.359.837**

* Equivalent to 1.688.800 Euro (2020: Equivalent to 2.102.000 Eur)
** Equivalent to 125.000 Euro (2020: Equivalent to 193.000 Eur)
*** Equivalent to 1.170.000 Euro (2020: Equivalent to 1.170.000 Eur and 25.963.253 TL)
**** Equivalent to 4.292 US Dollar and 1.563.660 TL (2020: Equivalent to 7.639 US Dollar and 1.904.473 TL)

b) Received GPMs

Type	Received from	31 December 2021	31 December 2020
Letter of guarantee	Customers	1.905.405	2.530.046
Mortgage	Customers	4.900.000	3.300.000
Guarantee	Genmar Yapı and GBS*	275.688.000	327.130.313
Total		**282.493.405**	**332.960.359**

* Equivalent to 6.000.000 US Dollars, 10.000.000 Eur and 51.000.000 TL

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

NOTE 20 – GOVERNMENT GRANTS AND INCENTIVES

Income from investments, whose scope is specified in the article 32 / A added to the Corporate Tax Law No.5520 with the Law No.5838 and issued by the Ministry of Economy and has been linked to an incentive certificate by the Ministry of Economy, from the fiscal period when the investment is started to operate partially or completely, reduced corporations until it reaches the investment contribution amount. Tax may be applied.

Gentaş Dekoratif Yüzeyler Sanayi ve Ticarat A.Ş. and GBS Gentaş Bolu Lamine A.Ş. within the scope of their investment incentive certificates, they benefit from VAT exemption, Customs exemption, Reduced Corporate Tax application (GBS 20% investment contribution rate - 55% tax deduction rate, Gentaş Decorative 35% investment contribution rate - 100% tax deduction rate), following the completion of the investment, the insurance premium employer's share support.

NOTE 21 – EMPLOYEE BENEFITS

Provision for Employee Termination Benefits

Within the framework of the existing laws in Turkey, the Group 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 completes a total of 20 years of service for women and 25 years for men or achieves the retirement age. Monthly severance pay ceiling should not be exceeded in the calculations. The employment termination benefits liability is not subject to any legal funding.

The employment termination benefits to be paid as of the date of 31 December 2021 is calculated over the monthly severance pay ceiling of 10.848,59 TL, valid starting from 1 January 2022 (31 December 2020: 7.638,96 TL).

Benefit obligation is calculated according to the estimation of the present value of the future probable obligation of the Group arising from the retirement of the employees. In accordance with TAS 19, "Employee Benefits", it stipulates that the liabilities of the company are developed within the scope of defined benefit plans by using actuarial valuation methods. Accordingly, the actuarial assumptions used in the calculation of total liabilities are specified below:

The main assumption is that the maximum liability for each year of service will increase in parallel with inflation. Therefore, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As of 31 December 2021, the provisions in the attached financial statements are calculated by estimating the present value of the possible future liability arising from the retirement of the employees. As of 31 December 2021, the provisions were calculated with a real discount rate of 3.42% based on the assumption of an annual inflation rate of 17,00% and a discount rate of 21.00% (31 December 2020: 3.37% real discount rate). The estimated rate of severance pay amounts that will not be paid as a result of voluntary employee withdrawal and will remain in the Group is also taken into consideration.

The movement table of the provision for employee termination benefits account of the Group as of December 31, 2021 and 2020 is as follows:

	31 December 2021	31 December 2020
Openin Balance	**7.570.044**	**5.393.040**
Payments	(1.533.740)	(578.049)
Interest cost	1.460.609	749.334
Current service cost	2.382.861	1.894.099
Actuarial Profit/(Loss)	834.630	111.620
Provision at the end of the period	**10.714.404**	**7.570.044**

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

NOTE 22 – OTHER ASSETS AND LIABILITIES

The details of the other assets and liabilities of the Group as of December 31, 2021 and 2020 is as follows:

	31 December 2021	31 December 2020
Other current assets		
Deferred VAT	13.052.958	6.049.426
Total	**13.052.958**	**6.049.426**

	31 December 2021	31 December 2020
Other Current Liabilities		
Other VAT Payables	17.692	492.079
Expense Accruals	2.224.441	3.233.238
Total	**2.242.133**	**3.725.317**

NOTE 23 – EQUITY

The capital of the company is 200.000.000 TL, and it is divided into 20.000.000.000 registered shares, each of 0.01 TL (December 31, 2020: 154.000.000 TL). The partnership structure of the Company as of December 31, 2021 and December 31, 2020 is as follows:

	31 December 2021		31 December 2020	
	Share	**Amount**	**Share Rate**	**Amount**
Genmar Yapı	6,16%	12.325.689	6,12%	9.418.782
Abdurrahman KAHRAMAN (Tahsin Oğlu)	12,00%	24.007.855	11,69%	18.008.650
M. Ziya KAHRAMAN	9,53%	19.059.902	9,64%	14.844.268
Seyit Mehmet MUTLU	7,19%	14.371.909	6,69%	10.300.844
Sezai KAHRAMAN	5,64%	11.272.730	5,64%	8.680.003
Tahsin KAHRAMAN	5,05%	10.100.000	5,01%	7.715.401
Other Shareholders	54,43%	108.861.915	55,22%	85.032.052
Total	**100,00**	**200.000.000**	**100,00**	**154.000.000**

The registered capital ceiling of the company is 235.000.000 TL and according to the relevant communiqué; The capital ceiling can be exceeded for once by adding the dividend to the capital.

In 15 August 2021, the company has increased the capital amounted to 46.000.000 (2020: 9.000.000 TL) from dividends.

Reserves

	31 December 2021	31 December 2020
Legal reserves	22.893.046	19.130.740
Exemption arising from earnings from sale of affiliates	5.297	5.297
Exemption arising from earnings from sale of land and building	4.286.210	4.191.996
Total	**27.184.553**	**23.328.033**

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

NOTE 23 – EQUITY (Cont.)

Reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code. The Turkish Commercial Code 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 paid in share capital. The second legal reserves, on the other hand, is 10% of the distributed profits exceeding 5% of the paid in share capital. According to the Turkish Commercial Code, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

Actuarial Gain / Loss Fund for Provision for Employee Termination Benefits

With the amendment made in the TAS - 19 “Employee Benefits” the actuarial losses and earnings taken into consideration in the calculation of the provision for employee termination benefits are not allowed to be accounted for in the statement of income. The losses and earnings that occurred in consequence of the change in the actuarial assumptions are accounted for in the equity.

Retained earnings

	31 December 2021	31 December 2020
Extra reserve	80.757.294	93.547.806
Retained earnings	(13.053.692)	(36.474.395)
Total	**67.703.602**	**57.073.411**

Non-Controlling Interest

The amounts corresponding to the minority interests outside of the interests of the parent company and subsidiaries are deduced from the entire account group of equity capital within the scope of consolidation including paid in / issued capital and displayed in the equity capital account group of the consolidated balance sheet under the account group name of “Non-controlling interests”.

Effect of Business Combination Under Common Control

The positive / negative difference occurring during the initial recognition of business combinations occurring under common control is accounted under equity. The related balance resulted from the acquisition of Genmar Orman, which the Group acquired in 2012, and the merger of Genmar Orman and Genmar Yapı (formerly Genart) in 2019.

Foreign Currency Translation

It consists of exchange rate differences arising from the conversion of Gentas Italy financial statements from Euro to TL.

Capital Adjustments Due to Cross-Ownership

It arises from the Company shares held by Genmar Yapı and Gentaş Kimya. All of the shares owned by Genmar Yapı and Gentaş Kimya's shares are paid as capital adjustments due to cross-ownership. The difference between the cost value and nominal values of the relevant shares has been offset from the “Retained Earnings” account.

