Ayen Enerji A.Ş. and Its Subsidiaries

Convenience translation into English of consolidated financial statements as of December 31, 2021 together with independent auditor's report

(Originally issued in Turkish)

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(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Ayen Enerji A.Ş.

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Ayen Enerji A.Ş. (the Company) and its subsidiaries (together referred as "the Group"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and 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 consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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	Audit procedures applied for the key audit matter
Assessment of impairment of tangible assets	
As of December 31, 2021, the Group has tangible assets amounting to TL 4.138.040.203 (December 31, 2020: 2.784.297.344 TL), and the Group calculates the depreciations of its tangible assets using straight – line depreciation method by making useful life estimates. These assets constitute 74% of the total assets of the Group. TAS 36, the "Impairment of Assets" standard requires assessments of whether there are any indications that the Group's assets may be impaired by the end of each reporting period. This assessment made by the Group management includes management's estimations and assumptions. Therefore, this issue has been considered as a key audit matter. Explanations on the Group's accounting policies and corresponding amounts related to tangible assets are included in Note 2.4 and Note 9.	The following procedures have been applied to audit the assessments made by the Group as to whether there are any indications that tangible assets may be impaired; - Discussing evaluations on whether there is any indicator for impairment in tangible assets with the Company management and examining its reasonability - Examining the consistency of the estimates used by the Group for tangible assets with previous periods. - Providing and recalculating The Group's depreciation calculations - Checking the accuracy of the useful lives of the Group's fixed assets. Besides these, the disclosures in the financial statements have been evaluated according to their convenience to TFRS.
Recognition of deferred tax assets calculated over carry forward tax losses	
According to the Turkish tax legislation, financial losses shown in the declaration can be deducted from the current period corporate income, within a time frame of 5 years. As indicated in Note 26, as of December 31, 2021, the Group has recognized a deferred tax asset calculated over carry forward tax losses amounting to TL 53.550.039 (December 31, 2020: TL 15.800.397). The total accumulated loss is TL 390.721.771 (December 31, 2020: TL 346.119.484) and the partially or fully recoverable amount of deferred tax asset which is calculated over TL 310.795.169 (December 31, 2020: TL 79.001.988) has been estimated by the Group management according to assumptions of current conditions. Business plans for the future, losses occurred in current periods and the expiration dates of unused losses were taken into consideration during the assessment. There is an uncertainty about the estimation of the taxable profit which makes the recognizability of the calculated deferred tax asset uncertain. Therefore, this issue has been considered as a key audit matter.	The following audit procedures have been applied to the assessments made by the Group regarding whether the deferred tax assets calculated over the previous year's losses can be recovered or not; - Examining future business plans and expiration dates of carried tax losses, and questioning management's assessments on the recoverability of tax assets. - Considering the future profit projections, current period profits or losses, unused losses and expiry dates of other tax assets during the evaluation phase. - Inquiring whether the deferred tax asset calculated over carry-forward losses could be used before the expiration date with the use of the forecasted budgets. Besides these, the disclosures in the financial statements have been evaluated according to their convenience to TFRS.

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4) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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 standards on auditing as issued by the Capital Markets Board of Turkey and InAS 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 standards on auditing as issued by the Capital Markets Board of Turkey and IAS, 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.

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B) Report on Other Legal and Regulatory Requirements

1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on March 11, 2022.

2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1- December 31, 2021 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.

3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Mehmet Can Altıntaş.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Mehmet Can Altıntaş, SMMM
Partner

March 11, 2022

Ankara, Turkey

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

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AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

(Amounts are expressed in Turkish Lira (TL))

	Notes	Current Period December 31, 2021	Prior Period December 31, 2020
ASSETS			
Current Assets			
Cash and Cash Equivalents	30	243.718.101	71.513.984
Trade Receivables	5	272.782.252	56.325.130
Trade Receivables from Related Parties	*4, 5*	8.659.686	*3.430.229*
Trade Receivables from Third Parties	*5*	264.122.566	*52.894.901*
Other Receivables	6	95.179.076	18.755.479
Other Receivables from Related Parties	*4, 6*	*10.091.449*	*20.251*
Other Receivables from Third Parties	*6*	*85.087.627*	*18.735.228*
Financial Assets Related to Service Concession Arrangements	14	62.495.681	34.977.014
Prepaid Expenses		28.569.569	4.683.062
From Third Parties	*7*	28.569.569	*4.683.062*
Current Income Tax Assets	26	387.999	2.154.447
Other Current Assets	8	26.970.451	14.942.824
TOTAL CURRENT ASSESTS		**730.103.129**	**203.351.940**
Non-Current Assets			
Financial Assets		412.408	412.408
Other Receivables	6	174.135.758	101.853.003
Other Receivables from Third Parties	*6*	*174.135.758*	*101.853.003*
Financial Assets Related to Service Concession Arrangements	14	200.692.048	141.288.778
Property, Plant and Equipment	9	4.138.040.203	2.784.297.344
Intangible Assets		18.772.154	18.334.846
Goodwill	*11*	*17.461.935*	*17.461.935*
Other Intangible Assets	*10*	*1.310.219*	*872.911*
Investment Properties	12	215.392.500	16.500.000
Right of Use Assets	13	18.427.548	7.591.558
Prepaid Expenses		9.160.511	702.957
From Related Parties	*4,7*	*7.032.822*	-
From Third Parties	*7*	*2.127.689*	*702.957*
Deferred Tax Assets	26	70.897.943	47.318.960
TOTAL NON-CURRENT ASSETS		**4.845.931.073**	**3.118.299.854**
TOTAL ASSETS		**5.576.034.202**	**3.321.651.794**

The accompanying notes presented between pages 10 and 70 form an integral part of these consolidated financial statements.

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

(Amounts are expressed in Turkish Lira (TL))

	Notes	Current Period December 31, 2021	Prior Period December 31, 2020
LIABILITIES			
Current Liabilities			
Short-Term Financial Liabilities		441.453.131	245.873.768
Short-Term Financial Liabilities due to Third Parties		441.453.131	245.873.768
Bank Borrowings	*15*	*428.955.999*	*235.684.582*
Leasing Payables	*15*	*12.497.132*	*10.189.186*
Short-Term Portion of Long-Term Financial Liabilities		530.518.154	250.591.390
Short Term Portion of Long Term Borrowings due to Third Parties		530.518.154	250.591.390
Bank Borrowings	*15*	*530.518.154*	*250.591.390*
Other Financial Liabilities		18.064	18.064
Other Miscellaneous Financial Liabilities		*18.064*	*18.064*
Trade Payables	5	120.202.943	29.922.851
Trade Payables to Third Parties	*5*	*120.202.943*	*29.922.851*
Liabilities for Employee Benefits	18	1.080.258	937.204
Other Payables	6	6.132.271	38.851.635
Other Payables to Related Parties	*4,6*	*1.025.106*	*32.536.691*
Other Payables to Third Parties	*6*	*5.107.165*	*6.314.944*
Deferred Income		44.377.217	7.942.074
Deferred Income from Third Parties (Excluding Liabilities Arising from Customer Contracts)	*7*	*44.377.217*	*7.942.074*
Current Income Tax Liabilities	26	17.439.523	16.621.663
Short-Term Provisions		759.834	895.369
Short-Term Provisions for Employee Benefits	*18*	*759.834*	*895.369*
Other Current Liabilities		16.504.514	148.427
Other Current Liabilities to Third Parties	*8*	*16.504.514*	*148.427*
TOTAL CURRENT LIABILITIES		**1.178.485.909**	**591.802.445**
Non-Current Liabilities			
Long-Term Financial Liabilities	15	2.507.552.673	1.801.563.558
Long-Term Financial Liabilities to Third Parties		2.507.552.673	*1.801.563.558*
Bank Borrowings	*15*	*2.488.982.973*	*1.782.952.816*
Lease Liabilities	*15*	*18.569.700*	*18.610.742*
Long-Term Provisions		5.766.069	4.489.796
Long-Term Provisions for Employee Benefits	*18*	*5.766.069*	*4.489.796*
Deferred Income		599.517	7.793.725
Deferred Income from Third Parties (Excluding Liabilities Arising from Customer Contracts)	*7*	*599.517*	*7.793.725*
Other Payables		445.410	445.410
Other Payables to Related Parties	*4*	*445.410*	*445.410*
Deferred Tax Liabilities	26	69.945.907	45.283.790
TOTAL NON-CURRENT LIABILITIES		**2.584.309.576**	**1.859.576.279**
TOTAL LIABILITIES		**3.762.795.485**	**2.451.378.724**

The accompanying notes presented between pages 10 and 70 form an integral part of these consolidated financial statements.

(Amounts are expressed in Turkish Lira (TL))

	Notes	Current Period December 31, 2021	Prior Period December 31, 2020
Equity Holders of the Parent		**1.649.990.180**	**789.108.255**
Paid in Share Capital	19	277.500.000	277.500.000
Share Premiums (Discounts)		232.214	232.214
Other Comprehensive Income/Expense not to be Reclassified to Profit or Loss		146.849.064	26.193.573
Losses on Remeasurement of Defined Benefit Plans		*(2.665.277)*	*(2.620.724)*
Revaluation Gain on Property, Plant and Equipment	*20*	*149.514.341*	*28.814.297*
Other Comprehensive Income/Expense to be Reclassified to Profit or Loss		1.184.090.087	555.518.847
Currency Translation Differences	20	*1.184.090.087*	*555.518.847*
Restricted Profit Reserves	19	71.893.619	71.893.619
Legal Reserves	*19*	*71.893.619*	*71.893.619*
Retained Earnings/ Accumulated Losses		(142.229.998)	(50.706.026)
Net Profit or Loss for the Year		111.655.194	(91.523.972)
Non-Controlling Interests		**163.248.537**	**81.164.815**
TOTAL EQUITY		**1.813.238.717**	**870.273.070**
TOTAL LIABILITIES AND EQUITY		**5.576.034.202**	**3.321.651.794**

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD BETWEEN JANUARY 1 - DECEMBER 31, 2021

(Amounts are expressed in Turkish Lira (TL))

	Notes	Current Period January 1- December 31, 2021	Prior Period January 1- December 31, 2020
PROFIT OR LOSS			
Revenue	21	1.574.520.222	568.036.335
Cost of Sales (-)	21, 22	(1.007.260.342)	(378.733.580)
GROSS PROFIT		**567.259.880**	**189.302.755**
General Administrative Expenses (-)	22	(32.756.650)	(28.335.693)
Other Income from Operating Activities	23	179.608.311	100.131.755
Other Expenses from Operating Activities (-)	23	(199.035.693)	(67.235.044)
OPERATING PROFIT / LOSS		**515.075.848**	**193.863.773**
Income from Investing Activities	24	189.283.156	70.060.939
Expenses from Investing Activities	24	(273.972)	(16.328.103)
OPERATING INCOME BEFORE FINANCIAL EXPENSES		**704.085.032**	**247.596.609**
Financial Income	25	156.075.719	170.040.134
Financial Expenses	25	(717.584.626)	(498.955.314)
PROFIT/LOSS BEFORE TAXATION ON INCOME		**142.576.125**	**(81.318.571)**
Tax Expense / Income from Continued Operations	26	**(13.169.217)**	**(18.437.041)**
Current Tax Expense	26	(17.324.151)	(17.113.539)
Deferred Tax Expense / Income	26	4.154.934	(1.323.502)
PROFIT / LOSS FOR THE PERIOD FROM CONTINUED OPERATIONS		**129.406.908**	**(99.755.612)**
PROFIT / LOSS FOR THE PERIOD		**129.406.908**	**(99.755.612)**
Attribution of Profit/(Loss) For The Period:		**129.406.908**	**(99.755.612)**
Non-Controlling Interests		17.751.714	(8.231.640)
Equity Holders of the Parent		111.655.194	(91.523.972)
		129.406.908	**(99.755.612)**
Earnings / losses per 1.000 shares	27	4,02	(3,30)

The accompanying notes presented between pages 10 and 70 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD BETWEEN JANUARY 1 – DECEMBER 31, 2021

(Amounts are expressed in Turkish Lira (TL))

	Notes	Current Period January 1- December 31, 2021	Prior Period January 1- December 31, 2020
PROFIT/LOSS FOR THE YEAR		**129.406.908**	**(99.755.612)**
Income or Expenses to be Reclassified to Profit/Loss		695.371.687	223.415.966
Currency Translation Differences		*695.371.687*	*223.415.966*
Income or Expenses not to be Reclassified to Profit or Loss	20, 26	120.655.491	82.089
Property, plant and equipment revaluation increases		*134.111.160*	-
Deferred Tax (Expense)/ Income		*(13.411.116)*	-
Gain / Loss on Remeasurement of Defined Benefit Plans	18, 26	*(55.691)*	*102.611*
Deferred Tax (Expense)/ Income	26	*11.138*	*(20.522)*
OTHER COMPREHENSIVE INCOME		**816.027.178**	**223.498.055**
TOTAL COMPREHENSIVE INCOME		**945.434.086**	**123.742.443**
Total Comprehensive Income for the Year Attributable to			
Non- Controlling Interests		84.552.161	13.519.006
Equity Holders of Parent		860.881.925	110.223.437
		945.434.086	**123.742.443**

The accompanying notes presented between pages 10 and 70 form an integral part of these consolidated financial statements.

AYEN ENERJİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD BETWEEN JANUARY 1 – DECEMBER 31, 2021

(Amounts are expressed in Turkish Lira (TL))

			Other Comprehensive Income or Expense not to be Reclassified to Profit or Loss		Other Comprehensive Income or Expense to be Reclassified to Profit or Loss						
	Paid-in share capital	Share Premiums/ Discounts	Gain / (Losses) Losses on Remeasurement of Defined Benefit Plans	Revaluation Gain on Property, Plant and Equipment	Currency Translation Differences	Restricted Profit Reserves	Retained Earnings / Accumulated Losses	Net Profit or Loss for The Year	**Equity Holders of the Parent**	Non- Controlling Interest	**Total Equity**
Balance as of January 1, 2021	**277.500.000**	**232.214**	**(2.620.724)**	**28.814.297**	**555.518.847**	**71.893.619**	**(50.706.026)**	**(91.523.972)**	**789.108.255**	**81.164.815**	**870.273.070**
Transfers	-	-	-	-	-	-	(91.523.972)	91.523.972	-	-	-
Total comprehensive income / (expense)	-	-	(44.553)	120.700.044	628.571.240	-	-	111.655.194	**860.881.925**	84.552.161	**945.434.086**
Dividends Distributed	-	-	-	-	-	-	-	-	-	(2.468.439)	**(2.468.439)**
Balances as of December 31, 2021	**277.500.000**	**232.214**	**(2.665.277)**	**149.514.341**	**1.184.090.087**	**71.893.619**	**(142.229.998)**	**111.655.194**	**1.649.990.180**	**163.248.537**	**1.813.238.717**

			Other Comprehensive Income or Expense not to be Reclassified to Profit or Loss		Other Comprehensive Income or Expense to be Reclassified to Profit or Loss						
	Paid-in share capital	Share Premiums/ Discounts	Gain / (Losses) Losses on Remeasurement of Defined Benefit Plans	Revaluation Gain on Property, Plant and Equipment	Currency Translation Differences	Restricted Profit Reserves	Retained Earnings / Accumulated Losses	Net Profit or Loss for The Year	**Equity Holders of the Parent**	Non- Controlling Interest	**Total Equity**
Balance as of January 1, 2020	**277.500.000**	**232.214**	**(2.702.813)**	**28.814.297**	**353.853.527**	**71.893.619**	**(64.019.709)**	**21.035.761**	**686.606.896**	**68.403.270**	**755.010.166**
Transfers	-	-	-	-	-	-	21.035.761	(21.035.761)	-	-	-
Total comprehensive income / (expense)	-	-	82.089	-	201.665.320	-	-	(91.523.972)	**110.223.437**	13.519.006	**123.742.443**
Transactions with non-controlling shareholders (*)	-	-	-	-	-	-	(7.722.078)	-	**(7.722.078)**	1.222.078	**(6.500.000)**
Dividends Distributed	-	-	-	-	-	-	-	-	-	(1.979.539)	(1.979.539)
Balances as of December 31, 2020	**277.500.000**	**232.214**	**(2.620.724)**	**28.814.297**	**555.518.847**	**71.893.619**	**(50.706.026)**	**(91.523.972)**	**789.108.255**	**81.164.815**	**870.273.070**

(*) All of the 24% shares of Ayen Ostim Enerji Üretim A.Ş., in which the Company owned 76% of the shares as of December 31, 2019, were purchased for 6.500.000 TL in accordance with the Board of Directors Decision dated January 17, 2020.

