

**Aydem Yenilenebilir Enerji
Anonim Őirketi and Its Subsidiaries**

**Carve-out consolidated financial Statements
for the year ended 31 December 2020 and
Independent Auditor's Report**

Aydem Yenilenebilir Enerji Anonim Őirketi and Its Subsidiaries

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Güney Bağımsız Denetim ve SMMM A.Ş.
Maslak Mah. Eski Büyükdere Cad.
Orjin Maslak İş Merkezi No: 27
Kat: 2-3-4 Daire: 54-57-59
34485 Sarıyer
İstanbul - Türkiye

Tel: +90 212 315 3000
Fax: +90 212 230 8291
ey.com
Ticaret Sicil No : 479920
Mersis No: 0-4350-3032-6000017

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Aydem Yenilenebilir Enerji Anonim Şirketi :

Report on the audit of the carve-out consolidated financial statements

Opinion

We have audited the carve-out consolidated financial statements of Aydem Yenilenebilir Enerji A.Ş. (the Company) and its subsidiaries (the Group), which comprise the carve-out consolidated statement of financial position as at 31 December 2020, and the carve-out consolidated statement of profit or loss and other comprehensive income, carve-out consolidated statement of changes in equity and carve-out consolidated statement of cash flows for the year then ended, and notes to the carve-out consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying carve-out consolidated financial statements present fairly, in all material respects, the carve-out consolidated financial position of the Group as at 31 December 2020 and its carve-out consolidated financial performance and its carve-out consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the carve-out consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the carve-out consolidated financial statements in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the carve-out consolidated financial statements of the current period. These matters were addressed in the context of our audit of the carve-out consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the carve-out consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the carve-out consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying carve-out consolidated financial statements.



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Key Audit Matter	How our audit addressed the key audit matter
<i>Valuation of power plants</i>	
<p>Power plants comprises 96% of total assets of the Group as at 31 December 2020. The Group measures power plants using the revaluation method as stated in Note 2.8 in the carve-out consolidated financial statements; therefore, management makes estimates and uses assumptions to determine those fair values. The fair value is measured, as explained in note 2.8 to the carve-out consolidated financial statements, based on appraisal reports by independent and external appraisers. For the valuations, estimates are made of the expected future cash flows taking into account the related risks.</p> <p>Detailed explanations on property, plant and equipment are provided in Note 8 and Note 2.8 to the carve-out consolidated financial statements.</p> <p>Since the valuation of power plants is complex and highly dependent on estimates and assumptions, and also given the magnitude of the amounts involved, we consider the valuation of power plants as a key audit matter.</p>	<p>Among the other audit procedures we performed, we assessed the qualifications, competencies and independence of the professional appraisers engaged by the management.</p> <p>We have evaluated the appropriateness of the information and assumptions used in the valuations. These include the estimates by the external appraisal firms (such as the market price, production volume and discount rate). For this assessment, we involved valuation experts of a firm which is in our audit network to support our audit. We assessed whether the valuation methods as applied by appraisers are acceptable for the valuation of the power plants.</p> <p>In addition, we have assessed the appropriateness of the disclosures in the carve-out consolidated financial statements and notes regarding the above-mentioned accounting policy, estimates used and the valuation methodology and their conformity to IFRS.</p>