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

NOTE 23 – EQUITY (Cont.)

Dividend payment

According to the Series: II, No: 19.1 "Dividend Communiqué", the partnerships distribute their profits within the framework of the profit distribution policies to be determined by their general assemblies and in accordance with the provisions of the relevant legislation. Dividends are distributed equally to all existing shares as of the distribution date, regardless of their issuance and acquisition dates. Unless the reserve funds required to be allocated according to the TCC and the profit share determined for the shareholders in the articles of association or profit distribution policy are not reserved; it is not possible to decide to allocate other reserves, to transfer profits for the following year and to distribute dividends to beneficiary shareholders, members of the board of directors, shareholders and non-shareholders. The dividend distribution table must be disclosed to the public at the latest when the agenda of the ordinary general assembly is announced. Losses of partnerships in previous years; In the calculation of the net distributable period profit, the portion exceeding the sum of the total legal reserves including previous years profits, premiums related to shares, and the sum of the equity items excluding capital, adjusted for inflation accounting is considered as discount item in the calculation of net distributable period profit.

The Parent Company distributed 10.000.000 TL cash dividend in 2021 (gross 6.49 TL, net 5.52 TL per 100 shares).

As long as it can be met from the resources in the legal records of companies, it has been allowed to calculate the amount of profit they will distribute by taking into account the net period profits in the financial statements prepared within the framework of the Communiqué Serial: II No: 14.1. According to the legal records of the company, the distributable resources are as follows;

	31 December 2021	**31 December 2020**
Extraordinary reserves	40.862.281	51.170.385
Total	**40.862.281**	**51.170.385**

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

NOTE 24 – REVENUE AND COST OF SALES

The details of the revenue and cost of sales of the Group as of December 31, 2021 and 2020 are as follows:

	1 January - 31 December 2021	**1 January - 31 December 2020**
Domestic Sales	**428.406.636**	**276.779.620**
Sales of Laminat	355.288.868	175.023.768
Sales of Werzalit	33.223.045	36.789.756
Other Sales	39.894.723	64.966.096
Export Sales	**370.519.355**	**212.335.437**
Sales of Laminat	325.083.950	187.301.445
Sales of Werzalit	36.185.983	12.774.614
Other Sales	9.249.422	12.259.378
Other Revenues	**3.265.987**	**1.946.583**
Total Sales	**802.191.978**	**491.061.640**
Sales returns (-)	(4.990.847)	(2.888.608)
Sales discounts (-)	(9.163.512)	(6.602.090)
Net Sales	**788.037.619**	**481.570.942**
Cost of products sold (-)	557.389.060	233.489.546
Cost of trade goods sold(-)	65.938.059	101.231.280
Cost of Sales	**623.327.119**	**334.720.826**

NOTE 25 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

The details of the general administrative expenses, marketing expenses and research and development expenses of the Group for the years ended December 31, 2021 and 2020 are as follows:

	1 January - 31 December 2021	**1 January - 31 December 2020**
Research and development expenses		
Material expenses	2.709.399	705.418
Consultancy expenses	725.989	389.775
Test expenses	644.776	449.176
Personnel expenses	372.091	274.637
Depreciation expenses	15.177	5.038
Other expenses	93.478	281.672
Total	**4.560.910**	**2.105.716**

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

NOTE 25 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (Cont.)

General administrative expenses	1 January - 31 December 2021	1 January - 31 December 2020
Personnel expenses	22.409.464	15.077.675
Depreciation expenses	2.571.189	3.359.317
Consultancy expenses	2.641.144	1.480.995
Taxes and funds	988.726	763.144
Material expenses	953.324	840.991
Rent and insurance expenses	843.006	514.820
Bank charges	602.764	583.688
Travel expense	64.693	284.141
Communication expenses	331.248	336.690
Representation expenses	131.376	345.377
Maintenance and repair expenses	1.250.958	786.577
Energy expenses	657.940	476.752
Other expenses	2.952.365	3.055.102
Total	**36.398.197**	**27.905.269**