The accompanying notes presented between pages 10 and 70 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

(Amounts are expressed in Turkish Lira (TL))

	Notes	Current Period January 1- December 31, 2021	Prior Period January 1- December 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		**522.794.091**	**412.532.404**
Profit/ loss for the year		**129.406.908**	**(99.755.612)**
Period income from continuing operations		129.406.908	(99.755.612)
Adjustments to reconcile profit/loss for the period		**682.396.006**	**433.075.366**
- Adjustments related to depreciation and amortization expenses	3, 9, 10, 13, 22	119.822.546	86.958.504
- Adjustments related to impairment /(reversal) of fixed assets	9	-	8.239.283
- Adjustments related to impairment /(reversal) of other intangible fixed assets	10	-	8.088.820
- Adjustments related to provisions		1.947.091	723.130
Provisions and adjustments related to employee benefits		*1.947.091*	*723.130*
- Adjustments for losses (gains) on disposal of tangible and intangible assets	24	273.972	-
- Adjustments related to impairment /(reversal)		192.182	54.422
Adjustments for impairment of receivables	23	*192.182*	*54.422*
- Adjustments to interest (income)/ expenses		150.125.656	124.531.951
Adjustments to interest income	25	*(12.188.749)*	*(9.976.994)*
Adjustments to interest expenses		*162.314.405*	*134.508.945*
- Unrealised foreign exchange gain/ (loss)		373.967.702	187.263.373
- Adjustments for Fair Value Loss (Gains) of Investment Properties	24	(3.500.000)	-
- Adjustments to tax income/ (expense)	26	13.169.217	18.437.041
- Other adjustments to non-cash transactions		33.591.847	5.973.049
- Adjustments for profit / loss reconciliation	24	(7.194.207)	(7.194.207)
Changes in working capital		**(271.146.168)**	**93.612.460**
- Adjustments related to (increase)/ decrease in trade receivables		(163.891.299)	(17.641.547)
(Increase)/ decrease in trade receivables from related parties		*27.176.318*	*8.074.419*
(Increase)/ decrease in trade receivables from third parties		*(191.067.617)*	*(25.715.966)*
- Adjustments related to (increase)/ decrease in other receivables from operating activities		(136.941.219)	67.618.561
(Increase)/ decrease in other receivables from related parties		*(5.588.607)*	*4.331.772*
(Increase)/ decrease in other receivables from third parties		*(131.352.612)*	*63.286.789*
- Adjustment related to (increase)/ decrease in service concession arrangements		32.396.805	37.308.692
- Increase/ (decrease) in deferred income		36.435.142	648.095
- (Increase)/ decrease in prepaid expenses		(30.963.393)	(314.916)
- Adjustments related to increase/ (decrease) in trade payables		45.114.122	(4.276.582)
Increase/ (decrease)in trade payables to related parties		-	-
Increase/ (decrease) in trade payables to third parties		*45.114.122*	*(4.276.582)*
- Increase/ (decrease) in payables of employee benefits		(92.567)	243.495
- Adjustments related to increase/decrease in other payables		(53.203.759)	10.026.662
Increase/ (decrease) in other payables to related parties		*(66.476.708)*	*6.277.346*
Increase/ (decrease) in other payables to third parties		*13.272.949*	*3.749.316*
Cash Flow from Operations		**540.656.746**	**426.932.214**
Payments for employee benefits	18	(862.044)	(560.844)
Income taxes paid		(17.000.611)	(13.838.966)

The accompanying notes presented between pages 10 and 70 form an integral part of these consolidated financial statements.

(Amounts are expressed in Turkish Lira (TL))

	Notes	Current Period January 1- December 31, 2021	Prior Period January 1- December 2020
CASH FLOWS FROM INVESTING ACTIVITIES		**(787.116)**	**(159.010.678)**
Cash outflow from purchases of property, plant and equipment and intangible assets		(862.858)	(180.203.608)
Cash outflow from purchases of property, plant and equipment	9	*(842.288)*	*(180.171.881)*
Cash outflow from purchases of intangible assets	10	*(20.570)*	*(31.727)*
Cash inflows from the sale of property, plant and equipment		75.742	-
Advances given for acquisition of property, plant and equipment		-	21.192.930
Other advances given for acquisition of property, plant and equipment		-	*21.192.930*
CASH FLOWS FROM FINANCING ACTIVITIES		**(383.394.705)**	**(207.531.297)**
Cash inflows due to borrowings		410.783.328	407.030.195
Cash inflows from bank loans	*15*	*410.783.328*	*407.030.195*
Cash outflows due to borrowings		(648.692.629)	(497.669.996)
Cash outflows from repayments of bank loans	*15*	*(648.692.629)*	*(497.669.996)*
Interest paid		(153.158.083)	(125.063.656)
Cash Outflows arising from lease agreements	15	(4.516.070)	(1.804.834)
Interest received	25	12.188.749	9.976.994
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE FOREIGN CURRENCY TRANSLATIONS		**138.612.270**	**45.990.429**
Foreign currency translation effects on cash and cash equivalents		**33.591.847**	**5.973.049**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**172.204.117**	**51.963.478**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**71.513.984**	**19.550.506**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**243.718.101**	**71.513.984**

The accompanying notes presented between pages 10 and 70 form an integral part of these consolidated financial statements.

(Amounts are expressed in Turkish Lira (TL)

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Ayen Enerji A.Ş. (the "Company" or "Ayen Enerji") engages in the electricity production and trading activities. The Company was established in 1990. The Company is a member of Aydıner Group. Main shareholder of the Company is Aydıner İnşaat A.Ş. ("Aydıner İnşaat").

The Company is registered in Turkey and the registered address is as follows:

Hülya Sok. No: 37, Gaziosmanpaşa, Ankara

The Company is registered to Capital Markets Board ("CMB") and its shares are publicly traded in Borsa Istanbul. 15,01% of the shares of the Company is publicly held as of December 31, 2021 (December 31, 2020: 15,01%) (Note 19).

As of December 31, 2021, the number of personnel of the Group is 255 (December 31, 2020: 249).

The subsidiaries of the Company (the "Subsidiaries"), the nature of their business and their address of registered head offices are as follows:

Subsidiaries	Core business	Direct Share	Indirect Share	Registered address
Ayen Ostim Enerji Üretim A.Ş. ("Ayen Ostim")	Electricity production and trading	%100	%100	Hülya Sokak No: 37 Gaziosmanpaşa Ankara
Kayseri Elektrik Üretim Sanayi ve Ticaret A.Ş. ("Kayseri Elektrik")	Electricity production, distribution and trading	%96	%96	Yemliha Kasabası Kayseri
Ayen Elektrik Ticaret A.Ş. ("Ayen Elektrik")	Electricity trading	%100	%100	Hülya Sokak No: 37 Gaziosmanpaşa Ankara
Ayen-AS Energji SHA ("Ayen-AS")	Electricity production and trading	%90	%90	Papa Gijon Pali i II-te, ABA Business Center, Tirane/Albania
Araklı Doğalgaz Üretim Sanayi ve Ticaret A.Ş. ("Araklı")	Electricity production and trading	%76	%76	Hülya Sokak No: 37 Gaziosmanpaşa Ankara
Ayen Energy Trading SHA ("Ayen Trading")	Electricity trading	%0	%100	Papa Gijon Pali i II-te, ABA Business Center, Tirane/Albania
Ayen Energy Trading D.O.O. Beograd-StariGrad ("Ayen Sırbistan)	Electricity trading	%0	%100	Kosançicev Venac Sokak No: 20, 11000 Belgrad, Serbia
Ayen Energija Trgovanje z Električno Energijo D.O.O. ("Ayen Slovenya")	Electricity trading	%0	%100	Ayen Energija d.o.o. Zemljemerska ulica 12 1000 Ljubljana Slovenia
Ayen – ALB SHA ("Ayen ALB")	Electricity Production	%92	%92	Tirane Tirane, TIRANE Njesia Bashkiake Nr.2, Rruga Papa Gjon Pali II-te, ABA Business Center, Kati:6, Nr.601

1. ORGANIZATION AND OPERATIONS OF THE GROUP (cont'd)

The production license for the Wind Power Plant ("WPP") located in Akbük with an annual production capacity of 31,5 MW obtained by Ayen Enerji on 18 January 2007 for 49 years. The first part of the plant with a capacity of 16,8 MW and the second part of the plant with a capacity of 14,7 MW started to operate on 19 March 2009 and 3 April 2009 respectively.

Büyükdüz HEPP, is owed by Ayen Enerji and located in Gümüşhane Kürtün with an installed capacity of 68,9 MW has production license for 49 years. The power plant started to operate on 1 June 2012.

Mordoğan WPP, is owed by Ayen Enerji and located in İzmir Karaburun with an installed capacity of 30,75 MW and has a production license for 49 years. The power plant started to operate on 27 September 2013.

Korkmaz WPP, is owed by Ayen Enerji and located in İzmir Seferihisar with an installed capacity of 24 MW and has a production license for 49 years. The first part of the plant with an installed capacity of 10 MW and the second part of the plant with an installed capacity of 14 MW started to operate respectively August and September 2014.

Akbük II WPP, is owed by Ayen Enerji and located in Aydın Didim, and Muğla Milas, in regard to wind energy, with an installed capacity of 20 MW and has a production capacity of 68.153.000 kWh/year, is approved by EMRA and the power plant started to operate on 12 February 2016.

Yamula Dam, is owed by Kayseri Elektrik and was constructed under BOT model. The Dam located on Kızılırmak River. The installed capacity is 100 MW and the annual production capacity of the dam is 422 million kWh. The construction of the Dam started in 1998 and began to operate in August 2005. The operational period for Yamula Dam is 20 years and will end in 2025.

For the Çaypınar WPP, owned by Ayen Ostim Enerji Üretim A.Ş and located within the borders of Kepsut district of Balıkesir province, with an installed power of 25,2 MWm / 24 MWe and an annual electricity generation capacity of 84.000.000 kWh, production license numbered EÜ/9146-3/04419 has been obtained from the Energy Market Regulatory Authority in accordance with the Electricity Market Law No.6446 and the relevant legislation. Temporary adoption of 2 wind turbines and generator units were made on October 29, 2020, temporary adoption of 2 wind turbines and generator units were made on November 14, 2020, temporary adoption of 3 wind turbines and generator units were made on December 17, 2020 by the ministry of energy and natural resources. As of December 17, 2020 the facility was taken into operation and started the energy production.

The main operation of Ayen Elektrik is the sale, import and export of the electricity and/or the electricity capacity on wholesale and directly to the end users in accordance with the "Regulation for the Electricity Market License", "Wholesale License" and the other related regulations.

Ayen AS Energji SHA; the construction of PESHQESHIT 3 Hydroelectricity Energy Production Facility with annual electricity energy production capacity of 118.400.000 kWH, installation power of 34 MW has been completed and started commercial activities on May 4, 2015. PESHQESHIT 3 is one of the HEPP projects locate in Albania and constructed within the scope of "Albanian Fan Basin HEPP Projects" with annual electricity energy production capacity of 347.246.000 kWH, installation power of 109,73 MW. The test of the facilities of Fangut HEPP established in Albania has been completed with the annual electricity energy production capacity of 228.846.000 kWh and installation power of 75,71 MW and the plant has started to operation as of December 1, 2017. At the same time, tail water plant which is fed by tail water of Fangut Dam with installation power of 1MW has been started to operation in December, 2017.

1. ORGANIZATION AND OPERATIONS OF THE GROUP (cont'd)

Ayen Enerji has acquired 76% shares of Araklı Enerji Doğalgaz Üretim Sanayi ve Ticaret A.Ş. on 9 May 2012. The Company management decided in December 2020 to terminate Araklı's Çankaya HEPP investment with an installed capacity of 72 MW to be built in Araklı district, Trabzon province and The license granted by EMRA was canceled on February 11, 2021. Therefore, as of December 31, 2020, the construction in progress of Araklı has been recognized as an expense.

Ayen Elektrik participated in 100% share of Ayen Energji Trading SHA which established with ALL 100.000.000 (EURO 750.400) nominal capital on 24 September 2013. The Company has established in Tirane- Albania in accordance with Albania laws at 30 September 2013.

Ayen Elektrik Ticaret A.Ş participated in 100% share of Ayen Energji Trading D.O.O. (Serbia) with EURO 110.000 nominal capital and Ayen Energji Trgovanje z Električno Energijo, D.O.O. (Slovenia) with EURO 267.500 nominal capital in respectively 13 June 2014 and 19 June 2014. The main operations of these companies are to sale, import and export of the electricity and/or the electricity capacity as wholesale and sale directly to end users particularly to European Countries in accordance with the European Union regulations.

Ayen ALB is the concession company of HEPP-Kalivac and has been established on November 22, 2017 with ALL 3.500.000 nominal capital and will be constructed according to BOT Model issued by Republic of Albania Ministry of Energy and Industry with the annual electricity energy production capacity of 366.6 kWh, installation power of 111 MW and 35 years duration. The Group's tender has been chosen as best tender for the BOT Model for HEPP – Kalivac invitation issued by Republic of Albania Ministry of Energy and Industry and the concession agreement has been signed.

Approval of consolidated financial statements:

Board of Directors has approved the consolidated financial statements as at December 31, 2021 and delegated publishing it on 11 March 2022. No authority other than Board of Directors and General Assembly has the right to revise the consolidated financial statements.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Going Concern

The Group has prepared its consolidated financial statements on the assumption that the business will continue its operations in the foreseeable future. As it can be seen in the consolidated financial statement of dated December 31, 2021, the Group's short term liabilities exceed its current assets by TL 448.382.780 (December 31, 2020: TL 388.450.505).

The majority of the resources used by the Group to finance its investments and presented as financial liabilities in the consolidated financial statements are in foreign currency, and the future income of the Group due to these investments is also sensitive to foreign currency. According to the short and medium term projections made by the Group management by evaluating both its production capacity, current market conditions and future market expectations, and state purchase price guarantees, the projected cash inflow from the Group's operating activities will cover the need of cash due to financial activities. the Company management's expectation is that, there is no doubt about the Company's going concern in the foreseeable future.

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

2.2 Basis of presentation

The Company and its Turkish subsidiaries maintain their books of accounts and prepares its statutory financial statements in accordance with accounting principles in the Turkish Commercial Code ("TCC") and tax legislation.

Subsidiaries operating abroad prepare their accounting records and financial statements in the currency of the countries where they operate and in accordance with the legislation of those countries. The functional currency of Ayen-AS, Ayen ALB and Ayen Trading is Albanian Lek. The functional currencies of Ayen Slovenia and Ayen Serbia are EURO and Serbian Dinar, respectively.

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", which were published in the Official Gazette No:28676 on 13 June 2013. The accompanying consolidated financial statements are prepared based on the Turkish Financial Reporting Standards and Interpretations ("TFRS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué.

Financial statements and disclosures have been presented by the POA in accordance with the "2019 TAS Taxonomy" announced in the Official Gazette dated April 15, 2019 and numbered 30794.

The accompanying consolidated financial statements have been prepared in terms of Turkish Lira on the historical cost basis except for the investment properties measured at fair value and lands and buildings' presented with their revaluated amounts.