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Key Audit Matter	How our audit addressed the key audit matter
<p><i>Preparation of carve-out consolidated financial statements</i></p>	
<p>As explained in Note 1 and Note 2.2, after the restructuring undertaken in 2019, the main and sole activity of the Group became renewable energy generation. In order to present the consolidated financial position and the results of operations solely of the renewable energy generation comparatively for the prior periods, the Group has prepared the consolidated financial statements on a carve-out basis.</p> <p>Accordingly, the former subsidiaries of the Group whose main activities were not the renewable energy have been excluded from the accompanying carve-out consolidated financial statements.</p> <p>Additionally, the Group has terminated its operations in the power plant construction business in 2019 by selling the assets of the business to third parties and also sold the solar panel production business to a subsidiary of its ultimate parent through a spin-off transaction. Since these were not previously reportable segments, some assumptions and judgements are used for the allocation of items relating to the financial position and income statement based on the accounting records of the Group.</p> <p>Detailed explanations on the assumptions and judgements used for the allocation of the items regarding the power plant construction and solar panel production businesses are given in Note 2.2 of the carve-out consolidated financial statements.</p> <p>Because the consolidated financial position of the Group and its consolidated financial performance and its consolidated cash flows are dependent on the assumptions and judgements used and the effect of the carved-out businesses are material to the carve-out consolidated financial statements, we consider this as a key audit matter.</p>	<p>Among the other audit procedures we performed, we assessed the appropriateness of the units to be excluded from the carve-out consolidated financial statements.</p> <p>We have evaluated the appropriateness of the assumptions and judgements used in the allocation of assets, liabilities, equity, income expenses and cash flows among the units.</p> <p>We have tested whether the items allocated to carved-out units are actually related to businesses other than renewable energy business. These procedures include;</p> <ul style="list-style-type: none"> -tracing the items to the cost/profit centers in the accounting system, background checks for the customers and suppliers to ensure which businesses they relate to, and invoice testing as to the nature of the items. <p>In addition, we have assessed whether the following information is sufficiently disclosed in the carve-out consolidated financial statements and explanatory notes :</p> <ul style="list-style-type: none"> • the fact that the financial statements are carve-out consolidated financial statements, • the reason why carve-out consolidated financial statements are prepared, • the basis for determining which ‘units’ are included in the carve-out consolidated financial statements, • the basis of preparation of the carve-out consolidated financial statements, the assumptions and judgement used for the allocation and, • the comprehensive related party disclosures.



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Responsibilities of management and those charged with governance for the carve-out consolidated financial statements

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

In preparing the carve-out 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.

Auditor's responsibilities for the audit of the carve-out consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the carve-out 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 ISAs 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 carve-out consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the carve-out 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 carve-out 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.



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

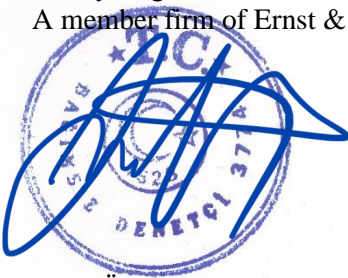
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the carve-out consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the carve-out 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.

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



Onur Ünal, SMMM
Partner

19 February 2021
İstanbul, Turkey

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
carve-out consolidated statement of financial position
as at 31 December 2020

(Amounts expressed in Turkish Lira (TL), unless otherwise indicated)

		Audited	Audited
		Current Year	Prior Year
	Notes	31 December 2020	31 December 2019
ASSETS			
Current Assets			
Cash and Cash Equivalents	24	145,525,078	136,532,816
Trade Receivables		54,936,204	90,314,140
- <i>Due from Related Parties</i>	4	505,386	-
- <i>Due from Third Parties</i>	5	54,430,818	90,314,140
Other Receivables		95,261,788	16,628,926
- <i>Due from Related Parties</i>	4	54,715,013	-
- <i>Due from Third Parties</i>	6	40,546,775	16,628,926
Inventories	7	8,526,381	19,718,568
Other Current Assets	12	21,068,088	42,486,736
Total Current Assets		325,317,539	305,681,186
Non-Current Assets			
Other Receivables		2,009,915	1,635,999
- <i>Other Receivables due from Third Parties</i>	6	2,009,915	1,635,999
Investments Accounted by the Equity Method	25	-	38,830,648
Property, Plant and Equipments	8,1	11,812,559,374	9,554,670,542
Right of Use Assets	8,2	12,692,371	12,341,040
Intangible Assets		304,154,447	309,326,710
- <i>Other Intangible Assets</i>	9	304,154,447	309,326,710
Other Non-current Assets	12	13,964,544	19,930,663
Total Non-Current Assets		12,145,380,651	9,936,735,602
TOTAL ASSETS		12,470,698,190	10,242,416,788

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

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
carve-out consolidated statement of financial position
as at 31 December 2020

(Amounts expressed in Turkish Lira (TL), unless otherwise indicated)