Marketing, sales and distribution expenses		
Personnel expenses	8.481.266	6.016.297
Export expenses	8.288.785	4.170.900
Commission expenses	5.224.706	3.533.510
Advertising expenses	3.431.934	1.397.637
Fair expenses	122.958	2.097.951
Premiums	1.022.348	1.180.919
Transportation expenses	3.408.024	1.827.001
Rent and insurance expenses	341.372	200.954
Material expenses	1.685.537	498.868
License expenses	252.730	258.060
Travel expense	664.481	219.125
Depreciation and amortization expenses	1.561.899	1.265.306
Other expenses	4.897.662	4.452.792
Total	**39.383.702**	**27.119.320**

NOTE 26 – NATURE OF EXPENSES

The details of the nature of expenses of the Group for the years ended December 31, 2021 and 2020 are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Raw materials	451.113.769	124.470.369
Cost of merchandise	65.938.059	101.231.280
Indirect material cost	72.542.706	36.911.276
Personnel expenses	31.262.821	53.853.510
Depreciation expenses	14.017.354	13.478.559
Energy expenses	17.353.475	29.422.312
Other expenses	51.441.744	32.483.825
Total	**703.669.928**	**391.851.131**

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

NOTE 27 – OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income and expenses from operating activities of the Group for the years ended December 31, 2021 and 2020 are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Other operating income		
Financing income from sales	12.508.436	10.715.891
Foreign exchange income from trade activities	89.460.487	20.131.269
Unnecessary provision	347.509	3.290.512
Interest income from trade activities	218.871	222.136
Other income	4.884.219	1.655.824
Total	**107.419.522**	**36.015.632**

	1 January - 31 December 2021	1 January - 31 December 2020
Other operating expenses		
Doubtful receivables expenses	1.669.142	4.889.974
Penalty	2.513.951	-
Foreign exchange expenses from trade activities	45.063.094	13.495.007
Financing expenses from purchases	13.049.246	11.909.622
Other	7.282.965	4.953.654
Total	**69.578.398**	**35.248.257**

NOTE 28 – INCOME AND EXPENSES FROM INVESTING ACTIVITIES

The details of income and expenses from investing activities of the Group for the years ended December 31, 2021 and 2020 are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Income from Investment Activities		
Profit on sale of fixed asset	2.137.524	11.301.740
Foreign exchange income	1.262.155	2.385.283
Income from affiliate sale (*)	3.500.000	-
Rent income	1.290.098	1.137.644
Interest income	1.541.717	887.508
Other	3.724	15.214
Total	**9.735.218**	**15.727.389**

(*) Consists of the sales of 5K Yüzey Teknolojileri Orman Ürünleri Mobilya Sanayi ve Ticaret A.Ş. on 29 December 2021.

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

NOTE 28 – INCOME AND EXPENSES FROM INVESTING ACTIVITIES (Cont.)

	1 January - 31 December 2021	1 January - 31 December 2020
Expenses From Investment Activities		
Foreign exchange loss	4.347.710	529.245
Other	-	200.000
Total	**4.347.710**	**729.245**

NOTE 29 – FINANCING EXPENSES

	1 January - 31 December 2021	1 January - 31 December 2020
Financing expenses		
Interest expenses	4.304.929	6.507.292
Foreign exchange expense	24.578.559	7.452.086
Other	401.964	1.564.526
Total	**29.285.452**	**15.523.904**

NOTE 30 – INCOME TAXES

Corporate tax

The required provisions are reserved in the accompanying consolidated financial statements for the estimated tax liabilities with regards to the current period operating results of the Group.

In Turkey, the provisional corporation tax is calculated and accrued at nine month intervals. As of 31 December 2021, the provisional corporation tax rate to be applied on corporate earnings declared for year is 25% (31 December 2020 - 22%). In accordance with the regulation published in Official Gazette numbered 31462 on 22 April 2021, corporate tax rate in Turkey for the year ended 2021 has been increased from 20% to 25%, for the year 2022 increased to 23%. The amendement is effective as of 1 July 2021.