Functional Currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Turkish Lira, which is the functional, and presentation currency of the Company and the reporting currency for the consolidated financial statements.

Subsidiaries of the Group are measured using the currency that has significant impact on the entity or on the operations of entity, which reflects the economic substance of the underlying events and circumstances relevant to the entity. In this context, Ayen-AS, Ayen Trading and Ayen ALB is measured using ALL, Ayen Serbia is measured using RSD, Ayen Slovenia is measured using EURO. According to TAS 21, balance sheet items (except capital accounts) in terms of Albainan Lek and Serbian Dinar have been included into consolidation by being translated to TL with informative exchange rates that are not subject to transaction by the Central Bank of the Republic of Turkey as of the balance sheet date. (ALL 1 = TL 0,1251, RSD 1 = TL 0,1284). In the balance sheet items of Ayen Slovenia, the assets were consolidated by being translated to TL with the buying rate (EURO 1 = TL 15,0687) and liabilities (except capital accounts) with the selling rate (EURO 1 = TL 15,1139) applicable as of the balance sheet date. Profit or loss statement and other comprehensive income items have been included into consolidation by being translated to TL with annual average buying rate.

Capital and capital reserves are carried forward with their historical nominal costs and any related exchange component of that gain or loss and the translation gain/ (loss) realized during the translation of balance sheet and profit or loss statement is also recognized in capital translation gain-loss accounts under equity.

(Amounts are expressed in Turkish Lira (TL))

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

2.2 Basis of presentation (cont'd)

Preparation of Consolidated Financial Statements in Hyperinflationary Periods

With the decision taken on 17 March 2005, the CMB has announced that, effective from January 1, 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with TAS. Accordingly, the Company did not apply TAS 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29") in its financial statements for the accounting periods starting January 1, 2005.

In the statement made by POA on January 20, 2022, since the cumulative change in the general purchasing power of the last three years according to the Consumer Price Index (CPI) is 74.41%, it is stated that there is no need to make any adjustments within the scope of TAS 29 Financial Reporting Standard in High Inflation Economies in the financial statements for 2021. In this respect, no inflation adjustment was made in accordance with TAS 29 while preparing the consolidated financial statements as of December 31, 2021.

Comparative information, restatement and reclassification of prior period financial statements

The financial statements of the Group include comparative consolidated financial information to enable the determination of the financial position and performance. Comparative figures are reclassified, where necessary, to conform to the changes in the presentation in the current period consolidated financial statements.

The Group has applied consistent accounting policies in its consolidated financial statements for the periods presented, and there are no significant changes in accounting policies and estimates in the current period.

Basis of consolidation

As of December 31, 2021 and 2020, details of the Company's subsidiaries are as follows:

	Group's proportion of ownership and voting power held (%)			
Subsidiaries	2021	2020	Place of incorporation and operation	Principle activity
Ayen Ostim	100	100	Ankara- Ankara	Electricity production and trade
Kayseri Elektrik	96	96	Kayseri- Kayseri	Electricity production, distribution and trade
Ayen Elektrik	100	100	Ankara- Ankara	Electricity trade
Ayen-AS	90	90	Tirane-Albania	Electricity production and trade
Araklı Enerji	76	76	Ankara- Trabzon	Electricity production, distribution and trade
Ayen Trading	100	100	Tirane-Albania	Electricity trade
Ayen Serbia	100	100	Belgrad-Serbia	Electricity trade
Ayen Slovenia	100	100	Ljubljana, Slovenia	Electricity trade
Ayen ALB	92	92	Tirane-Albania	Electricity production and trade

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

2.2 Basis of presentation (cont'd)

Basis of consolidation (cont'd)

The accompanying consolidated financial statements include the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

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

2.3 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2021 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2021.

i) The new standards, amendments and interpretations which are effective as at January 1, 2021 are as follows:

Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16Amendments to IFRS 16 - Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond 30 June 2021

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

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

- Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to TFRS 3 – Reference to the Conceptual Framework
- Amendments to TAS 16 – Proceeds before intended use
- Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract
- TFRS 17 - The new Standard for insurance contracts
- Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities
- Amendments to TAS 8 - Definition of Accounting Estimates
- Amendments to TAS 1 - Disclosure of Accounting Policies

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Annual Improvements – 2018–2020 Cycle

In July 2020, the POA issued Annual Improvements to TFRS Standards 2018–2020 Cycle, amending the followings:

- TFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
- TFRS 9 Financial Instruments – Fees in the "10 per cent test" for derecognition of financial liabilities
- TAS 41 Agriculture – Taxation in fair value measurements

Improvements are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted for all.

The above new standards, amendments and interpretations did not have a significant impact on the consolidated financial statements of the Group.

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

2.4 Summary of Significant Accounting Policies

Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements.

(a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(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 related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a).
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Application of TFRIC 12 - Service Concession Arrangements

TFRIC 12 interpretation gives guidance on the accounting by operators for public-to-private service concession arrangements. The service concession arrangement of Yamula (Kayseri Elektrik) dam of the Group are accounted in accordance with TFRIC 12.

Under the terms of contractual arrangements within the scope of TFRIC 12, the Group acts as a service provider. The operator constructs or upgrades infrastructure used to provide a public service and operates and maintains that infrastructure for a specified period of time.

The Group recognises a financial asset to the extent that it has an unconditional contractual right to receive cash from or at the direction of the grantor for the construction services related to hydroelectric power plants in the context of the Build-Operate-Transfer ("BOT") model. The amount due from or at the direction of the grantor is accounted for as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income and the interest calculated using the effective interest method is recognised in the profit or loss statement.

The receivables that are due but not collected as of the balance sheet date are classified as due receivables from the grantor and carried at their net realisable value (Note 14).

There are no liabilities for maintenance and repair of the facility or any restoration costs at the time of transfer of Yamula to Elektrik Üretim A.Ş. ("EÜAŞ") when the licence periods end.

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

2.4 Summary of Significant Accounting Policies (cont'd)

Property, Plant and Equipment

Property, plant and equipment's except lands and buildings are carried at cost less accumulated depreciation and accumulated impairment losses. Lands are recognized in accordance with revaluation model.

Properties in the course of construction for production, rental or administrative purposes, are carried at cost, less any recognized impairment loss. Cost includes professional fees. Borrowing costs directly attributable to the acquisition 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. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The depreciation periods for aforementioned assets are as follows:

	Years
Buildings	10-45
Land improvements	10
Plant, machinery and equipment	5-40
Motor vehicles	5
Furniture and fixtures	2-25

Gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount, as there are no expected future economic benefits. The recoverable amount of the property, plant and equipment is the higher of future net cash flows from the utilization of this property, plant and equipment or fair value less cost to sell. Net sales price of an asset is its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset plus the residual value of the related assets.

Repair and maintenance expenses are charged to the consolidated statement of profit or loss during the financial period in which they are incurred. The cost of major subsequent expenditures is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group.

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

2.4 Summary of Significant Accounting Policies (cont'd)

Property, Plant and Equipment (cont'd)

All the lands, parcels and buildings of the Group were evaluated by a real estate appraisal company with a CMB valuation license. The valuation, which complies with the International Valuation Standards, has been determined by taking the market transaction prices related to similar properties as reference and using the cost management together. The differences between the fair value resulting from the valuation and the carrying values of the corresponding assets in the financial statements are accounted in the current period other comprehensive income as tangible asset revaluation increases.

When the valuation increase in the equity related to the tangible fixed asset items is excluded from the financial statements for reasons such as complete amortization, withdrawal or disposal of the related asset, it is directly transferred to the previous year's profits.

Intangible Assets

Intangible assets comprise wholesale license, energy production licenses, other rights and other intangible assets that are likely to generate future economic benefits to the Group. Licenses and other identified assets are booked in consolidated financial statements with their net value after deducting accumulated depreciations and permanent impairments, if any, from their acquisition costs. Other intangible assets that are likely to generate economic benefits are recognized with their fair values on agreement date. These contractual intangible assets have certain useful lives and recognized with deducting accumulated depreciations from acquisition costs. Intangible assets are amortized on a straight line basis over their estimated useful lives for a period not exceeding 5 - 45 years

Investment properties

Buildings and lands which are held for the purposes of collecting rentals, gaining value or selling instead of being used in the production of goods and services or being held for administrative purposes, are classified as "investment properties". Investment properties are accounted at their fair value in the consolidated financial statements

Impairment of Tangible and Intangible Assets Other Than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

2.4 Summary of Significant Accounting Policies (cont'd)

Impairment of Tangible and Intangible Assets Other Than Goodwill (cont'd)

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

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

Business Combinations and Goodwill

Any excess of the cost of acquisition over the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill in the consolidated financial statements. In each acquisition, the non-controlling shares of the acquired company are accounted for based on the share of the net assets of the acquired company.

For the impairment test, the goodwill is distributed to the cash-generating units. Distribution is made to the cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arises. Each unit or group of units for which goodwill is distributed is the smallest asset group of the entity for which goodwill is monitored for internal business purposes. Goodwill operating segments are followed up on a basis.

Goodwill impairment is made once a year, or more often when the event or condition changes indicate a possibility of impairment. The carrying value of goodwill is reviewed annually at the same time for impairment and the impairment provision, if any, is immediately recognized in the consolidated statements of income.

Legal mergers arising between companies controlled by the Group are not considered within the scope of TFRS 3. Consequently, no goodwill is recognized in these transactions. Similarly, the effects of all transactions between the legally merged enterprises, whether occurring before or after the legal merger, are corrected in the preparation of the consolidated financial statements.

The Group re-measures at the date of purchase to bring the share of equity previously held in the acquiree to fair value and the resulting gain / loss is recognized in profit or loss in a business combination achieved in stages. The amount attributable to the acquirer that is accounted for in other comprehensive income before the date of acquisition is transferred to profit or loss on the assumption that such shares are derecognised.

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

2.4 Summary of Significant Accounting Policies (cont'd)

Financial Assets

Classification

The 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. Financial assets are not reclassified after initial recognition, except where the business model that the Group uses in the management of financial assets has changed; In case of a change in business model, the financial assets are reclassified on the first day of the following reporting period.

Recognition and Measurement

"Financial assets 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. Group's financial assets measured at amortized cost comprise "trade receivables","other receivables" and "financial investments". Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortized cost are accounted for under the consolidated statement of income.

"Financial assets measured at fair value through other comprehensive income", are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified to retained earnings. Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under consolidated statement of income.

"Financial assets measured at fair value through profit or loss", are assets that are not measured at amortized cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the consolidated statement of income.

Derecognition

The Group derecognized a financial asset when the contractual rights to the cash flows from the asset expired, or it transferred the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset were transferred. Any interest in such transferred financial assets that was created or retained by the Group was recognized as a separate asset or liability.

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

2.4 Summary of Significant Accounting Policies (cont'd)

Financial Assets (cont'd)

Impairment

Impairment of the financial and contractual assets measured by using "Expected credit loss model" (ECL). The impairment model applies for amortized financial and contractual assets.
Provision for loss measured as below;

- 12 month ECL: results from default events that are possible within 12 months after reporting date.
- Lifetime ECL : results from all possible default events over the expected life of financial instrument

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since 12 month ECL measurement if it has not.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Financial Liabilities

Financial liabilities related to non-controlling share put options are reflected in the financial statements in conformity with their discounted value of them own redemption plan. Transaction costs directly attributable to the cost of the related financial liability are also added to the fair value transaction costs which are directly related to the financial liability are added to the fair value.

Financial liabilities are classified as equity instruments and other financial liabilities.

Other Financial Liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method plus the interest expense recognized on an effective yield basis.

The effective interest method calculates the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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

2.4 Summary of Significant Accounting Policies (cont'd)

Derivative instruments

Derivative instruments are first recorded at acquisition cost reflecting their fair value at the contract date and are valuated at fair value in the periods following their registration. The derivative instruments of the Group mainly consist of electricity purchase and sale contracts in international markets. Although these derivative instruments provide effective protection against the risks to the Group economically, they are recognized as derivative instruments for trading purposes in the consolidated financial statements and their fair value changes are reflected in the income statement when they do not meet the necessary conditions for risk accounting. The electricity purchase and sale contracts that the Group makes are predominantly composed of daily transactions, and therefore there are no financial assets and liabilities related to these contracts. Profits and losses related to these transactions are accounted under Other Income and Expenses from Operating Activities.

Foreign Currency Transactions

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered to hedge certain foreign currency risks (see below for hedging accounting policies); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into TL using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

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

2.4 Summary of Significant Accounting Policies (cont'd)

Foreign Currency Transactions (cont'd)

On the disposal of a foreign operation, all the exchange differences accumulated in other comprehensive income under equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate shares of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Earnings Per Share

Earnings per share disclosed in the accompanying consolidated statement of profit or loss is determined by dividing net income by the weighted average number of shares in existence during the year concerned.

In Turkey, companies can raise their share capital by distributing "bonus shares" to shareholders from retained earnings. In computing earnings per share, such "bonus share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

Events After the Reporting Period

Events after the reporting period are those events that occur between the balance sheet date and the date when the financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or public disclosure of other selected financial information.

The Group adjusts the amounts recognized in its financial statements if adjusting events occur after the balance sheet date.

Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation.

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

2.4 Summary of Significant Accounting Policies (cont'd)

Provisions, Contingent Assets and Liabilities (cont'd)

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Segment Reporting

Since the primary operation of the Group is to produce and sell electricity and these operations have similar economic features, production process, customer classes and distribution methods, the Group considers geographic positions when making decisions on the resource management and in the assessment of performance measurement of the operations. (Note 3).

Income Tax

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and 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 end of the reporting period.

Deferred tax

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 balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those 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.

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

2.4 Summary of Significant Accounting Policies (cont'd)

Income Tax (cont'd)

Deferred tax (cont'd)

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity.

Employee Benefits

Termination and retirement benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per TAS 19 (Revised) "*Employee Benefits*" ("TAS 19").

The retirement benefit obligation recognized in the consolidated balance sheet represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in other comprehensive income.

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

2.4 Summary of Significant Accounting Policies (cont'd)

Employee Benefits (cont'd)

Unused vacation liability

The Group accrues the unused vacation allowance in the financial statements over the daily gross salary of the Group's employees and reflects the corresponding allowance in the personnel expenses accounts as of the financial statement date.

Fees and deductions

Wages, salaries and social security contributions are the amounts owed to the employees during the period. These amounts are reflected in the personnel expenses in the period they accrue.

Statement of Cash Flows

In statement of cash flow, cash flows are classified according to operating, investing and financing activities.

Cash flows from operating activities reflect cash flows generated from electricity sales of the Group.

Cash flows from investing activities express cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Group.

Cash flows relating to financing activities express sources of financial activities and payment schedules of the Group.

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

Share Capital and Dividends

Common shares are classified as equity. Dividends on common shares are recognised in equity in the period in which they are approved and declared.

Cash and cash equivalents

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

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

2.5 Critical accounting judgments and key sources of estimation uncertainty

In the process of applying the Group's accounting policies as outlined in Note 2.4, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements:

Deferred Taxes

Deferred tax assets are only recognized when sufficient taxable profit is likely to arise in the future. In case of a probable tax advantage, deferred tax asset is calculated over previous year losses. As of December 31, 2021, the Group recognized deferred income tax asset to the extent that it is probable that future taxable profit will be available. However, the Group reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all that deferred tax asset to be utilized (Note 26).

Employee benefits

The defined benefit plans for employees are determined by actuarial calculations based on certain assumptions including discount rates, future salary increases and employee turnover rates. Due to the long-term nature of these plans, these assumptions contain significant uncertainties (Note 18).

Impairment of goodwill

The Group tests annually whether goodwill has been impaired, in accordance with the accounting policies stated in Note 2.4. The recoverable amount of cash-generating unit has been determined based on value-in-use calculations. This value-in-use calculation includes the discounted cash flow projections. (Note 11).