		Audited	Audited
		Current Year	Prior Year
	Notes	31 December 2020	31 December 2019
LIABILITIES			Restated (Note 2.9)
Current Liabilities			
Financial Liabilities	22	742,297,806	576,564,609
Lease Liabilities	22	5,163,541	3,271,208
Trade Payables		49,644,359	73,198,259
- Due to Related Parties	4	2,134,935	13,022,145
- Due to Third Parties	5	47,509,424	60,176,114
Other Payables		78,278,640	146,126,371
- Due to Related Parties	4	8,080,612	72,643,488
- Due to Third Parties	6	70,198,028	73,482,883
Liabilities for Employee Benefits	11	1,766,566	1,018,762
Current Provisions		16,252,613	14,713,603
- Short-term Provisions for Employee Benefits	10	3,188,285	2,775,902
- Other Short-term Provisions	10	13,064,328	11,937,701
Other Current Liabilities	12	14,063,067	35,232,490
Total Current Liabilities		907,466,592	850,125,302
Non-Current Liabilities			
Financial Liabilities	22	4,186,643,526	3,787,434,625
Lease Liabilities	22	11,219,215	8,930,893
Other Payables		64,061,421	124,959,498
- Due to Related Parties	4	64,061,421	60,139,498
- Due to Third Parties	6	-	64,820,000
Non-current Provisions		8,122,907	8,521,011
- Long-Term Provisions for Employee Benefits	10	8,122,907	8,521,011
Deferred Tax Liabilities	21	1,400,332,535	1,042,019,285
Total Non-current Liabilities		5,670,379,604	4,971,865,312
Total Liabilities		6,577,846,196	5,821,990,614

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

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
carve-out consolidated statement of financial position
as at 31 December 2020

(Amounts expressed in Turkish Lira (TL), unless otherwise indicated)

		Audited	Audited
		Current Year	Prior Year
	Notes	31 December 2020	31 December 2019
EQUITY			
Paid-in Capital	13	700,000,000	700,000,000
Share Premium	13	-	1,310,500,000
Restricted Reserves	13	1,523,866	1,523,866
Effect of Business Combination of Entities Under Common Control	27	51,319,818	49,474,498
Other Comprehensive Income that will not be reclassified to profit or loss in subsequent periods		6,480,576,181	4,669,617,321
- Gains on Revaluation of Property, Plant and Equipment		6,477,727,452	4,620,295,700
- Actuarial Gains/(Losses) on Defined Benefit Plans		2,848,729	66,198
- Other Comprehensive Income of Shares from Investments Accounted by the Equity Method		-	49,255,423
Effect of Carve-out Transactions	2.2	217,330,952	217,330,952
Accumulated Losses		(1,000,467,490)	(1,956,908,153)
Net Loss for the Year		(557,431,333)	(571,112,310)
Equity Attributable to Equity Holders of the Parent		5,892,851,994	4,420,426,174
Total Equity		5,892,851,994	4,420,426,174
Total Equity and Liabilities		12,470,698,190	10,242,416,788

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

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
carve-out consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2020

(Amounts expressed in Turkish Lira (TL), unless otherwise indicated)