Losses can be carried for a maximum of 5 years to be deducted from the taxable profit that will occur in the coming years. However, the losses cannot be deducted retrospectively from the profits in the previous years.

With regards to the taxes to be paid in Turkey, there is no practice of reconciliation with the tax authority. The corporate tax returns are submitted to the respective tax office until the evening of the last day of the fourth month following the month that the accounting period is closed. Notwithstanding, the tax authorities have the right to audit tax returns may inspect the related accounting records for a period of five years and in case an erroneous transaction is detected, then the amounts of taxes payable may change.

In addition to the corporate tax, except for those distributed to fully obliged institutions that acquire share from profits in the event they are distributed and declares these shares from profits by including them into the earnings of the institution, and to the braches of foreign companies in Turkey, income tax withholding should separately be calculated over the shares of profits. The income tax withholding is applied at the rate of 15 %.

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

NOTE 30 – INCOME TAXES (Cont.)

Corporate tax (Cont.)

The tax legislation in Turkey does not permit a parent company and the entities in the scope of consolidation to file a consolidated tax return. Therefore, the tax provisions as reflected in the consolidated financial statements have been calculated separately on entity basis.

Corporate tax liabilities reflected in the balance sheet as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Current tax liability		
Corporate tax provision	20.474.667	17.343.703
Prepaid taxes and funds	(7.428.198)	(8.472.740)
Corporation tax liability	**13.046.469**	**8.870.963**

Corporate tax liabilities reflected in profit and loss as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Tax expense / (income)		
Current corporate tax	(20.474.667)	(17.343.703)
Deferred tax (income) / expense	16.309.090	1.076.739
Total	**(4.165.577)**	**(16.266.964)**

Reconciliation of current tax expense with period profit is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Profit before tax	**137.269.642**	**97.572.385**
Tax calculated on local tax rate (25%) (2020:22%)	34.317.411	21.465.925
Tax effect of non-deductible expenses	3.471.462	979.101
Tax effect of deductible exemptions and discounts	(29.628.917)	(4.270.483)
Tax effect of non-taxable losses	(3.994.379)	(1.907.579)
Tax provisions	**4.165.577**	**16.266.964**

Current Tax Assets:

As of December 31, 2020, current tax assets consist of prepaid income tax.

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

NOTE 30 – INCOME TAXES (Cont.)

Deffered taxes

The breakdown of the related accumulated temporary differences and deferred tax assets and liabilities of the Group prepared using the applicable tax rates is as follows:

	31 December 2021		31 December 2020	
	Cumulative differences	Assets/ (Liabilities)	Cumulative differences	Assets/ (Liabilities)
Net difference between book value and tax value of inventories	12.619.116	2.902.397	12.342.991	2.468.598
The net difference between the book value of Properties, Plant and Equipment and intangible fixed assets and tax bases	65.223.632	13.751.895	-	-
Provision for employee termination benefits	10.714.404	2.142.881	6.952.147	1.390.429
Deferred finance income	625.941	143.965	1.415.775	283.155
Provisions for doubtful receivables	4.299.273	966.074	11.148.193	2.229.639
Unused vacation provision	4.256.946	851.389	3.488.166	697.633
Loans	-	-	344.617	68.923
Lease assets and its liabilities	107.864	21.573	225.365	45.073
Deferred tax assets	**97.847.176**	**20.780.174**	**35.917.254**	**7.183.450**
Loans	(299.134)	(58.255)	-	-
The net difference between the book value of Properties, Plant and Equipment and intangible fixed assets and tax bases:	-	-	(15.672.661)	(3.134.532)
Deferred financing expense	(1.656.536)	(381.003)	(920.094)	(184.019)
Deferred tax liabilities	**(1.955.670)**	**(439.258)**	**(16.592.755)**	**(3.318.551)**
Deferred Tax Assets, net	**95.891.506**	**20.340.916**	**19.324.499**	**3.864.899**