Impairment of property, plant and equipment

The carrying amount of the Group's property, plant and equipment and intangible assets are reviewed at each balance sheet date to determine whether there are any indicators of impairment as described in Note 2.4. If any such indications exist, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.

Impairment of trade receivables

The Company uses a simplified approach in calculating ECLs for trade receivables. Therefore, the Company does not monitor changes in credit risk but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. Expected credit losses are calculated on a matrix based on the realized experience of credit losses in the past years, taking into account future projections.

Fair value determination of investment properties and tangible fixed assets accounted for with their revalued amounts

As of the balance sheet date, the fair value of the Group's investment properties and their revalued amounts has been obtained according to the valuation carried out by a real estate appraisal company, which is not affiliated with the Group. The fair value calculated in the valuation reports made in accordance with the International Valuation Standards has been determined by the peer comparison method. Future changes in these estimates and assumptions may have a material impact on the Group's consolidated financial statements.

(Amounts are expressed in Turkish Lira (TL)

3. SEGMENT REPORTING

Board of Directors reviews results and operations on a geographic segment basis in order to monitor performance and to allocate resources. Geographic segments of the Group are defined in the following regions : Turkey and abroad. The companies located in abroad operate in Albania, Serbia and Slovenia.

January 1- December 31, 2021	**Turkey**	**Abroad**	**Netting of intragroup sales and cost of sales**	**Consolidated**
Net sales to out-of-group	481.332.077	1.093.188.145	-	1.574.520.222
Net sales within the group	196.361.500	2.715.843	(199.077.343)	-
Cost of out-of-group sales	(387.336.805)	(619.923.537)	-	(1.007.260.342)
Cost of intragroup sales	(5.231.190)	(183.491.425)	188.722.615	-
Gross profit	**285.125.582**	**292.489.026**	**(10.354.728)**	**567.259.880**
General Administrative Expenses (-)	(13.568.721)	(19.187.929)	-	(32.756.650)
Other Income from Operating Activities	49.414.665	130.193.646	-	179.608.311
Other Expenses from Operating Activities (-)	(32.187.127)	(166.848.566)	-	(199.035.693)
Operating profit	**288.784.399**	**236.646.177**	**(10.354.728)**	**515.075.848**
Income from Investment Activities	189.283.156	-	-	189.283.156
Expenses from Investment Activities	(273.972)	-	-	(273.972)
Operating income before financial expenses	**477.793.583**	**236.646.177**	**(10.354.728)**	**704.085.032**
Financial Income	117.982.397	38.093.322	-	156.075.719
Financial Expenses	(610.794.265)	(106.790.361)	-	(717.584.626)
Profit / (loss) before taxation on income	**(15.018.285)**	**167.949.138**	**(10.354.728)**	**142.576.125**
Current Tax Expense	(12.329.934)	(4.994.217)	-	(17.324.151)
Deferred Tax Expense / Income	11.977.136	(7.822.202)	-	4.154.934
Profit / (loss) for the period	**(15.371.083)**	**155.132.719**	**(10.354.728)**	**129.406.908**
Purchases of tangible and intangible asset	219.394	643.464	-	862.858
Depreciation and amortization	(38.434.774)	(81.387.772)	-	(119.822.546)
Fair value gains of investment properties	3.500.000	-	-	3.500.000
Total Assets	1.952.128.755	3.623.905.447	-	5.576.034.202
Total Liabilities	1.373.183.444	2.389.612.041	-	3.762.795.485

(Amounts are expressed in Turkish Lira (TL)

3. SEGMENT REPORTING (cont'd)

January 1 - December 31, 2020	**Turkey**	**Abroad**	**Netting of intragroup sales and cost of sales**	**Consolidated**
Net sales to out-of-group	329.000.889	239.035.446	-	568.036.335
Net sales within the group	6.405.125	2.619.487	(9.024.612)	-
Cost of out-of-group sales	(160.557.283)	(218.176.297)	-	(378.733.580)
Cost of intragroup sales	(2.947.379)	(5.566.432)	8.513.811	-
Gross profit	**171.901.352**	**17.912.204**	**(510.801)**	**189.302.755**
General Administrative Expenses (-)	(11.467.765)	(16.867.928)	-	(28.335.693)
Other Income from Operating Activities	33.371.744	66.760.011	-	100.131.755
Other Expenses from Operating Activities (-)	(10.824.704)	(56.410.340)	-	(67.235.044)
Operating profit	**182.980.627**	**11.393.947**	**(510.801)**	**193.863.773**
Income from Investment Activities	70.060.939	-	-	70.060.939
Expenses from Investment Activities	(16.328.103)	-	-	(16.328.103)
Operating income before financial expenses	**236.713.463**	**11.393.947**	**(510.801)**	**247.596.609**
Financial Income	95.009.312	75.030.822	-	170.040.134
Financial Expenses	(317.400.787)	(181.554.527)	-	(498.955.314)
Profit / (loss) before taxation on income	**14.321.988**	**(95.129.758)**	**(510.801)**	**(81.318.571)**
Current Tax Expense	(16.621.663)	(491.876)	-	(17.113.539)
Deferred Tax Expense / Income	8.835.752	(10.159.254)	-	(1.323.502)
Profit / (loss) for the period	**6.536.077**	**(105.780.888)**	**(510.801)**	**(99.755.612)**
Purchases of tangible and intangible asset	177.641.723	2.561.885	-	180.203.608
Depreciation and amortization	(23.792.086)	(63.166.418)	-	(86.958.504)
Fair value gains of investment properties	-	-	-	-
Total Assets	1.025.139.534	2.296.512.260	-	3.321.651.794
Total Liabilities	1.016.637.932	1.434.740.792	-	2.451.378.724

(Amounts are expressed in Turkish Lira (TL)

4. RELATED PARTY TRANSACTIONS

	December 31, 2021					
	Receivables			Payables		
	Short-term		Long-term	Short-term		Long-term
Related party transactions	**Trade**	**Non-trade**	**Prepaid Expenses**	**Trade**	**Non-trade**	**Non-trade**
Aydıner İnşaat A.Ş. (*) (1)	287.551	10.059.973	7.032.822	-	-	-
Agron Turizm ve Tic. A.Ş. (2)	8.048.052	-	-	-	-	-
Erciyes Enerji Üretim San. Tic. A.Ş. (3)	-	-	-	-	1.000.000	-
Other	324.083	31.476	-	-	25.106	445.410
	8.659.686	**10.091.449**	**7.032.822**	**-**	**1.025.106**	**445.410**

	December 31, 2020					
	Receivables			Payables		
	Short-term		Long-term	Short-term		Long-term
Related party transactions	**Trade**	**Non-trade**	**Non-trade**	**Trade**	**Non-trade**	**Non-trade**
Aydıner İnşaat A.Ş. (**) (1)	-	-	-	-	31.079.701	-
Agron Turizm ve Tic. A.Ş. (2)	3.220.042	-	-	-	-	-
Erciyes Enerji Üretim San. Tic. A.Ş. (3)	-	-	-	-	1.437.416	-
Other	210.187	20.251	-	-	19.574	445.410
	3.430.229	**20.251**	**-**	**-**	**32.536.691**	**445.410**

(*) 7.032.822 TL of long-term prepaid expenses consists of the advance given to Aydıner for Çaypınar SPP project. (Note 7)
(**) 6.500.000 TL of non-trade payables consist of debts arising from the purchase of Ayen Ostim shares.

(1) Main partners

(2) Subsidiaries of the other company of the main partners

(3) Other

(Amounts are expressed in Turkish Lira (TL)

4. RELATED PARTY TRANSACTIONS (cont'd)

	January 1 – December 31, 2021				
Related party transactions	**Foreign Exchange Income**	**Energy Sales**	**Interest Income**	**Interest Expenses**	**Purchases of Services**
Aydıner İnşaat A.Ş. (1)	-	741.459	12.481	2.732.344	97.047
Aybet Beton A.Ş. (2)	-	1.813.759	232	-	-
Agron Turizm ve Tic. A.Ş. (2)	-	3.445.355	646.179	-	-
Other (3)	-	105.724	9.226	-	-
	-	**6.106.297**	**668.118**	**2.732.344**	**97.047**

	January 1 – December 31, 2020				
Related party transactions	**Foreign Exchange Income**	**Energy Sales**	**Interest Income**	**Interest Expenses**	**Purchases of Services**
Aydıner İnşaat A.Ş. (*) (1)	-	438.419	16.040	3.070.607	11.187.034
Aybet Beton A.Ş. (2)	-	1.054.344	1.652	-	-
Agron Turizm ve Tic. A.Ş. (2)	-	2.053.238	317.634	-	-
Other (3)	296.190	98.029	3.410	-	-
	296.190	**3.644.030**	**338.736**	**3.070.607**	**11.187.034**

(*) 11.113.106 TL of the services received from Aydıner İnşaat A.Ş. consists of the progress payments of the construction in progress.

(1) Main partners

(2) Subsidiaries of the other company of the main partners

(3) Other

(Amounts are expressed in Turkish Lira (TL)

4. RELATED PARTY TRANSACTIONS (cont'd)

Key management personnel consist of members of Board of Directors and Executive Board members. The compensation of key management personnel includes salaries, bonus, health insurance and transportation.

Compensation of key management personnel during the period as follow:

	January 1 - December 31, 2021	January 1 - December 31, 2020
Salary and other short-term benefits	**6.458.027**	5.756.476
Other long-term benefits	**544.897**	537.743
	7.002.924	6.294.219

There is no payment for executive members who left the Group due to retirement (December 31, 2020: None).

5. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

As at the balance sheet date, trade receivables of the Group are summarized below:

Short-term trade receivables	**December 31, 2021**	December 31, 2020
Trade receivables (*)	**249.537.942**	45.129.737
Income accruals	**17.380.514**	10.014.317
Trade receivables from related parties (Note 4)	**8.659.686**	3.430.229
Provisions for doubtful receivables (-)	**(2.795.890)**	(2.249.153)
	272.782.252	56.325.130

(*) As of December 31, 2021, the current receivables are due from Elektrik Üretim A.Ş. ("EÜAŞ") and the trade receivables arising from the electricity trade from the customers to whom the Group sells electricity.

As of December 31, 2021 and 2020, the average maturity of trade receivables is one month.

There are no pledges and mortgages on trade receivables (December 31, 2020: None).

Explanations regarding the nature and level of risks in trade receivables payables are explained in Note 28.

(Amounts are expressed in Turkish Lira (TL))

5. TRADE RECEIVABLES AND PAYABLES (cont'd)

a) Trade Receivables (cont'd)

The movement in the allowance for doubtful receivables is as follows:

Doubtful receivables	**2021**	2020
Beginning of the period - January 1	**(2.249.153)**	(1.996.428)
Currency translation difference	**(354.555)**	(191.954)
Current year charge	**(192.182)**	(60.771)
End of the period - December 31	**(2.795.890)**	(2.249.153)

b) Trade Payables

As of balance sheet date, the details of the Group's trade payables are as follows:

Short-term trade payables	**December 31, 2021**	December 31, 2020
Trade payables	**103.668.124**	26.902.115
Expense accruals	**16.534.819**	3.020.736
	120.202.943	29.922.851

The average maturities of trade payables are one month as of December 31, 2021 and 2020.

Explanations regarding the liquidity and foreign currency risks in trade receivables and payables are explained in Note 28.

6. OTHER RECEIVABLES AND PAYABLES

Other Short-Term Receivables	**December 31, 2021**	December 31, 2020
Deposits and guarantees given (*)	**77.797.610**	18.624.083
Receivables from related parties (Note 4)	**10.091.449**	20.251
Other receivables (**)	**7.290.017**	111.145
	95.179.076	18.755.479

(*) It consists of cash guarantees and deposits given by the group company Slovenia to market regulators of various countries in Europe for physical and financial energy trading.
(**) 6.967.233 TL of other receivables consist of the withholding tax that Ayen As will receive from the bank.

(Amounts are expressed in Turkish Lira (TL)

6. OTHER RECEIVABLES AND PAYABLES (cont'd)

Other Long-Term Receivables	**December 31, 2021**	December 31, 2020
Receivables from other parties (**)	**167.260.224**	96.506.096
Deposits and guarantees given	**2.440.612**	911.985
Other receivables(***)	**4.434.922**	4.434.922
	174.135.758	101.853.003

(**) Receivables from other parties consist of receivables regarding payment of capital commitments of other partners of Ayen AS. The interest rate applied for the aforementioned receivables in Euro is 6.25% as of December 31, 2021.

(***) Ayen Ostim constructed the distribution network which ensures the connection of Çaypınar WPP facility to the distribution system. Other receivables balance constitutes the cost of these expenses. This expense will be subject to an increase in the Consumer Price Index (CPI) rate until June 2025. The increased amount will be paid to Ayen Ostim by Uludağ Elektrik Dağıtım A.Ş.

Explanations regarding the liquidty and foreign currency risks in other receivables and payables are explained in Note 28.

The movement in the allowance for impairment provision of other receivables is as follows:

	2021	2020
Beginning of the period - January 1	**-**	(6.350)
Provisions no longer required	**-**	6.350
End of the period - December 31	**-**	-

Other Short-Term Payables	**December 31, 2021**	December 31, 2020
Taxes and funds payable	**4.504.866**	3.711.637
Payables to related parties (Note 4)	**1.025.106**	32.536.691
Other payables	**602.299**	2.603.307
	6.132.271	38.851.635

7. PREPAID EXPENSES AND DEFERRED INCOME

Short-Term Prepaid Expenses	**December 31, 2021**	December 31, 2020
Advances Given (*)	**13.702.959**	15.697
Prepaid expense for the following months	**14.834.576**	4.495.665
Job advances	**32.034**	171.700
	28.569.569	4.683.062

(*) As of December 31, 2021, 10.020.962 TL of the short-term advances given was given for the cost of the energy to be purchased.

(Amounts are expressed in Turkish Lira (TL)

7. PREPAID EXPENSES AND DEFERRED INCOME (cont'd)

Long-Term Prepaid Expenses	December 31, 2021	December 31, 2020
Advances given (*)	**9.160.511**	702.957
	9.160.511	702.957

(*) As of December 31, 2021, 7.032.822 TL of the long-term advances given consists of the advance given to Aydıner for the Çaypınar SPP project. (Note 3)

Short-Term Deferred Income	December 31, 2021	December 31, 2020
Advances received (*)	**37.183.010**	391.504
Deferred income	**7.194.207**	7.194.207
Other	**-**	356.363
	44.377.217	7.942.074

(*) As of December 31, 2021, 36.685.385 TL of the advances received consists of the advance received in return for the energy to be sold by Ayen Trading to foreign companies.

Long-Term Deferred Income	December 31, 2021	December 31, 2020
Deferred income (*)	**599.517**	7.793.725
	599.517	7.793.725

(*) The Company has signed a sales and leaseback agreement with a financial leasing company on 25 December 2017, which is the subject of the lands included in the tangible assets. The Company has evaluated this contract within the scope of TFRS 16 "Leasing Transactions", and the value corresponding to the fair value of the plots subject to the contract and collected from the financial leasing institution is accounted in the "Financial borrowings" account in the financial statements. The Company has accounted the sales profit of TL 36.570.556 arising from the said transaction in the "Deferred income" account in accordance with TFRS 16 Standard, by amortizing this sales profit in the statement of profit or loss according to the maturity of the financial lease debt (6 years) are recognized as income.