		Audited Current Period	Audited Prior Period
	Notes	1 January - 31 December 2020	1 January - 31 December 2019
Profit or Loss Statement			
Revenue	14	1,340,375,223	1,197,000,764
Cost of Sales (-)	15	(573,533,609)	(438,938,553)
Gross Profit		766,841,614	758,062,211
General Administrative Expenses (-)	16	(115,166,434)	(88,165,407)
Selling and Marketing Expenses (-)		(84,584)	(651,984)
Other Operating Income	18	41,297,760	8,860,972
Other Operating Expenses (-)	18	(9,646,425)	(6,394,559)
Operating Profit		683,241,931	671,711,233
Gains from Investing Activities	20	9,992,561	84,296,559
Loss of Investment Accounted Under Equity Method (-)	25	(7,293,727)	(1,540,190)
Net Investing Activity Gain		2,698,834	82,756,369
Finance Income	19	63,608,462	31,338,067
Finance Expense (-)	19	(1,455,670,268)	(1,319,633,373)
Net Finance Expense		(1,392,061,806)	(1,288,295,306)
Loss Before Tax		(706,121,041)	(533,827,704)
Tax Income / (Expense)		148,689,708	(41,571,436)
- Current Tax Expense (-)	21	-	(12,336,441)
- Deferred Tax Income / (Expense)	21	148,689,708	(29,234,995)
Net Loss for the Year		(557,431,333)	(575,399,140)
Loss Attributable To:			
Non-controlling Interests		-	(4,286,830)
Equity Holders of the Parent		(557,431,333)	(571,112,310)
Earnings (Loss) per share			
- Earnings (Loss) Per Share	26	(0.80)	(0.04)
Other Comprehensive Income			
- that will not be Reclassified to Profit or Loss in Subsequent Periods			
- Increases(Decreases) in Property, Plant and Equipments Revaluation		2,531,536,628	1,532,820,405
- Actuarial Gains/(Losses) on Defined Benefit Plans	10.4	3,478,163	(3,518,305)
- Tax Related to Other Comprehensive Income that will not be Reclassified to Profit or Loss	21	(507,002,958)	(305,860,420)
- that may be Reclassified to Profit or Loss in Subsequent Periods			
- Shares of Other Comprehensive Income of an Associate	28	-	15,087,524
Other Comprehensive Income		2,028,011,833	1,238,529,204
Total Comprehensive Income		1,470,580,500	663,130,064
Total Comprehensive Income Attributable To:			
Non-controlling Interests		-	(4,286,830)
Equity Holders of the Parent		1,470,580,500	667,416,894

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

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
carve-out consolidated statement changes in equity
for the year ended 31 December 2020

(Amounts expressed in Turkish Lira (TL), unless otherwise indicated)

	Other Comprehensive Income that will not be Reclassified to Profit or (Loss)											Total Equity	
	Paid-in Capital	Share Premium (*)	Effect of Business Combination of Entities Under Common Control	Gains on Revaluation of Property, Plant and Equipment	Actuarial Gains/(Losses) on Defined Benefit Plans	Investments Accounted by the Equity Method	Effect of Carve-out Transactions	Restricted Reserves	Accumulated Losses	Net Loss for the Year	Equity Holders of the Parent		Total Non-Controlling Interests