The movements of the Group's deferred tax assets / liabilities are as follows;

Movements of the Group's Deferred Tax Assets:	**31 December 2021**	**31 December 2020**
Opening balance as of January 1	3.864.899	2.765.836
Deferred tax income/(expense)	16.309.090	1.076.739
Recognised in Equity	166.927	22.324
Closing balance as of 31 December	**20.340.916**	**3.864.899**

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

NOTE 31 – EARNINGS PER SHARE / (LOSS)

Earnings per share are calculated by dividing the net income of the shareholders by the weighted average number of ordinary shares. The earnings per share of the Group as at 31 December 2021 and 2020 are as follows:

	1 January - 31 December 2021	**1 January - 31 December 2020**
Net profit for the period	107.164.704	67.524.692
Weighted average number of the issued ordinary shares	20.000.000.000	20.000.000.000
Earnings per 100 share	**0,536**	**0,338**

NOTE 32 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Capital risk management

The Company aims at increasing its profits by ensuring the sustainability of its operating activities on the one hand, while using its equity capital balance at the most efficient manner, on the other. The capital structure of the Company is composed of equity capital items containing payables also including credits, cash and cash equivalents and issued capital respectively, profit reserves as well as retained earnings.

The general strategy of the Company overall does not display any difference from the previous period.

The table of the major risks that the Group is exposed to is provided as follows;

Credit risk

Credit risk is the risk of failure by a party among those who made investment on a financial instrument to fulfill its liabilities, incurring financial losses to the other party. The Company manages the credit risk by restricting its transactions with certain third persons and continuously reviewing the credit risks of third persons.

The credit risk of the Group results predominantly from its trade receivables.

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

NOTE 32- NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont.)

Credit risk (Cont.)

The financial instruments and amounts that the Group is exposed to credit risk are as follows;

	Trade Receivables		**Other Receivables**		**Deposits at**
31 December 2021	**Other**	**Related**	**Other**	**Related**	**Banks**
The maximum credit risk exposed as of the reporting date (A+B+C+D) [(1)]	**122.031.396**	**2.614.215**	**22.676.138**	**-**	**147.439.678**
The part of the maximum risk that is secured with collateral etc.	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	122.031.396	2.614.215	22.676.138	-	147.439.678
B. Net book value of assets that are overdue but not impaired	-	-	-	-	-
- The part secured with collateral etc.	-	-	-	-	-
C. Net book values of impaired assets	-	-	-	-	-
- Overdue (gross book value)	35.701.548	867.530	-	-	-
- Impairment (-)	(35.701.548)	(867.530)	-	-	-
D. Components involving off-balance sheet credit risk	-		-		-

(1) In the determination of the amounts, the elements that increase the loan credibility, such as the received guarantees, are not taken into consideration.

	Trade Receivables		**Other Receivables**		**Deposits at**
31 December 2020	**Other**	**Related**	**Other**	**Related**	**Banks**
The maximum credit risk exposed as of the reporting date (A+B+C+D) [(1)]	**100.970.077**	**4.417.624**	**8.315.139**	**11.861.008**	**49.713.963**
The part of the maximum risk that is secured with collateral etc.	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	100.970.077	4.417.624	8.315.139	11.861.008	49.713.963
B. Net book value of assets that are overdue but not impaired	-	-	-	-	-
- The part secured with collateral etc.	-		-	-	-
C. Net book values of impaired assets	-	-	-	-	-
- Overdue (gross book value)	30.863.960	4.261.923	-	-	-
- Impairment (-)	(30.863.960)	(4.261.923)	-	-	-
D. Components involving off-balance sheet credit risk	-		-		-

(1) In the determination of the amounts, the elements that increase the loan credibility, such as the received guarantees, are not taken into consideration.

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

NOTE 32 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont.)