8. OTHER CURRENT ASSETS AND OTHER CURRENT LIABILITIES

Other current assets	December 31, 2021	December 31, 2020
VAT carried forward	**25.512.089**	14.087.604
Other	**1.458.362**	855.220
	26.970.451	14.942.824

Other current liabilities	December 31, 2021	December 31, 2020
Taxes and fund payable	**16.110.112**	-
Other	**394.402**	148.427
	16.504.514	148.427

(Amounts are expressed in Turkish Lira (TL)

9. PROPERTY, PLANT AND EQUIPMENT

	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Construction in progress	Total
Cost								
Opening balance as at January 1, 2021	**75.810.884**	**17.595.161**	**7.331.816**	**3.099.553.196**	**7.601.583**	**6.583.502**	**8.068.378**	**3.222.544.520**
Additions	-	-	-	927	348.922	231.891	260.548	842.288
Disposals	-	-	-	(1.182.501)	(344.535)	(202.112)	-	(1.729.148)
Property, plant and equipment value increase	133.097.000	-	1.014.160	-	-	-	-	134.111.160
Currency translation differences	62.686	-	-	1.745.822.200	4.738.208	2.751.143	5.720.516	1.759.094.753
Transfers (*)	(192.560.500)	-	(3.962.010)	-	-	-	-	(196.522.510)
Closing balance as of December 31, 2021	**16.410.070**	**17.595.161**	**4.383.966**	**4.844.193.822**	**12.344.178**	**9.364.424**	**14.049.442**	**4.918.341.063**
Accumulated Depreciation								
Opening balance as at January 1, 2021	**-**	**(12.328.321)**	**(3.039.847)**	**(408.166.005)**	**(9.179.734)**	**(5.533.269)**	**-**	**(438.247.176)**
Charge for the period	-	(1.759.516)	(276.595)	(114.804.832)	(328.472)	(788.482)	-	(117.957.897)
Disposals	-	-	-	951.847	293.886	133.701	-	1.379.434
Currency translation differences	-	-	-	(221.415.706)	(2.137.207)	(3.052.318)	-	(226.605.231)
Transfers (*)	-	-	1.130.010	-	-	-	-	1.130.010
Closing balance as of December 31, 2021	**-**	**(14.087.837)**	**(2.186.432)**	**(743.434.696)**	**(11.351.527)**	**(9.240.368)**	**-**	**(780.300.860)**
Net book value as of December 31, 2021	**16.410.070**	**3.507.324**	**2.197.534**	**4.100.759.126**	**992.651**	**124.056**	**14.049.442**	**4.138.040.203**

(*) In 2021, Lands, parcels and buildings that qualify as investment properties have been transferred to investment properties. (Note 12).

TL 112.901.486 (December 31, 2020: TL 82.036.754) of the current period depreciation expenses is included in the cost of sales and TL 5.056.411 (December 31, 2020: TL 3.902.467) is included in general administrative expenses.

Regarding long-term bank loans and Çaypınar WPP, the Group has a mortgage of 520.182.000 TL (5.000.000 USD and 30.000.000 EUR) on the lands owned by Ayen Enerji and 444.348.660 TL (29.400.000 EUR) on the Çaypınar WPP owned by Ostim, respectively. (Note 16) (December 31, 2020: Ayen Enerji - 36.702.500).

There are commercial enterprise pledges amounting to TL 140.000.000 over Akbük WPP and amounting to TL 150.000.000 over Mordoğan WPP and Korkmaz WPP. Aforementioned pledges were given on 25 June 2009 and on 30 May 2012 as a guarantee for the investment loan obtained for Akbük WPP and Mordoğan WPP and Korkmaz WPP respectively (Note 16). Besides, in 2021 A commercial enterprise pledge of 444,348,660 TL (29,400,000 EUR) was given to the Development and Investment Bank of Turkey for the Çaypınar Res and Solar Power Plant investments of Ayen Ostim A.Ş. (Note 16).

(Amounts are expressed in Turkish Lira (TL)

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Construction in progress	Total
Cost								
Opening balance as at January 1, 2020	**75.789.039**	**17.595.161**	**7.331.816**	**2.311.900.044**	**5.889.039**	**5.034.385**	**14.401.034**	**2.437.940.518**
Additions	-	-	-	177.308.194	114.586	713.894	2.035.207	180.171.881
Disposals (*)	-	-	-	-	-	-	(8.239.283)	(8.239.283)
Currency translation differences	21.845	-	-	608.574.649	1.597.958	835.223	1.641.729	612.671.404
Transfers	-	-	-	1.770.309	-	-	(1.770.309)	-
Closing balance as of December 31, 2020	**75.810.884**	**17.595.161**	**7.331.816**	**3.099.553.196**	**7.601.583**	**6.583.502**	**8.068.378**	**3.222.544.520**
Accumulated Depreciation								
Opening balance as at January 1, 2020	-	(10.568.805)	(2.763.235)	(272.715.763)	(6.472.981)	(4.094.716)	-	(296.615.500)
Charge for the period	-	(1.759.516)	(276.612)	(82.488.154)	(797.998)	(616.941)	-	(85.939.221)
Currency translation differences	-	-	-	(52.962.088)	(1.908.755)	(821.612)	-	(55.692.455)
Closing balance as of December 31, 2020	**-**	**(12.328.321)**	**(3.039.847)**	**(408.166.005)**	**(9.179.734)**	**(5.533.269)**	**-**	**(438.247.176)**
Net book value as of December 31, 2020	**75.810.884**	**5.266.840**	**4.291.969**	**2.691.387.191**	**(1.578.151)**	**1.050.233**	**8.068.378**	**2.784.297.344**

(*) TL 8.239.283 TL is recognized as an expensed based on the decision of the management that the investment in Arakli would not be realized.

- As of December 31, 2020 the foreign exchange gain/loss capitalized on Çaypınar WPP facility is TL 3.723.448 and the capitalized interest expense is TL 2.809.445.

(Amounts are expressed in Turkish Lira (TL))

10. INTANGIBLE ASSETS

	Wholesale License	Electricity Production License	Rights	Other Intangible Assets	Total
Cost					
Opening balance as of January 1, 2021	**350.929**	**321.856**	**2.354.808**	**1.041.363**	**4.068.956**
Additions	-	-	-	20.570	20.570
Currency translation differences	-	-	117.935	888.847	1.006.782
Closing balance as of December 31, 2021	**350.929**	**321.856**	**2.472.743**	**1.950.780**	**5.096.308**
Accumulated Amortization					
Opening balance as of January 1, 2021	**(339.786)**	**(41.779)**	**(2.152.677)**	**(661.803)**	**(3.196.045)**
Charge for the period	-	-	(85.505)	(13.419)	(98.924)
Currency translation differences	-	-	(122.816)	(368.304)	(491.120)
Closing balance as of December 31, 2021	**(339.786)**	**(41.779)**	**(2.360.998)**	**(1.043.526)**	**(3.786.089)**
Net book value as of December 31, 2021	**11.143**	**280.077**	**111.745**	**907.254**	**1.310.219**

- TL 94.684 of the current period depreciation expenses (December 31, 2020: TL 129.140) is included in the cost of sales and TL 4.240 (December 31, 2020: TL 6.143) is included in general administrative expenses.

(Amounts are expressed in Turkish Lira (TL)

10. INTANGIBLE ASSETS (cont'd)

	Wholesale License	Electricity Production License	Rights	Other Intangible Assets	Total
Cost					
Opening balance as of January 1, 2020	350.929	9.240.361	2.309.070	703.721	12.604.081
Additions	-	-	-	31.727	31.727
Disposals (*)	-	(8.918.505)	-	-	(8.918.505)
Currency translation differences	-	-	45.738	305.915	351.653
Closing balance as of December 31, 2020	350.929	321.856	2.354.808	1.041.363	4.068.956
Accumulated Amortization					
Opening balance as of January 1, 2020	(339.786)	(871.464)	(2.075.941)	(453.238)	(3.740.429)
Charge for the period	-	-	(51.177)	(84.106)	(135.283)
Disposals (*)	-	829.685	-	-	829.685
Currency translation differences	-	-	(25.559)	(124.459)	(150.018)
Closing balance as of December 31, 2020	(339.786)	(41.779)	(2.152.677)	(661.803)	(3.196.045)
Net book value as of December 31, 2020	11.143	280.077	202.131	379.560	872.911

(*) TL 8.918.505 of the electricity generation license has been canceled due to the decision of the management that the Araklı investment will not be realized.

11. GOODWILL

	December 31, 2021	December 31, 2020
Demir Enerji (Kayseri Elektrik) Share Acquisition	**17.461.935**	17.461.935
	17.461.935	17.461.935

The difference between the fair value of the identifiable net assets acquired during the 2002 acquisition of Demir Enerji, the capitalist of Kayseri Electricity, which Ayen Energy merged with the acquisition method based on its balance sheet dated 30 June 2008, and the purchase price was evaluated as goodwill. Calculations of this value include the discounted value of the fund flow in US dollars, which will be approved by the Ministry of Energy and Natural Resources ("MENR") of the Yamula Dam of Kayseri Elektrik and will end in 2025. During the determination of recoverable value, the value in US dollars was calculated by converting it to TL with the exchange rate on the balance sheet date. Therefore, the calculation made on the basis of the use value in question is affected by the fluctuations in the foreign exchange market. The discount rate was used as 12,2 % (2020: 9,5 %) in the use value calculations. The discount rate used also includes company-specific risks. As of December 31, 2021, the Group has compared the recoverable value determined by the impairment tests conducted using the above assumptions with the total of TL 263.187.729 (December 31, 2020: TL 176.265.792) service concession agreements of Kayseri Elektrik and the amount of goodwill amounting to TL 17.461.935 did not detect any impairment.

The sensitivity analysis below shows the value-in-use which would have been calculated if the discount rate used was changed while keeping all other variables constant:

	Value in use (TL)
Base discount rate by +1	320.736.253
Base discount rate 0	327.797.751
Base discount rate by -1	335.050.404

(Amounts are expressed in Turkish Lira (TL))

12. INVESTMENT PROPERTIES

Fair Value	Lands and Parcels	Buildings	Totals
Opening balance as of January 1, 2021	**16.500.000**	**-**	**16.500.000**
Positive valuation differences	**3.500.000**	**-**	**3.500.000**
Transfers (*)	**192.560.500**	**2.832.000**	**195.392.500**
Closing balance as of December 31, 2021	**212.560.500**	**2.832.000**	**215.392.500**

Fair Value	Lands and Parcels	Totals
Opening balance as of January 1, 2020	16.500.000	16.500.000
Positive valuation differences	-	-
Closing balance as of December 31, 2020	16.500.000	16.500.000

(*) As of December 31, 2021, the related fixed assets have been classified as investment properties due to the change in their intended use (Note 9).

The fair value of the Company's investment properties has been obtained according to the valuation performed by an independent expertise firm authorized by the CMB, which has no relation with the Company. In the valuation made according to International Valuation Standards, peer comparison method has been taken into consideration.

December 31, 2021	Method used	Degree
Ayen Ostim Land	Peer comparison	**2**
Lodumlu Land	Peer comparison	**2**
Mamak Land	Peer comparison	**2**
Çankaya Land	Peer comparison	**2**
Çankaya Buildings	Peer comparison	**2**

(Amounts are expressed in Turkish Lira (TL)

13. RIGHT OF USE ASSETS

	Land	**Buildings**	**Vehicles**	**Total**
Cost				
Opening balance as of January 1, 2021	7.249.502	2.211.431	115.954	9.576.887
Revaluation (*)	8.694.437	-	-	8.694.437
Disposals	-	2.577.060	-	2.577.060
Currency translation differences	-	2.706.183	83.182	2.789.365
Closing balance as of December 31, 2021	**15.943.939**	**7.494.674**	**199.136**	**23.637.749**
Accumulated Depreciation				
Opening balance as of January 1, 2021	(381.289)	(1.488.086)	(115.954	(1.985.329)
Additions	(892.548)	(873.177)	-	(1.765.725)
Currency translation differences	-	(1.375.965)	(83.182)	(1.459.147)
Closing balance as of December 31, 2021	**(1.273.837)**	**(3.737.228)**	**(199.136)**	**(5.210.201)**
Net book value as of December 31, 2021	**14.670.102**	**3.757.446**	**-**	**18.427.548**

(*) Refers to the changes arising from the price increase / (decrease) in rent payments depending on the consumer price index.

TL 1.690.035 of current period depreciation expenses (December 31, 2020: TL 843.858) are included in the cost of goods sold, and TL 75.690 (December 31, 2020: TL 40.142) is included in general administrative expenses.

	Land	Buildings	Vehicles	Total
Cost				
Opening balance as of January 1, 2020	5.689.499	1.627.614	248.462	7.565.575
Revaluation (*)	1.560.003	-	-	1.560.003
Record disposals (**)	-	-	(161.496)	(161.496)
Currency translation differences	-	583.817	28.988	612.805
Closing balance as of December 31, 2020	7.249.502	2.211.431	115.954	9.576.887
Accumulated Depreciation				
Opening balance as of January 1, 2020	(149.144)	(558.039)	(191.313)	(898.496)
Revaluation(*)	(41.239)	-	-	(41.239)
Additions	(190.906)	(625.341)	(67.753)	(884.000)
Record disposals (**)	-	-	161.496	161.496
Currency translation differences	-	(304.706)	(18.384)	(323.090)
Closing balance as of December 31, 2020	(381.289)	(1.488.086)	(115.954)	(1.985.329)
Net book value as of December 31, 2020	6.868.213	723.345	-	7.591.558

(**) The Group has removed from the records the right-of-use assets whose lease terms have expired. The said removal does not have any effect on profit / (loss).

(Amounts are expressed in Turkish Lira (TL)

14. SERVICE CONCESSION ARRANGEMENTS

Due from Service Concession Arrangements	**December 31, 2021**	December 31, 2020
Short-term receivable from service concession arrangements	**62.290.519**	30.803.894
Invoiced and undue from service concession arrangements (*)	**205.162**	4.173.120
Total short-term receivables of service concession arrangements	**62.495.681**	34.977.014
Long-term receivable from service concession arrangements	**200.692.048**	141.288.778
Total receivable from service concession arrangements	**263.187.729**	176.265.792
Gross receivable from service concession arrangements	**357.125.917**	251.431.306
Unearned financial income (-)	**(94.143.350)**	(79.338.634)
Receivables from service concession arrangements (*)	**205.162**	4.173.120
Receivables from service concession arrangements-net	**263.187.729**	176.265.792

(*) Consists of the receivables invoiced to EÜAŞ but not collected yet.

As of December 31, 2021 and 2020, the payment schedules for gross and net due from service concession arrangements are as follows:

	Gross receivable from service concession arrangements (USD)		Gross receivable from service concession arrangements (TL)	
	December 31, 2021	December 31, 2020	**December 31, 2021**	December 31, 2020
Up to 1 year	**7.750.420**	7.750.420	**100.581.076**	56.891.958
1 to 2 years	**7.750.420**	7.750.420	**100.581.076**	56.891.958
2 to 3 years	**7.750.420**	7.750.420	**100.581.076**	56.891.958
3 to 4 years	**4.267.593**	7.750.420	**55.382.689**	56.891.958
More than 4 years	**-**	3.250.933	**-**	23.863.474
	27.518.853	34.252.613	**357.125.917**	251.431.306

	Net receivable from service concession arrangements (USD)		**Net receivable from service concession arrangements (TL)**	
	December 31, 2021	December 31, 2020	**December 31, 2021**	December 31, 2020
Up to 1 year	**4.799.886**	4.196.430	**62.290.519**	30.803.894
1 to 2 years	**5.490.121**	4.799.886	**71.248.040**	35.233.563
2 to 3 years	**6.275.306**	5.490.121	**81.437.778**	40.300.233
3 to 4 years	**3.699.189**	6.275.306	**48.006.230**	46.063.884
More than 4 years	**-**	2.682.528	**-**	19.691.098
	20.264.502	23.444.271	**262.982.567**	172.092.672

Receivable from service concession arrangements consist of receivables over the terms of the agreements. In accordance with the Energy Sales Agreement, the ownership of Yamula HEEPs and the electricity equipments will be transferred to the MENR at the end of the operation terms.