Balance as of 1 January 2019	133,772,880	-	292,507,120	3,610,505,554	2,880,842	36,337,289	(195,211,948)	1,523,866	(691,585,471)	(1,488,530,966)	1,702,199,166	52,726,546	1,754,925,712
Transfers	-	-	-	-	-	-	-	-	(1,488,530,966)	1,488,530,966	-	-	-
Net Loss for the Period	-	-	-	-	-	-	-	-	-	(571,112,310)	(571,112,310)	(4,286,830)	(575,399,140)
Other Comprehensive Income / (Expense)	-	-	-	1,226,256,324	(2,814,644)	15,087,524	-	-	-	-	1,238,529,204	-	1,238,529,204
Total Comprehensive Income	-	-	-	1,226,256,324	(2,814,644)	15,087,524	-	-	-	(571,112,310)	667,416,894	(4,286,830)	663,130,064
Effect of Carve-out Transactions (Note 2.2)	-	-	-	-	-	-	412,542,900	-	-	-	412,542,900	-	412,542,900
Capital Increase	399,950,000	-	-	-	-	-	-	-	-	-	399,950,000	-	399,950,000
Share Premium	-	1,310,500,000	-	-	-	-	-	-	-	-	1,310,500,000	-	1,310,500,000
Effect of Business Combination of Entities Under Common Control (Note 27)	166,277,120	-	(243,032,622)	-	-	-	-	-	-	-	(76,755,502)	-	(76,755,502)
Acquisition of Non Controlling Interest (Note 27)	-	-	-	-	-	-	-	-	4,572,716	-	4,572,716	(48,439,716)	(43,867,000)
Effect of Sale of Subsidiaries	-	-	-	(86,021,005)	-	-	-	-	86,021,005	-	-	-	-
Depreciation Transfers Related to Revaluation of Property, Plant and Equipment	-	-	-	(130,445,173)	-	(2,169,390)	-	-	132,614,563	-	-	-	-
Balance as of 31 December 2019	700,000,000	1,310,500,000	49,474,498	4,620,295,700	66,198	49,255,423	217,330,952	1,523,866	(1,956,908,153)	(571,112,310)	4,420,426,174	-	4,420,426,174
Balance as of 1 January 2020	700,000,000	1,310,500,000	49,474,498	4,620,295,700	66,198	49,255,423	217,330,952	1,523,866	(1,956,908,153)	(571,112,310)	4,420,426,174	-	4,420,426,174
Transfers	-	-	-	-	-	-	-	-	(571,112,310)	571,112,310	-	-	-
Net Loss for the Period	-	-	-	-	-	-	-	-	-	(557,431,333)	(557,431,333)	-	(557,431,333)
Other Comprehensive Income	-	-	-	2,025,229,302	2,782,531	-	-	-	-	-	2,028,011,833	-	2,028,011,833
Total Comprehensive Income / (Expense)	-	-	-	2,025,229,302	2,782,531	-	-	-	-	(557,431,333)	1,470,580,500	-	1,470,580,500
Share Premium (*)	-	(1,310,500,000)	-	-	-	-	-	-	1,310,500,000	-	-	-	-
Effect of Sale of Associate (Note 27)	-	-	1,845,320	-	-	(47,744,350)	-	-	47,744,350	-	1,845,320	-	1,845,320
Depreciation Transfers Related to Revaluation of Property, Plant and Equipment	-	-	-	(167,797,550)	-	(1,511,073)	-	-	169,308,623	-	-	-	-
Balance as of 31 December 2020	700,000,000	-	51,319,818	6,477,727,452	2,848,729	-	217,330,952	1,523,866	(1,000,467,490)	(557,431,333)	5,892,851,994	-	5,892,851,994