Liquidity risk

Liquidity risk is the possibility of the failure to perform net funding liabilities by the Group. The Group management manages the liquidity risk by distributing the funding sources and making available sufficient amount of cash and equivalent resources in order to fulfill its possible obligations.

The Group's liquidity risk table is as follows;

31 December 2021

Total financial liabilities	Book Value	Total contractual cash outflows	Less than 3 months	Between 3-12 months	Between 1-5 years
Financial debts	98.510.926	99.003.912	1.115.353	75.972.134	21.916.425
Trade payables	143.517.026	145.245.540	145.245.540	-	-
Other payables	3.591.913	3.591.913	3.591.913	-	-
Total	**245.619.865**	**247.841.365**	**149.952.806**	**75.972.134**	**21.916.425**

31 December 2020

Total financial liabilities	Book Value	Total contractual cash outflows	Less than 3 months	Between 3-12 months	Between 1-5 years
Financial debts	29.927.042	30.999.589	4.610.470	4.649.330	21.739.789
Trade payables	57.346.569	58.283.456	58.283.456	-	-
Other payables	2.816.625	2.816.625	2.816.625	-	-
Total	**90.090.236**	**92.099.670**	**65.710.551**	**4.649.330**	**21.739.789**

Market Risk

Market risk is the changes in interest rates, exchange rates and values of other financial contracts, which has a negative impact of the Group. The fluctuations to occur in the related instruments lead to changes in the statement of income and equity of the Group.

Interest rate risk

The Group has fixed interest bank loans and is not exposed to interest rate risk. Although there is no risk in fixed-rate bank loans and time deposits, they are affected by the future interest rates for future loans and deposits for the continuation of their operations.

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

NOTE 32 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont.)

Currency risk

The financial instruments of the Group in foreign exchange are exposed to currency risk due to the changes in foreign exchange rates. The foreign currency position of the Group as at 31 December 2021 and 2020 are as follows:

31 December 2021	**TL Equivalent**	**US Dollar**	**Eur**
Monetary financial assets	94.972.189	1.399.135	5.231.804
Trade Receivables	78.377.432	255.812	5.112.117
Total assets	**173.349.621**	**1.654.947**	**10.343.921**
Short Term Liabilities			
Trade payables	84.294.818	292.065	5.483.102
Financial liabilities	57.864.090	-	3.941.078
Long Term Liabilities			
Financial liabilities	18.137.756	-	1.235.348
Total Liabilities	**160.296.664**	**292.065**	**10.659.528**
Net Foreign Currency Position	**13.052.957**	**1.362.882**	**(315.607)**
Export	**410.940.170**	2.386.891	34.118.920
Import	**239.887.162**	1.389.672	19.432.571

31 December 2020	**TL Equivalent**	**US Dollar**	**Eur**
Monetary financial assets	26.653.235	1.787.073	1.502.595
Trade Receivables	52.671.654	132.843	5.739.020
Total assets	**79.324.889**	**1.919.916**	**7.241.615**
Short Term Liabilities			
Trade payables	39.430.716	34.914	4.348.897
Financial liabilities	5.540.677	-	615.091
Other monetary liabilities	4.507.646	-	500.410
Long Term Liabilities			
Financial liabilities	14.837.256	-	1.647.138
Total Liabilities	**64.316.295**	**34.914**	**7.111.536**
Net Foreign Currency Position	**15.008.594**	**1.885.002**	**130.079**
Export	**212.335.438**	807.618	23.260.371
Import	**151.955.392**	1.618.589	15.539.340

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

NOTE 32 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont.)

Currency risk (Cont.)

Sensitivity analysis;

As of December 31, 2021 and 2020, the pre-tax profit and equity would be as low / higher as the following amounts, provided that all other variables remained constant in the face of a 10% increase or decrease in foreign currency.