(Amounts are expressed in Turkish Lira (TL)

15. FINANCIAL LIABILITIES

The detail of borrowings of the Group as of December 31, 2021 and December 31, 2020 is as follows:

Financial Borrowings	December 31, 2021	December 31, 2020
Short-term financial liabilities	**441.453.131**	245.873.768
Short-term portion of long-term financial liabilities	**530.518.154**	250.591.390
Long-term financial liabilities	**2.507.552.673**	1.801.563.558
	3.479.523.958	2.298.028.716

Bank Borrowings

Original Currency	Weighted average effective interest rate (%)	December 31, 2021 Short-term	December 31, 2021 Long-term
TL	**%13,94**	**56.511.889**	**8.992.572**
USD	**%5,24**	**310.978.901**	**16.438.166**
EURO	**%4,90**	**591.983.363**	**2.463.552.235**
		959.474.153	**2.488.982.973**

Original Currency	Weighted average effective interest rate (%)	December 31, 2020 Short-term	December 31, 2020 Long-term
TL	%14,11	25.167.277	20.778.190
USD	%6,72	208.241.079	18.595.933
EURO	%4,85	252.867.616	1.743.578.693
		486.275.972	1.782.952.816

For the short term bank loans of the Group, interest amounting to TL 59.065.144 has been accrued (December 31, 2020: TL 38.422.780).

TL 81.024.421 of the Group's short-term bank loans are financial liabilities taken within the scope of factoring transactions.

(Amounts are expressed in Turkish Lira (TL)

15. FINANCIAL LIABILITIES (cont'd)

The redemption schedule of the borrowings as of December 31, 2021 and 2020 is as follows:

	December 31, 2021	December 31, 2020
To be paid within 1 year	**959.474.153**	486.275.972
To be paid between 1-2 years	**384.998.827**	254.424.033
To be paid between 2-3 years	**350.712.020**	277.847.751
To be paid between 3-4 years	**325.671.143**	210.645.982
To be paid between 4-5 years	**283.440.601**	194.588.736
5 and more than 5 years	**1.144.160.382**	845.446.314
	3.448.457.126	2.269.228.788

The insurance and commission fees paid by the Group for long-term bank loans are recognized under long-term borrowings and are amortized over the life of the loan. As of December 31, 2021, the amount of deferred financing amount is TL 23.279.026 (December 31, 2020: TL 21.923.656). The Group has some rates fastening liabilities are calculated based on consolidated financial statements prepared in accordance with contracts made with regard to investment loans that have used as of the end of each fiscal year Turkey in accordance with the Financial Reporting Standards. The related bank has declared in writing that it has waived from January 1, 2021 to December 31, 2021 for three of the liabilities specified in the related article of the loan. There is no mismatch related to the remaining rate.

Financial Leasing Payables

Financial Leasing Payables	**December 31, 2021**	December 31, 2020
Short term	**12.497.132**	10.189.186
- Gross financial leasing payables	**15.862.211**	14.167.690
- Interest (-)	**(3.365.079)**	(3.978.504)
Long term	**18.569.700**	18.610.742
- Gross financial leasing payables	**80.855.280**	50.143.304
- Interest (-)	**(62.285.580)**	(31.532.562)
	31.066.832	28.799.928

As of December 31, 2021, Ayen Enerji's financial leasing payables consist of; a sale and leaseback agreement made on December 25, 2017 and amounting to TL 11.118.498 (December 31, 2020: TL 20.417.870) and the lease liabilities due to the new TFRS 16 standard amounting to TL 19.948.334 (December 31, 2020: TL 8.382.058). The lease liability balance due to TFRS 16 consist of lands used by Ayen Enerji, land used by Ayen Trading and vehicles and offices used by Ayen AS.

(Amounts are expressed in Turkish Lira (TL)

15. FINANCIAL LIABILITIES (cont'd)

Financial Leasing Payables (cont'd)

Currency	**Weighted average effective interest rate**	**December 31, 2021 Short-term**	**December 31, 2021 Long-term**
TL	**%18,00**	**11.279.511**	**16.132.164**
EUR	**%4,58**	**1.217.621**	**2.437.536**
		12.497.132	**18.569.700**

Currency	Weighted average effective interest rate	December 31, 2020 Short-term	December 31, 2020 Long-term
TL	%18,00	9.451.494	18.610.742
EUR	%4,58	737.692	-
		10.189.186	18.610.742

The repayment schedule of finance lease obligations is as follows:

	December 31, 2021	December 31, 2020
To be paid within 1 year	**12.497.132**	10.189.186
To be paid between 1-2 years	**622.303**	8.155.390
To be paid between 2-3 years	**625.721**	2.974.688
To be paid between 3-4 years	**621.741**	7.153
To be paid between 4-5 years	**630.376**	5.236
5 and more than 5 years	**16.069.559**	7.468.275
	31.066.832	28.799.928

As of December 31, 2021 and 2020, the movement for financial liabilities is as follows:

Financial liabilities	**2021**	2020
Beginning of the period -January 1	**2.298.028.716**	1.781.820.152
Borrowings received	**410.783.328**	407.030.195
Borrowings paid	**(648.692.629)**	(497.669.996)
Change in foreign exchange differences	**451.381.961**	226.993.821
Currency translation differences	**952.110.833**	370.617.625
Change in deferred finance expenses	**4.062.577**	3.618.390
Change in interest accruals	**1.561.851**	4.524.616
Revaluation effect arising from lease agreements (*)	**8.694.437**	1.560.003
Additions to lease agreements during the period	**2.577.060**	-
Cash outflows from rental agreements	**(4.516.070)**	(1.804.834)
Interest accruals arising from rental contracts	**3.531.894**	1.338.744
End of the period - December 31	**3.479.523.958**	2.298.028.716

(*) The Group has remeasured the lease liability to reflect the changes arising from the price increase due to the index in the lease payments. The effect is reflected in the financial statements as an adjustment to the right-of-use asset.

(Amounts are expressed in Turkish Lira (TL)

16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

As of December 31, 2021, there are cases where the Group is litigant and defendant. Most of the cases are related with the bad debt and employee cases. The Group has not provided any provision as of December 31, 2021, as the lawyers have not foreseen a significant cash outflow for the ongoing lawsuits as of the date of preparation of the consolidated financial statements. (December 31, 2020: None).

b) Contingent Assets and Liabilities

Contingent assets	**December 31, 2021**	December 31, 2020
Letters of guarantee received (*)	**12.180.208**	4.919.156
Guarantee received behalf of Ayen Enerji (**)	**600.951.565**	554.616.605
	613.131.773	559.535.761

(*) Received by Ayen Elektrik as guarantee against risks that might occur in collecting related with electricity sales.
(**) Consists of Aydıner İnşaat A.Ş.'s guarantee obtained regarding cash and non-cash General Loan Agreements signed by the Group with banks.

The commitments and contingent liabilities of the Group that are not expected to result in material loss or liability is summarized as follows:

Contingent Liabilities	**December 31, 2021**	December 31, 2020
Mortgages given (****)	**964.530.660**	36.702.500
Commercial enterprise pledge (*)	**734.348.660**	290.000.000
Letters of guarantee given (**)	**138.089.518**	174.180.655
Letters of conveyance given (***)	**25.120.051**	151.419.584
	1.862.088.889	652.302.739

(*) The Group has given commercial enterprise pledge amounting to TL 140.000.000 as a guarantee for the loan used for construction of Akbük WPP, on 25 June 2009 and TL 150.000.000 as a guarantee for the loan used for Mordoğan WPP and Korkmaz WPP on 30 May 2012. Besides, in 2021 A commercial enterprise pledge of 444,348,660 TL (29,400,000 EUR) was given to the Development and Investment Bank of Turkey for the Çaypınar Res and Solar Power Plant investments of Ayen Ostim A.Ş.

(**) Letters of guarantee given consist of TL 72.756.322 in terms of Turkish Lira, TL 17.254.331 in terms of EUR and TL 48.078.865 in terms of USD. Letters of guarantee given comprises that TL 44.000.000 has been given to Kalkınma ve Yatırım Bankası, TL 13.472.625 (EUR 600.000, TL 4.404.285) has been given to TEİAŞ, TL 11.886.720 (TL 7.008.495, USD 365.328) has been given to Enerjisa, TL 8.382.499 has been given to Aydem Elektrik Dağıtım, TL 3.432.500 has been given to EPDK, TL 2.267.180 has been given to GDZ Elektrik, TL 29.133.207 (USD 2.181.772) has been given to Oyak Steag Enerji, TL 14.067.439 (USD 1.053.504) has been given to Cenal Elektrik, TL 29.133.207 (EUR 541.620) Atlas Enerji, other letters mainly consist of guarantees given in relation to reciprocal agreements which are signed between electricity trade companies and the Group and guarantees given in relation to System Use Agreement.

(***) Regarding the "Royalty agreement of the establishment and operation of Yamula Dam and HEPP and sale of the produced electricity to EÜAŞ" and the "Energy sales agreement for Yamula Dam and HEPP" signed with MENR on 7 July 2003 Kayseri Elektrik USD 1.881.229 was given (December 31, 2020: 20.627.966) as a conveyance for the loan.

(****) Regarding long-term bank loans and Çaypınar WPP, the Group has a mortgage of 520.182.000 TL (5.000.000 USD and 30.000.000 EUR) on the lands owned by Ayen Enerji and 444.348.660 TL (29.400.000 EUR) on the Çaypınar WPP owned by Ostim, respectively. (On September 14, 2021, a mortgage of EUR 24.750.000 was given for the Çaypınar WPP investment. Then, according to the loan agreement signed for the SPP-Solar Power plant investment on 30 November 2021, the total guarantee was increased to 29.400.000 Euros, with the additional guarantee of 4.650.000 Euros. Since it is not possible to make an additional mortgage on the same facility for 4.650.000 Euros, 29.400.000 Euros as a second-degree mortgage is secured in a way to benefit from the first degree.) (December 31, 2020: Ayen Enerji - 36.702.500).

(Amounts are expressed in Turkish Lira (TL)

17. COMMITMENTS

c) Guarantees- Pledges -Mortgages

Guarantees, pledge and mortgage ("GPM") position of the Group as of December 31, 2021 and 2020 is as follows:

	December 31, 2021				December 31, 2020			
	TL Equivalent	**TL**	**USD**	**EURO**	TL Equivalent	TL	USD	EURO
	822.584.700	**299.379.920**	**5.000.000**	**30.200.000**	**336.011.576**	**298.408.286**	**5.000.000**	**100.000**
GPM given on behalf of the legal entity								
Guarantee Letter	12.402.700	9.379.920	-	200.000	9.309.076	8.408.286	-	100.000
Pledge	290.000.000	290.000.000	-	-	290.000.000	290.000.000	-	-
Mortgage	520.182.000	-	5.000.000	30.000.000	36.702.500	-	5.000.000	-
Guarantee	-	-	-	-	-	-	-	-
GPM given on behalf of the subsidiaries that are included in full consolidation	**1.039.504.189**	**63.376.402**	**5.481.833**	**59.741.620**	316.291.163	66.151.868	20.627.966	10.959.237
Conveyance	25.120.051	-	1.881.229	-	151.419.584	-	20.627.966	-
Guarantee Letter	125.686.818	63.376.402	3.600.604	941.620	164.871.579	66.151.868	-	10.959.237
Pledge	444.348.660	-	-	29.400.000	-	-	-	-
Mortgage	444.348.660	-	-	29.400.000				
Guarantee	-	-	-	-	-	-	-	-
GPM given for execution of ordinary commercial activities to collect third parties debt	-	-	-	-	-	-	-	-
Other guarantees given	-	-	-	-	-	-	-	-
i. GPM given on behalf of main shareholder guarantee	-	-	-	-	-	-	-	-
ii. GPM given on behalf of group companies not covered by B and C.	-	-	-	-	-	-	-	-
iii. GPM given on behalf of group companies Not covered by C	-	-	-	-	-	-	-	-
Total	**1.862.088.889**	**362.756.322**	**10.481.833**	**89.941.620**	652.302.739	364.560.154	25.627.966	11.059.237

(*) As of December 31, 2021, rate of Group's other GPM to equity is 0% (2020: 0%).

(Amounts are expressed in Turkish Lira (TL)

18. EMPLOYEE BENEFITS

Payables related to employee benefits

	December 31, 2021	December 31, 2020
Due to personnel	**699.945**	614.859
Social security premiums payable	**380.313**	322.345
	1.080.258	937.204

Short-term provisions for employee benefits:

	December 31, 2021	December 31, 2020
Provision for unused vacation	**759.834**	895.369
	759.834	895.369

The movement for provisions is as follows:

	2021	2020
As of January 1	**895.369**	1.028.278
Provisions no longer required	**(135.535)**	(132.909)
As of December 31	**759.834**	895.369

Long-term provisions for employee benefits

<u>Provisions for Severance Indemnity:</u>

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

The amount payable consists of one month's salary limited to a maximum of TL 8.284,51 (December 31, 2020: TL 7.117,17 TL) for each period of service at December 31, 2021.

(Amounts are expressed in Turkish Lira (TL)

18. EMPLOYEE BENEFITS (cont'd)

Long-term provisions for employee benefits (cont'd)

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 *Employee Benefits* stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at December 31, 2021, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of an annual inflation rate of 16,90% and a discount rate of 21,50%, resulting in a real discount rate of approximately 3,93 % (December 31, 2020: discount rate of approximately 3,85%). Estimated amount of retirement pay not paid due to voluntary leaves and retained in the Company is also taken into consideration. Ceiling for retirement pay is revised semi-annually. Ceiling amount of TL 10.848,59 (January 1, 2021: TL 7.638,96) which is in effect since January 1, 2022 is used in the calculation of Group's provision for retirement pay liability.

The principal assumptions used in the calculation of retirement pay liability are discount rate and anticipated turnover rate

- If the discount rate had been 1% higher/(lower) while all other variables were held constant, provision for employee termination benefits would increase by TL 563.656 and decrease by TL 470.463.

- If the anticipated turnover rate had been 1% higher/(lower) provision for employee termination benefits would increase by TL 164.287 and decrease by TL 151.637.

	2021	2020
January 1	**4.489.796**	4.297.212
Interest cost	**592.653**	509.220
Service cost	**1.489.973**	346.819
Actuarial loss	**55.691**	(102.611)
Termination benefits paid	**(862.044)**	(560.844)
December 31	**5.766.069**	4.489.796

(Amounts are expressed in Turkish Lira (TL)

19. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

The company is subject to the registered capital system. The approved and issued capital of the Company consists of 27.750.000.000 (December 31, 2020: 27.750.000.000) shares, each with a nominal value of TL 0,01. The mentioned capital has been fully paid.

The composition of the Company's paid-in share capital as of December 31, 2021 and December 31, 2020 is as follows:

Shareholders	**%**	**December 31, 2021**	%	December 31, 2020
Aydıner İnşaat A.Ş.	**84,98**	**235.812.946**	84,98	235.812.946
Public quotation	**15,01**	**41.656.325**	15,01	41.656.325
Other	**<1**	**30.729**	<1	30.729
Subscribed capital		**277.500.000**		277.500.000

The operations of the Company are managed by the Board of Directors with at least 7 (seven) members that consist 5 (five) A type shareholders determined in the General Assembly in accordance with the Turkish Commercial Code. Each (A) type shareholders have 15 voting rights in Ordinary and Extraordinary General Assemblies.

Restricted profit reserves and retained earnings

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions. As of December 31, 2021, the amount of restricted profit reserves is TL 71.893.619 (December 31, 2020: TL 71.893.619).

Resources Available for Profit Distribution

As of December 31, 2021, there is net profit amounting TL 36.963.857 in the statutory records of the Company (December 31, 2020 Net loss TL 14.255.671).