(*) In accordance with the third sub article of article numbered 519 of Turkish Commercial Code, The Group Management decided to transfer the share premiums amounting to TL 1,310,500,000 to offset accumulated losses with general assembly decision taken on 26 February 2020.

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

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
carve-out consolidated statement of cash flows
for the year ended 31 December 2020 and 2019
(Amounts expressed in Turkish Lira (TL), unless otherwise indicated)

		Audited	Audited
		Current Period	Prior Period
	Notes	1 January - 31 December 2020	1 January - 31 December 2019
Operating Activities			
Profit / (Loss) for the Period		(557,431,333)	(575,399,140)
Adjustment to Reconcile Net Income / (Loss)		1,648,965,761	1,517,884,269
Adjustment Related to Tax Income / (Expense)	21	(148,689,708)	41,571,436
Adjustment Related to Litigation Provisions	10	1,133,144	1,472,359
Adjustment Related to Amortization and Depreciation	8-9	355,963,169	296,033,748
Adjustment Related to Unused Vacation Pay Liability and Retirement Pay Liability Provisions		3,627,185	3,032,987
Adjustment Related to Income or (Loss) of Investments Accounted Under Equity Method	25	7,293,727	1,540,190
Adjustment Related to Provisions for Doubtful Receivables	5-18	61,135	(1,707,879)
Adjustment Related to Exchanges Differences	22	1,039,221,641	670,254,244
Adjustment Related to Incomes / (Losses) of Rediscount, Net	19	8,102,072	(1,854,050)
Adjustment Related to Incomes / (Expenses) of Interest, Net		392,678,536	590,014,305
Adjustment Related to Gains of Sales of Subsidiaries, Net	20	-	(84,296,559)
Adjustment Related to Gains of Sales of Tangible & Intangible Assets, Net	20	(3,534,160)	-
Adjustment Related to Gains on Scrap Sales	20	(1,524,322)	-
Adjustment to Related to Interest Incomes / Expenses from Related Parties	19	(432,579)	1,823,488
Effect of sales of associate	20-27	(4,934,079)	-
Working Capital Adjustments		(16,552,820)	124,477,915
Adjustment Related to Increase / (Decrease) in Restricted Accounts		-	1,208,718
Adjustment Related to Increase / (Decrease) in Trade Receivables		27,214,729	32,282,821
Adjustment Related to Increase / (Decrease) in the Inventories		11,192,187	(9,490,253)
Changes in Financial Investments		-	755,278
Adjustment Related to Increase / (Decrease) in Other Receivables and Other Payables		(38,368,985)	403,411
Adjustment Related to Increase / (Decrease) in Other Current Assets and Short-term Liabilities		249,226	113,997,298
Changes in Other Non-Current Assets and Long-term Liabilities		5,966,119	15,452,685
Adjustment Related to Increase / (Decrease) in Trade Payables		(23,553,900)	(29,818,261)
Adjustment Related to Increase / (Decrease) in Liabilities for Employee Benefits		747,804	(313,782)
Taxes Paid		(2,126,388)	(12,336,441)
Other Cash Inflow (Outflow)		-	(42,670,047)
Employee Termination Benefit Paid	10	(134,743)	(2,782,192)
A. CASH FLOWS FROM OPERATING ACTIVITIES		1,072,720,477	1,009,174,364
B. CASH FLOWS FROM INVESTING ACTIVITIES		(129,267,316)	72,520,494
Interest Received	19	3,074,612	4,790,540
Inflow Related to Sales of Subsidiaries	2-4	-	205,650,393
Acquisition of a subsidiary, net of cash acquired	27	-	(5,500,000)
Inflow Related to Sales of Tangible and Intangible Assets		7,068,320	87,095,927
Outflow Related to Purchase of Tangible and Intangible Assets	8-9	(74,590,248)	(154,696,366)
Outflow Related to Payment of Debts to the Privatization Administration		(64,820,000)	(64,820,000)
C. CASH FLOWS FROM FINANCIAL ACTIVITIES		(934,460,899)	(1,518,856,147)
Cash Inflow Related to Proceeds from Borrowings	22	77,784,000	458,210,684
Cash Outflow Related to Repayment of Borrowings	22	(540,411,221)	(2,687,385,638)
Cash Outflow Related to Lease Liabilities		(5,142,455)	(22,232,840)
Acquisition of Non Controlling Interest	27	-	(48,439,716)
Cash Inflow / (Outflow) Related to Repayment of Related Party, net		(64,562,876)	(348,935,293)
Interest received from Related Party, net	19	-	(1,823,488)
Increase in Share Premium	13	-	1,310,500,000
Increase in Share Capital	13	-	399,950,000
Interest Paid	6 - 22	(402,128,347)	(578,699,856)
D. CASH FLOWS FROM CARVE OUT TRANSACTIONS	2-2	-	412,542,900
NET INCREASE / (DECREASE)		8,992,262	(24,618,389)
CASH AND CASH EQUIVALENTS (A+B+C+D)		8,992,262	(24,618,389)
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		136,532,816	161,151,205
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)		145,525,078	136,532,816

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

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the carve-out consolidated financial statements
for the year ended 31 December 2020

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

1. Organization and nature of operations of the Group

Aydem Yenilenebilir Enerji Anonim Şirketi (“Aydem Yenilenebilir” or “the Company”) was established on 6 July 1995 as Bereket Enerji Üretim Otoprodüktör Grubu Sanayi ve Ticaret Anonim Şirketi. The Company first changed its corporate name to Bereket Enerji Üretim Anonim Şirketi on 21 May 2004 and then on 27 December 2019, the Company changed again its corporate name to Aydem Yenilenebilir Enerji Anonim Şirketi. In 2019, the Company has been restructured in a way that it operates solely in renewable energy generation business. In relation to the restructuring process, Aydem Yenilenebilir has merged with all of its subsidiaries which are operating in renewable energy generation business and disposed the non-relevant operations and subsidiaries and became a pure renewable energy generation Company.

In these carve-out consolidated financial statements, Aydem Yenilenebilir, its subsidiaries and its associate are referred to together as “the Group”.

Aydem Yenilenebilir generates electricity from local renewable sources. The Group installed its first hydroelectric power plant (“HPP”) on the Bereket Çayı stream and continues to generate electricity with hydro, wind (“WPP”), bioenergy (“BIO”) and geothermal (“GPP”) in different regions of the country.