Exchange Rate Sensitivity Analysis Table

	Profit/(Loss)		**Shareholder's equity**	
31 December 2021	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
US Dollar	1.768.680	(1.768.680)	1.768.680	(1.768.680)
Eur	(463.384)	463.384	(463.384)	463.384
Total	**1.305.296**	**(1.305.296)**	**1.305.296**	**(1.305.296)**

Exchange Rate Sensitivity Analysis Table

	Profit/(Loss)		**Shareholder's equity**	
31 December 2020	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
US Dollar	1.383.686	(1.383.686)	1.383.686	(1.383.686)
Eur	117.174	(117.174)	117.174	(117.174)
Total	**1.500.860**	**(1.500.860)**	**1.500.860**	**(1.500.860)**

NOTE 33 – FINANCIAL INSTRUMENTS: DISCLOSURES (FAIR VALUE DISCLOSURES AND HEDGE ACCOUNTING DISCLOSURES)

The current value is the amount that a financial instrument can be handed over in a current transaction, other than a compulsory sale or liquidation, between voluntary parties, and is best determined with the realized market price, if any.

Estimations are used in the estimation of current value and interpretation of the market data. Accordingly, the estimations presented hereby may not be able to display the amounts that the Group can acquire from an actual market transaction.

The methods and assumptions provided below are used to estimate the current value of each one of the financial instruments in the events where it is possible to determine the current value.

Financial assets

The carried values of the cash and cash equivalent financial assets are thought to be close to their current values. The carried values of trade receivables after the deduction of doubtful receivables are thought to be close to their current values. The monetary items in foreign currency are converted using the exchange rates as at the end of the period. Off board financial assets are displayed over their costs.

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

NOTE 33 - FINANCIAL INSTRUMENTS: DISCLOSURES (FAIR VALUE DISCLOSURES AND HEDGE ACCOUNTING DISCLOSURES) (Cont.)

Financial liabilities

The monetary items in foreign currency are converted using the exchange rates as at the end of the period. The trade payables and other monetary liabilities, as they are short term liabilities, are accepted to have current values close to their carried values. On the other hand, the carried values of the short term credits, due to their short term, are assumed to reflect the current value. Long term credits reflect the depreciated cost.

Fair value measurement categories;

The Group created 3 categories for the fair value measurements in order to comply with the implementations of TFRS 7. These categories are created according to the data used in the fair value measurements and provided as follows ;

1. Category : Price quoted in active markets
2. Category : Directly or indirectly detectable data other than quoted prices in the active market
3. Category : Information not based on any market data

The financial assets the fair values of which are measured according to the categories above are as follows:

	Category 1	Category 2	Category3
Financial assets carried at fair value in the statement of financial position			
OSO Ortak Satınalma Organizasyon	-	-	14.260
Funds	2.862	-	-
Total	**2.862**	**-**	**14.260**

NOTE 34 – SUBSEQUENT EVENTS

Genmar Yapı Ürünleri Dağıtım Pazarlama A.Ş. has a 55% participation in Genmar İnşaat Turizm Paz. A.Ş. which was established on January 10, 2022 with a capital of TL 3.500.000.

With the Law No. 7352, the regulation that brings multifaceted corporate tax exemption to companies that convert foreign currency and gold accounts into currency-protected TL deposit and participation accounts entered into force on January 29, 2022. The Group converted its foreign currency assets to Turkish Liras and utilized the acquired TL assets in TL deposit and participation accounts with a maturity of at least 3 months. Concerning that situation, tax effect arising from the exception amounting to TL 3.389.056 will be accounted for in TFRS consolidated financial statements within the scope of “TAS 10- Events After the Reporting Period” in 2022.

NOTE 35 – OTHER MATTERS

None.

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

NOTE 36 – FEES OF SERVICES RECEIVED FROM INDEPENDENT AUDITOR'S

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

	1 January- 31 December 2021	**1 January- 31 December 2020**
Independent audit fee for the reporting period	156.000	162.000
Fee for other assurance services	9.000	-
Total	**165.000**	**162.000**