(Amounts are expressed in Turkish Lira (TL))

20. ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT

a) Currency Translation Differences

	January 1 - December 31, 2021	January 1 - December 31, 2020
Balance at the beginning of period	**555.518.847**	353.853.527
Currency translation differences	**628.571.240**	201.665.320
Balance at the end of period	**1.184.090.087**	555.518.847

b) Remeasurement of defined benefit plans income/(losses)

	Remeasurement income/(losses) from defined benefit plans	**Tax Effect**	**Remeasurement income/(losses) from defined benefit plans, Net**
Opening Balance as of January 1, 2021	(3.275.905)	655.181	(2.620.724)
Remeasurement income/(losses) from defined benefit plans	(55.691)	11.138	(44.553)
Closing Balance as of December, 2021	**(3.331.596)**	**666.319**	**(2.665.277)**

	Remeasurement income/(losses) from defined benefit plans	**Tax Effect**	**Remeasurement income/(losses) from defined benefit plans, Net**
Opening Balance as of January 1, 2020	(3.378.516)	675.703	(2.702.813)
Remeasurement income/(losses) from defined benefit plans	102.611	(20.522)	82.089
Closing Balance as of December, 2020	**(3.275.905)**	**655.181**	**(2.620.724)**

c) Property, plant and equipment revaluation fund

	Property, plant and equipment revaluation increases	**Tax Effect**	**Property, plant and equipment revaluation increases, Net**
Opening Balance as of January 1, 2021	32.015.886	(3.201.589)	28.814.297
Property, plant and equipment revaluation increases	134.111.160	(13.411.116)	120.700.044
Closing Balance as of December, 2021	**166.127.046**	**(16.612.705)**	**149.514.341**

	Property, plant and equipment revaluation increases	**Tax Effect**	**Property, plant and equipment revaluation increases, Net**
Opening Balance as of January 1, 2020	32.015.886	(3.201.589)	28.814.297
Property, plant and equipment revaluation increases	-	-	-
Closing Balance as of December, 2020	**32.015.886**	**(3.201.589)**	**28.814.297**

(Amounts are expressed in Turkish Lira (TL)

21. REVENUE AND COST OF SALES

	January 1- December 31, 2021	January 1- December 31, 2020
Electricity sales	**1.550.443.599**	529.428.426
Interest income from service concession arrangements	**24.076.623**	38.607.909
Revenue	**1.574.520.222**	568.036.335
Cost of sales	**(1.007.260.342)**	(378.733.580)
Gross Profit	**567.259.880**	189.302.755

During the year, TL 28.159.236 (2020: TL 34.776.262) of invoices issued to EÜAŞ related to the Service Concession Arrangements, which is stated in Note 2.4, have been deducted from Service Concession Receivables.

22. EXPENSES BY NATURE

	January 1 - December 31, 2021	January 1 - December 31, 2020
Cost of Sales	**1.007.260.342**	378.733.580
General Administration Expenses	**32.756.650**	28.335.693
	1.040.016.992	407.069.273

	January 1 - December 31, 2021	January 1 - December 31, 2020
Cost of electricity (*)	**700.068.958**	189.409.713
System usage and capacity fee (**)	**133.780.143**	52.451.807
Depreciation and amortization expenses	**119.822.546**	86.958.504
Personnel expenses (***)	**36.778.011**	28.781.461
Plant technical assistance and maintenance	**21.705.155**	19.421.859
Insurance expenses	**7.098.691**	5.647.543
Consultancy fees	**4.090.802**	11.829.990
Office expenses	**2.766.587**	1.565.816
Taxes and duties	**1.904.646**	1.261.239
Hydraulic contribution	**1.362.038**	971.119
Transportation expenses	**836.900**	692.796
Subscription expenses	**425.319**	261.221
Other	**9.377.196**	7.816.205
	1.040.016.992	407.069.273

(*) Consists of the amount of electricity that Ayen Energy, Ayen Elektrik and companies engaged in electricity trade abroad purchase from EPİAŞ and suppliers other than group companies and sell to customers.

(**) The Group reflects the transmission service invoices issued by TEİAŞ and the Electricity Distribution Corporation (“EDAŞ”) and sent to the Group by invoicing the same amounts to EÜAŞ and electricity distribution system usage fees to other customers. The amounts that can be reflected to EÜAŞ and other customers are shown in the accompanying consolidated financial statements by netting with sales, but the amounts that could not be reflected and paid to TEİAŞ by the Group are reflected in the cost of sales.

(***) TL 22.679.538 (December 31, 2020: TL 16.890.389) of personnel expenses are included in the cost of sales and TL 14.098.473 (December 31, 2020: TL 11.891.072) are included in general administrative expenses.

(Amounts are expressed in Turkish Lira (TL)

23. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

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

	January 1 - December 31, 2021	January 1 - December 31, 2020
Financial market revenues (*)	**122.046.980**	61.732.063
Foreign exchange gain arising from operating activities	**42.085.197**	31.743.917
Provisions no longer required (Note 5,6)	**-**	6.350
Other	**15.476.134**	6.649.425
	179.608.311	100.131.755

(*) Income from non-physical electricity sales.

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

	January 1 - December 31, 2021	January 1 - December 31, 2020
Financial market expenses (*)	**166.514.216**	56.200.789
Foreign exchange losses arising from operating activities	**29.472.460**	8.670.857
Kızılcahamam forest expense (**)	**161.210**	124.970
Discount expenses of receivables	**-**	36.461
Provision for doubtful receivables (Note 5)	**192.182**	60.772
Other	**2.695.625**	2.141.195
	199.035.693	67.235.044

(*) Expenses from non-physical electricity purchases.

(**) Consists of the expenses related to the rehabilitation and afforestation of the 1.505 decare Kızılcahamam Forest. This forest was allocated to the Company for afforestation works, facilities and similar works until 2046 as a result of the contract signed with Kızılcahamam Forest Operation Directorate.

(Amounts are expressed in Turkish Lira (TL)

24. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

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

Income from Investing Activities	**January 1 - December 31, 2021**	January 1 - December 31, 2020
Foreign exchange gains from investing activities	**178.588.949**	62.866.732
Revenue from sale and lease back operation	**7.194.207**	7.194.207
Adjustments for fair value gains of investment properties	**3.500.000**	-
	189.283.156	70.060.939

Expenses from Investing Activities	**January 1 - December 31, 2021**	January 1 - December 31, 2020
Loss from Fixed Asset Sale	**273.972**	-
Other Investment Expenses	**-**	16.328.103
	273.972	16.328.103

(*) Other investment expenses consist of the impairment of investments and cancelation of the electricity generation license in accordance with the management's decision that the Arakli investment will not occur.

25. FINANCIAL INCOME AND EXPENSES

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

	January 1 - December 31, 2021	January 1 - December 31, 2020
Foreign exchange income	**143.886.970**	160.063.140
Interest income	**12.188.749**	9.976.994
	156.075.719	170.040.134

	January 1 - December 31, 2021	January 1 - December 31, 2020
Foreign exchange loss	**550.862.125**	360.981.102
Bank loan interests	**158.782.511**	133.206.662
Deferred finance expenses	**2.250.950**	2.250.371
Lease interest expenses	**3.531.894**	1.351.560
Other finance expenses	**2.157.146**	1.165.619
	717.584.626	498.955.314

(Amounts are expressed in Turkish Lira (TL)

26. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Current tax liability:	**December 31, 2021**	December 31, 2020
Current tax liability provision	**17.324.151**	17.113.539
Less: prepaid taxes and funds	**(2.533.395)**	(2.154.447)
Currency Translation Differences	**2.260.768**	(491.876)
Current income tax liability/(Assets related to current tax), net	**17.051.524**	14.467.216

Tax expense in profit or loss statement: Income tax expense consists of the following:	**January 1 - December 31, 2021**	January 1 - December 31, 2020
Current tax expense	**(17.324.151)**	(17.113.539)
Deferred tax expense/ income	**4.154.934**	(1.323.502)
Total tax expense/ income	**(13.169.217)**	(18.437.041)

Tax recognized directly in equity Deferred Tax	**January 1 - December 31, 2021**	January 1 - December 31, 2020
Recorded directly to equity:		
Actuarial gain or loss	**11.138**	(20.522)
Property, plant and equipment revaluation increase	**(13.411.116)**	-
Total deferred tax recognized directly in equity	**(13.399.978)**	(20.522)

Corporate Tax

The Company and its subsidiaries in Turkey are subject to Turkish corporate taxes. Ayen AS and Ayen Trading, recorded in Albania, is subject to tax legislation in Albania. Ayen Slovenia and Ayen Serbia, recorded in Slovenia and Serbia, are subject to tax legislations in Slovenia and Serbia respectively. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses and deducting exempt income, non-taxable income and other incentives (previous years losses, if any, and investment incentives utilized, if preferred).

The corporate tax rate in Turkey is 25%. (However, corporate earnings of corporations for 2022 taxation periods will be applied as 23%, and 20% for 2023 and beyond.) In the countries where the Group operates, Albania, Serbia and Slovenia, the corporate tax rates are 15%, 15% and 19%, respectively. The corporate tax rate is applied to the net corporate income to be found as a result of adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the corporations and deducting the exceptions and deductions in the tax laws. Corporate tax is declared until the evening of the thirtieth day of the fourth month following the end of the relevant year. It is paid until the end of the relevant month.

26. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Corporate Tax (cont'd)

Companies calculate a provisional tax of 25% on their quarterly financial profits (23% for the taxation periods of 2022, 20% for the year 2023 and beyond) and declare it until the 17th day of the second month following that period and pay it until the evening of the seventeenth day. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated over the corporate tax return to be submitted in the following year. If the amount of temporary tax paid remains despite the deduction, this amount can be refunded in cash or set off against any other financial debt to the government.

According to the Corporate Tax Law, the financial losses shown on the tax return can be deducted from the financial profits within the following five years, and it is not possible to deduct the earnings from the previous years (retrospectively). Declarations and related accounting records can be examined by the tax office within five years.

Dividend payments made from companies residing in Turkey to joint-stock companies residing in Turkey are not subject to income tax. In addition, if the profit is not distributed or added to the capital, income tax is not calculated.

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated December 31, 2023.

Income Witholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between 24 April 2003 – 22 July 2006 is 10% and commencing from 22 July 2006, this rate has been changed to 15% upon the Council of Minister's' Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, the investments without investment incentive certificates do not qualify for tax allowance.

(Amounts are expressed in Turkish Lira (TL))

26. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Investment Incentives

The revoked phrase "only attributable to 2006, 2007 and 2008" stated in Provisional Article 69 of Income Tax Law No:193 with the effect of Article 5 of Law No:6009 after having published in the Official Gazette No: 27659 as at 1 August 2010 and the Constitutional Court's issued resolution no: 2009/144 published in the Official Gazette as at 8 January 2010 has been revised. The revised regulation allows companies to continue to benefit from the exception of undeductible and carryforward investment incentive due to insufficient earnings irrespective of having any time constraints. However, deductible amount for investment incentive exception used in the determination of tax base cannot exceed 25% of the related period's income. In addition, companies that opt to use the investment incentive exemption are allowed to apply 20% of income tax, instead of 30% under the related revised regulation.

The additional paragraph to Provisional Article 69 included in accordance with Law No:6009, which is related to the 25% threshold and requires the incentive amount that will be subject to investment incentive exemption in determining tax base cannot exceed 25% of the respective income, has been revoked based on the ground that it is contrary to the Constitution upon the Constitutional Court's resolution No: E. 2010/93 K. 2012/20 ("stay of execution") issued on 9 February 2012 and published in the Official Gazette No: 28208 on 18 February 2012. The related Constitutional Court's decision was published in the official Gazette No: 28719 as at 26 July 2013.

Deferred tax:

The Group recognizes deferred tax assets and liabilities based upon the temporary differences between financial statements as reported in accordance with Turkish Financial Reporting Standards and its tax base of statutory financial statements. These differences usually result in the recognition of revenue and expense items in different periods for Turkish Financial Reporting Standards and statutory tax purposes.

Turkish Tax Legislation does not permit a parent company, its subsidiaries and joint ventures to file a consolidated tax return, therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis. In this respect deferred tax assets and liabilities of consolidated entities in the accompanying consolidated financial statements are not offset.

	Temporary differences		**Deferred tax assets/(liabilities)**	
Deferred tax assets/ (liabilities):	**December 31, 2021**	December 31, 2020	**December 31, 2021**	December 31, 2020
Property, plant and equipment, intangible assets and invenstment properties	**214.686.959**	(15.385.874)	**(2.311.122)**	8.128.699
Investment incentives	**-**	9.121.245	**-**	1.824.249
Carry forward tax losses	**310.795.169**	79.001.988	**53.550.039**	15.800.397
Provision for employment termination benefits	**6.525.903**	5.385.165	**1.305.181**	1.077.034
Due from service concession arrangements	**(227.293.248)**	(127.898.570)	**(52.596.433)**	(25.579.714)
Other	**7.226.050**	3.395.708	**1.004.371**	784.505
	311.940.833	(46.380.338)	**952.036**	2.035.170

(Amounts are expressed in Turkish Lira (TL)

26. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

The Group reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all that deferred income tax asset to be utilized. Accordingly, the Group did not recognise deferred tax assets amounting from deductible losses to TL 79.926.602 (December 31, 2020: TL 267.117.496) for the carry forward tax losses of Ayen Enerji amounting to TL 71.479.036 (December 31, 2020: TL 135.798.337), that of Ayen AS amounting to TL 0 (December 31, 2020: 131.147.394), and that of Araklı Enerji amounting to TL 8.447.566 (December 31, 2020: TL 171.765).

As of December 31, 2021 and December 31, 2020, the expiration dates of prior years' losses, which deferred tax asset have not been accounted for, are as follows:

	December 31, 2021	December 31, 2020
2021	**-**	43.060.245
2022	**48.834.526**	106.231.981
2023	**22.734.274**	9.926.316
2024	**39.896**	76.089
2025	**8.289.953**	107.822.865
2026	**27.953**	-
	79.926.602	267.117.496

The Group has recognized deferred tax asset amounting to TL 10.983.615 (December 31, 2020: TL 6.803.523) on the deductible financial loss of Ayen Enerji amounting to TL 54.918.073 (December 31, 2020: TL 34.017.615), TL 0 (December 31, 2020: TL 221.541) on the deductible financial loss of Ayen Elektrik amounting to TL 0 (December 31, 2020: TL 1.107.705), TL 25.826.985 (December 31, 2020: TL 0) on the deductible financial loss of Ayen As amounting to TL 172.179.901 (December 31, 2020: TL 0), and TL 16.739.439 (December 31, 2020: TL 8.775.333) on the deductible financial loss of Ayen Ostim amounting to TL 83.697.195 (December 31, 2020: TL 43.876.668).

As of December 31, 2021 and December 31, 2020, the expiration dates of prior years' losses, which deferred tax asset have been accounted for, are as follows:

	December 31, 2021	December 31, 2020
2021	**-**	2.623.280
2022	**2.660.560**	2.660.560
2023	**20.626.477**	33.434.436
2024	**434.134**	21.114.061
2025	**210.957.592**	19.169.651
2026	**76.116.406**	-
	310.795.169	79.001.988

(Amounts are expressed in Turkish Lira (TL))

26. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Movements in deferred income taxes can be analysed as follows:

	2021	2020
January 1	**2.035.170**	3.379.194
Current year deferred taxation expense	**4.154.934**	(1.323.502)
Deferred tax credit recorded under equity	**(13.399.978)**	(20.522)
- Actuarial loss / gain effect	**11.138**	(20.522)
- Property, plant and equipment revaluation increase	**(13.411.116)**	-
Foreign Exchange Translation Gain	**8.161.910**	-
December 31	**952.036**	2.035.170

The reconciliation of current year tax charge calculated over current period tax charge and profit before tax disclosed in the consolidated statement of profit or loss for the period ended December 31, 2021 and 2020 is stated below:

	December 31, 2021	December 31, 2020
Profit/ (loss) before tax on profit or loss statement	**142.576.125**	(81.318.571)
Tax rate	**%25**	%22
Tax expense on tax rate	**(35.644.031)**	17.890.086
Effect of tax:		
- discounts	**237.728**	131.475
- disallowable expenses	**(24.933.838)**	(915.771)
- investment incentive effect	**-**	2.099.747
- tax effect of non-usable losses	**(6.988)**	(34.526.692)
- Tax losses used and created in the current year, not deferred tax created in previous years	**37.956.769**	-
- different tax rate effect	**8.054.974**	(636.585)
- other	**1.166.169**	(2.479.301)
Tax expense on profit or loss statement	**(13.169.217)**	(18.437.041)

(Amounts are expressed in Turkish Lira (TL)

27. EARNINGS PER SHARE

	January 1- December 31, 2021	January 1, December 31 2020
Profit/ (loss) for the year attributable to equity holders of the Parent	**111.655.194**	(91.523.972)
Average number of outstanding shares	**27.750.000.000**	27.750.000.000
Earnings/ (loss) per basic, 1.000 shares (TL)	**4,02**	(3,30)

28. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

a) Capital risk management

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

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

While managing the capital, the Group's goals are to ensure the continuation of the Group's activities in order to maintain the most appropriate capital structure in order to provide benefits to its shareholders, benefit other shareholders, and reduce the cost of capital.