The address of the registered office of the Group is as follows:

Adalet Mah. Hasan Gönüllü Bulvarı No:15/1 Merkezefendi, Denizli.

As of 31 December 2020 and 31 December 2019, the Group's subsidiaries (“subsidiaries”) and their main business activities are as follows:

Subsidiaries	Location	Main Activities	Ownership Percentage	
			31 December 2020	31 December 2019
Bereket Jeotermal Enerji Üretim A.Ş. (“Kızıldere”) / GPP	Sarayköy/Denizli	Electricity generation and household heating service by geothermal energy	-	- (*)
Karhes Elektrik Üretim A.Ş. (“Karhes”) / HPP	Dereli/Giresun	Electricity generation by hydropower	-	- (*) (1)
Arnaz RES Elektrik Üretim A.Ş. (“Arnaz”) / WPP	Banaz/Uşak	Electricity generation from wind power	-	- (*) (1) (2)
Arova RES Elektrik Üretim A.Ş. (“Arova”) / WPP	Armutlu/Yalova	Electricity generation from wind power	-	- (*) (1)
Söke RES Elektrik Üretim A.Ş. (“Söke”) / WPP	Söke/Aydın	Electricity generation from wind power	-	- (*) (1)
Fırat Elektrik Üretim ve Ticaret A.Ş. (“Fırat”) / HPP	Reşadaiye/Tokat	Electricity generation by hydropower	-	- (*) (2)
Akış Enerji Yatırım Üretim ve Ticaret A.Ş. (“Akış”) / WPP	Kuşadası/Aydın	Electricity generation from wind power	-	- (****)
Hacim Enerji Yatırım Üretim ve Ticaret A.Ş. (Hacim”) / WPP	Geyve/Sakarya	Electricity generation from wind power	-	- (****)
Ey-Tur Enerji Elektrik Üretim ve Ticaret Ltd. Şti. (“Ey-tur”) /HPP	Kağızman/Kars	Electricity generation by hydropower	100%	100%
Başat Elektrik Üretim ve Ticaret Ltd. Şti. (“Başat”) / HPP	Üzümlü/Erzincan	Electricity generation by hydropower	100%	100%
Düzce Aksu Elektrik Üretim A.Ş. (“Aksu”) / HPP	Gölyaka/Düzce	Electricity generation by hydropower	-	- (**)
Göktaş HES Elektrik Üretim A.Ş. (“Göktaş”) / HPP	Adana	Electricity generation by hydropower	-	- (****)
Sarı Perakende Enerji Satış ve Ticaret A.Ş. (“Sarı Perakende”)	İzmir	Trading of electricity	100%	100% (***)

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

1. Organization and nature of operations of the Group (continued)

As of 31 December 2020 and 31 December 2019, the Group's associate and its main business activity is as follows:

Associate	Location	Main Activities	Ownership Percentage	
			31 December 2020	31 December 2019
Yalova RES Elektrik Üretim A.Ş. ("Yalova") / WPP (3)	Karacabey/ Bursa	Electricity generation using wind energy source	-	50.00%

(*) In accordance with the reorganization of the Group undertaken in 2019, Kızıldere, Arnaz, Arova, Söke, Fırat and Aksu were merged under the legal entity of Aydem Yenilenebilir on 28 June 2019 and Karhes has been merged on 7 November 2019. Since the related subsidiaries have already been consolidated in prior years, these mergers had no effect on the consolidated financial statements except for the acquisition of the non-controlling interests relating to Karhes, Arnaz, Arova and Söke.

(**) Aksu which was under common control with the Company was acquired and merged under the legal entity of Aydem Yenilenebilir as at 28 June 2019. This transaction has been evaluated as merger of entities under common control and Aksu has been consolidated retrospectively for all periods presented via pooling of interest method (Note 27).

(***) Sarı Perakende which was under common control with the Company was acquired as a subsidiary as at 31 July 2019. This transaction has been evaluated as merger of entities under common control and Sarı Perakende has been consolidated retrospectively for all periods presented via pooling of interest method (Note 27).