The Group controls its capital using the net debt/total capital ratio. This ratio is calculated as net debt divided by the total capital amount. Net debt is calculated as total liability amount less cash and cash equivalents. Total capital is calculated as shareholders' equity plus the net debt amount as presented in the balance sheet.

As of December 31, 2021 and 2020 net debt / total capital ratio is as follows:

	2021	2020
	TL	TL
Total Financial Debt	**3.479.542.022**	2.298.046.780
Less: Cash and cash equivalents	**(243.718.101)**	(71.513.984)
Net Debt	**3.235.823.921**	2.226.532.796
Equity Attributable to Owners of the Parent	**1.649.990.180**	789.108.255
Net Debt / Capital	**1,96**	2,82

b) Financial Risk Factors

The risks of the Group, resulted from operations, include market risk, credit risk and liquidity risk. The Group's risk management program generally seeks to minimize the effects of uncertainty in financial market on financial performance of the Group.

(Amounts are expressed in Turkish Lira (TL)

28. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

b.1) Credit risk management

Credit risk of financial instruments	**Receivables**					
	Trade Receivables		**Other Receivables**			
December 31, 2021	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Receivables From Service Concession Arrangements**	**Bank Deposits**
Maximum net credit risk as of balance sheet date (*)	**8.659.686**	**264.122.566**	**10.091.449**	**259.223.385**	**263.187.729**	**243.554.201**
- The part of maximum risk under guarantee with collateral etc. (**)	-	**12.911.783**	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	**8.659.686**	**264.122.566**	**10.091.449**	**259.223.385**	**263.187.729**	**243.554.201**
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross book value)	-	**2.795.890**	-	-	-	-
- Impairment (-)	-	**(2.795.890)**	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-	-

(*) The factors that increase the credit reliability, such as guarantee received are not considered in the determination of the balance.
(**) Guarantees consists of guarantee letters, guarantee notes and mortgages obtained from the customers.

(Amounts are expressed in Turkish Lira (TL))

28. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

b.1) Credit risk management (cont'd)

Credit risk of financial instruments	**Receivables**					
	Trade Receivables		**Other Receivables**			
December 31, 2020	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Receivables From Service Concession Arrangements**	**Bank Deposits**
Maximum net credit risk as of balance sheet date (*)	3.430.229	52.894.901	20.251	120.588.231	176.265.792	71.205.246
- The part of maximum risk under guarantee with collateral etc. (**)		4.919.156	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	3.430.229	52.894.901	20.251	120.588.231	176.265.792	71.205.246
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross book value)	-	2.249.153	-	-	-	-
- Impairment (-)	-	(2.249.153)	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-	-

(*) The factors that increase the credit reliability, such as guarantee received are not considered in the determination of the balance.
(**) Guarantees consists of guarantee letters, guarantee notes and mortgages obtained from the customers.

(Amounts are expressed in Turkish Lira (TL)

28. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

b.1) Credit risk management (cont'd)

Credit risk consists of deposits held at banks and customers exposed to credit risk, including uncollected receivables and committed transactions. Risk control evaluates the customer's credit quality, taking into account the customer's financial position, past experience and other factors. The Group's receivables from service concession agreements and receivables amounting to TL 2.838.711 (2020: TL 16.118.302) of its trade receivables consist of receivables from EÜAŞ. EÜAŞ continues its commercial and wholesale activities in the electricity market and conducts its electricity transmission and distribution activities in accordance with the general energy and economic policy of the state, and financial settlement transactions of the EPİAŞ organized wholesale electricity markets, the financial settlement transactions regarding the imbalance calculations, before and during the day Economic State Enterprises that carry out the operational and financial settlement activities of organized wholesale electricity markets. In addition to being public institutions of EÜAŞ, EPİAŞ and TEİAŞ, EÜAŞ provides purchase guarantee for electricity produced by the power plants established with the Build-Operate-Transfer model of the Group, and this reduces the credit risk that the Group is exposed to. The remaining trade receivables are related to the wholesale and retail activities of the Group, and the said receivables comprise industry and commercial type customers. The Group obtains collateral from the said wholesale customers when necessary.

As of December 31, 2021 and 2020, there are no overdue but not impaired receivables.

b.2) Liquidity risk management

Having a conservative liquidity risk management requires obtaining adequate level of cash in addition to having the ability to utilize adequate level of borrowings and fund resources as well as closing market positions.

The following table presents the maturity of Group's derivative and non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

December 31, 2021

Contractual maturity analysis	Carrying Value	Total cash outflow according to contract (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Non-derivative financial liabilities						
Bank borrowings	**3.448.457.126**	**3.615.186.883**	**394.232.595**	**598.326.989**	**1.439.181.257**	**1.183.446.042**
Financial liabilities	**31.066.832**	**32.182.460**	**4.275.652**	**11.774.644**	**62.605**	**16.069.559**
Trade payables	**120.202.943**	**120.202.943**	**120.202.943**	**-**	**-**	**-**
Other payables	**6.577.681**	**6.577.681**	**6.577.681**	**-**	**-**	**-**
Total liabilities	**3.606.304.582**	**3.774.149.967**	**525.288.871**	**610.101.633**	**1.439.243.862**	**1.199.515.601**

(Amounts are expressed in Turkish Lira (TL))

28. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

December 31, 2020

Contractual maturity analysis	Carrying Value	Total cash outflow according to contract (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Non-derivative financial liabilities						
Bank borrowings	2.269.228.788	3.092.843.263	274.042.546	298.115.525	1.284.066.789	1.236.618.403
Financial liabilities	28.799.928	32.848.309	3.944.578	9.174.095	12.257.965	7.471.671
Trade payables	29.922.851	29.922.851	29.922.851	-	-	-
Other payables	39.297.045	39.297.045	39.297.045	-	-	-
Total liabilities	2.367.248.612	3.194.911.468	347.207.020	307.289.620	1.296.324.754	1.244.090.074

(*) Since interest rates of the loans are floating, total cash outflows of financial liabilities are calculated over the interest rate announced after the Group's last loan repayment.

b.3) Market risk management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Market risk exposures of the Group are measured using sensitivity analysis.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

(Amounts are expressed in Turkish Lira (TL)

28. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

b.3.1) Foreign currency risk management

Transactions in foreign currencies expose the Group to foreign currency risk.

As of December 31, 2021 and 2020 the foreign currency denominated assets and liabilities of monetary and non-monetary items are as follows:

	December 31, 2021		
	TL Equivalent	**USD**	**EURO**
Trade receivables	218.773.478	180.116	14.341.951
Monetary financial assets	126.997.384	683.385	7.814.071
Short-term receivables from service concession arrangements	62.495.681	4.688.700	-
Other	88.981	-	5.898
CURRENT ASSETS	**408.355.524**	**5.552.201**	**22.161.920**
Long-term receivables from service concession arrangements	200.692.048	15.056.797	-
Other	166.211.260	-	11.017.072
NON-CURRENT ASSETS	**366.903.308**	**15.056.797**	**11.017.072**
TOTAL ASSETS	**775.258.832**	**20.608.998**	**33.178.992**
Trade payables	91.051.898	2.009.573	4.248.941
Financial borrowings	902.962.264	23.289.066	39.168.141
Financial leases	1.217.621	-	80.563
SHORT TERM LIABILITIES	**995.231.783**	**25.298.639**	**43.497.645**
Financial borrowings	2.479.990.401	1.231.047	162.999.109
Financial leases	2.437.536	-	161.278
LONG TERM LIABILITIES	**2.482.427.937**	**1.231.047**	**163.160.387**
TOTAL LIABILITIES	**3.477.659.720**	**26.529.686**	**206.658.032**
Net Foreign Currency Position	**(2.702.400.888)**	**(5.920.688)**	**(173.479.040)**

(Amounts are expressed in Turkish Lira (TL)

28. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

b.3) Market risk management (cont'd)

b.3.1) Foreign currency risk management (cont'd)

	December 31, 2020		
	TL Equivalent	USD	EUR
Trade receivables	15.958.142	2.104.718	56.446
Monetary financial assets	17.483.851	511.164	1.524.401
Due from short-term service concession arrangements	34.977.014	4.764.936	-
Other	74.748	-	8.298
CURRENT ASSETS	68.493.755	7.380.818	1.589.145
Due from long-term service concession arrangements	141.288.778	19.247.841	-
Other	93.402.996	-	10.369.009
NON-CURRENT ASSETS	234.691.774	19.247.841	10.369.009
TOTAL ASSETS	303.185.529	26.628.659	11.958.154
Trade payables	5.603.004	53.186	578.669
Financial borrowings	461.108.695	28.368.787	28.071.761
Financial leases	737.692	-	81.894
SHORT TERM LIABILITIES	467.449.391	28.421.973	28.732.324
Financial borrowings	1.762.174.626	2.533.333	193.561.062
LONG TERM LIABILITIES	1.762.174.626	2.533.333	193.561.062
TOTAL LIABILITIES	2.229.624.017	30.955.306	222.293.386
Net Foreign Currency Position	(1.926.438.488)	(4.326.647)	(210.335.232)

The following table details the Group's sensitivity to a 10% increase and decrease in USD, and EUR. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit or loss.

(Amounts are expressed in Turkish Lira (TL))

28. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

b.3) Market risk management (cont'd)

b.3.1) Foreign currency risk management (cont'd)

The Group is mainly exposed to USD and EURO denominated foreign exchange risk.

	December 31, 2021 Profit/Loss	
	Appreciation of foreign currency	**Depreciation of foreign currency**
In case 10% appreciation in USD against TL	-	-
US Dollar net asset / liability	(7.905.895)	7.905.895
Part of hedged from US Dollar risk (-)	-	-
US Dollar net effect	**(7.905.895)**	**7.905.895**
In case 10% appreciation in EUR against TL	-	-
EUR net asset / liability	(262.194.486)	262.194.486
Part of hedged from EUR risk (-)	-	-
EUR net effect	**(262.194.486)**	**262.194.486**
TOTAL	**(270.100.381)**	**270.100.381**

	December 31, 2020 Profit/Loss	
	Appreciation of foreign currency	**Depreciation of foreign currency**
In case 10% appreciation in USD against TL	-	-
US Dollar net asset / liability	(3.175.975)	3.175.975
Part of hedged from US Dollar risk (-)	-	-
US Dollar net effect	**(3.175.975)**	**3.175.975**
In case 10% appreciation in EURO against TL	-	-
EUR net asset / liability	(189.467.874)	189.467.874
Part of hedged from EUR risk (-)	-	-
EUR net effect	**(189.467.874)**	**189.467.874**
TOTAL	**(192.643.849)**	**192.643.849**

b.3.2) Interest rate risk management

The Group is exposed to interest risks through the impact of EURO borrowings, due to variable interest rate used. As of December 31, 2021, for EURO denominated borrowings, had the interest rates increased/decreased by 100 base points (1%) with all other variables held constant, net profit before taxation of the Group due to loan interest loss/profit would have been decreased/increased by TL 9.086.644 (2020: TL 5.144.754) mainly as a result of interest expenses on short-term and long-term borrowings.

(Amounts are expressed in Turkish Lira (TL)

29. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING)

Fair values and categories of financial instruments

December 31, 2021	**Loans and receivables (including cash and equivalents)**	**Financial liabilities at amortized costs**	**Carrying value**	**Note**
Financial Assets				
Cash and cash equivalents	**243.718.101**	**-**	**243.718.101**	**30**
Trade receivables from third parties	**264.122.566**	**-**	**264.122.566**	**5**
Trade receivables from related parties	**8.659.686**	**-**	**8.659.686**	**4**
Receivables from service concession agreements	**263.187.729**	**-**	**263.187.729**	**14**
Other receivables from third parties	**259.223.385**	**-**	**259.223.385**	**6**
Other receivables from related parties	**10.091.449**	**-**	**10.091.449**	**4**
Financial liabilities				
Trade payables and non – trade payables	**-**	**125.310.108**	**125.310.108**	**5, 6**
Trade and non-trade payables to related parties	**-**	**1.470.516**	**1.470.516**	**4**
Financial borrowings	**-**	**3.479.523.958**	**3.479.523.958**	**15**

December 31, 2020	Loans and receivables (including cash and equivalents)	Financial liabilities at amortized costs	Carrying value	Note
Financial Assets				
Cash and cash equivalents	71.513.984	-	71.513.984	30
Trade receivables from third parties	52.894.901	-	52.894.901	5
Trade receivables from related parties	3.430.229	-	3.430.229	4
Receivables from service concession agreements	176.265.792	-	176.265.792	14
Other receivables from third parties	120.588.231	-	120.588.231	6
Other receivables from related parties	20.251	-	20.251	4
Financial liabilities				
Trade payables and non – trade payables	-	36.237.795	36.237.795	5, 6
Trade and non-trade payables to related parties	-	32.982.101	32.982.101	4
Financial borrowings	-	2.298.028.716	2.298.028.716	15

Group considers that the book value of financial instruments reflects their fair values.

(Amounts are expressed in Turkish Lira (TL))

30. DISCLOSURES RELATED TO THE STATEMENT OF CASH FLOWS

	December 31, 2021	December 31, 2020
Cash	**163.900**	308.738
Cash in bank	**243.155.980**	70.943.906
Demand deposits	**243.121.929**	70.923.410
Time deposits with maturities less than three months	**34.051**	20.496
Cash in transit (*)	**398.221**	261.340
	243.718.101	71.513.984

(*) Cash in transit consists of receivables from sales made via POS devices.

Explanations about the nature and level of risks related to cash and cash equivalents are provided in Note 28.

As of December 31, 2021, the time deposits with maturities less than three months of the Group consists of TL denominated time deposits with maturities in January 2022. The weighted average effective overnight interest rates of TL denominated time deposits is 5% (2020: 5%).

The Group has no blocked deposits as of December 31, 2021 (2020: None).

31. FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR/AUDITOR

Fees for services received from independent auditor/independent audit firm The Group's statement on the fees for services rendered by independent audit firms, prepared by the POA pursuant to the Board Decision published in the Official Gazette on 30 March 2021, and the preparation principles of which are based on the POA letter dated 19 August 2021 as follows:

	December 31, 2021	December 31, 2020
Independent audit fee for the reporting period	**346.362**	250.000
Other assurance services	**-**	40.000
	346.362	290.000

32. EVENTS AFTER THE REPORTING PERIOD

The events that started between Ukraine and the Russian Federation as of the end of February had a significant impact on the global markets. Due to the fact that it is one of the important energy suppliers of Europe, the economic sanctions imposed on the Russian Federation, along with the rising inflation data in the world, have increased the energy prices significantly. In addition to these, with the restriction of imports of various substances such as oil and natural gas from the Russian Federation by some states, an energy supply risk has arisen in the region and in the world. If these developments continue, it is expected that energy prices will rise and positive effects will be seen in the financial statements of energy-producing companies in the upcoming period. Since the Group produces through wind and hydroelectric power plants, no generation risk arising from the aforementioned crisis is foreseen.