(****) Akış and Hacim have been sold to third parties in 2019 (Note 2.4 - viii)

(*****) Göktaş HPP which was an asset of the Company has been transferred to Göktaş HES Elektrik Üretim A.Ş. ("Göktaş"), owned by Aydem Holding A.Ş, through a spin-off. On 12 November 2019, Göktaş HES Elektrik Üretim A.Ş. was acquired and merged with the Company. This transaction has been evaluated as merger of entities under common control and Göktaş has been consolidated retrospectively for all periods presented via pooling of interest method (Note 27).

(1) The Company acquired the non-controlling shares at Karhes, Arnaz, Arova, Söke. The percentage of shares acquired are 26%, 0.88%, 0.50% and 1% for Karhes, Arnaz, Arova, Söke, respectively (Note 27)

(2) Before the merger which is detailed in Note * above, Fırat had been sold to Arnaz.

(3) 50% shares of Yalova were sold to Aydem Holding A.Ş. on 31 December 2020 (Note 27).

As of 31 December 2020 and 31 December 2019, the number of employees of the Company and its consolidated subsidiaries and its associate are as shown in the table below:

The Company, its subsidiaries and associate	31 December 2020	31 December 2019
Aydem Yenilenebilir	519	537
Yalova	-	10
Sarı Perakende	-	1
Ey-Tur	-	-
Başat	-	-
Total	519	548

Laws / regulations affecting the business activities

The Group is subject to the regulations and communiques issued by the Energy Market (EMRA) and obliged to carry out electricity generation and sales activities in accordance with the Electricity Market Law No.6446 dated 14 March 2013.

The carve-out consolidated financial statements prepared as of 31 December 2020 were authorized for publication by the Board of Directors on 19 February 2021. The General Assembly have the right to amend the annual carve-out consolidated financial statements.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Notes to the carve-out consolidated financial statements
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(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated)

2 Basis of presentation of carve-out consolidated financial statements

2.1 Basic principles of presentation

The carve-out consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The carve-out consolidated financial statements have been prepared on a historical cost basis, except for power plants classified within property, plant and equipment that have been measured at fair value.

The Group and its subsidiaries and associate maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code (“TCC”), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance. The carve-out consolidated financial statements are based on the statutory records, which are maintained under historical cost conventions except for the revaluated power plants, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with IFRS.

2.2. Basis of preparation of carve-out consolidated financial statements

After the restructuring of the Group in 2019, the main and sole activity of Aydem Yenilenebilir became the renewable energy generation. Aydem Yenilenebilir has terminated its operations in the power plant construction business in 2019 by selling the assets of the business to third parties and transferred the solar panel production business to a subsidiary of its ultimate parent through a spin-off transaction. In order to present the consolidated financial position and the results of operations solely of the renewable energy generation comparatively for the year 2019, the Group management decided to prepare the consolidated financial statements on a carve-out basis.

Accordingly, the former subsidiaries of the Group; Yatağan Termik Enerji Üretim A.Ş. (“Yatağan”), Çates Elektrik Üretim A.Ş. (“Çates”), Panobel Elektrik Gereçleri A.Ş. (“Panobel”), Bereket Havacılık A.Ş. (“Havacılık”), MNA Enerji Üretim Mühendislik Sanayi ve Ticaret A.Ş. (“MNA”) and Temiz Enerji Teknolojileri Araştırma ve Geliştirme A.Ş. (“Temiz”) whose main activities were not the renewable energy have been excluded from and have not been consolidated in the accompanying carve-out consolidated financial statements. These subsidiaries have been transferred to Aydem Holding on 22 December 2017, 29 December 2017, 31 August 2019, 19 September 2019, 1 February 2019 and, 31 August 2019, respectively.

Additionally, the solar panel production (“Parla”) and construction business (“EPC”) which were operating within Aydem Yenilenebilir legal entity have been excluded from the carve-out consolidated financial statements through the allocation of items relating to the financial position and income statement based on the accounting records of the Company retrospectively. All revenues and costs as well as assets and liabilities which can be directly associated with these businesses are excluded from the carve-out consolidated financial statements. Since these were not previously reportable segments, some assumptions are used for the allocation and thus any difference between assets and liabilities transferred and the income statement items other than directly identifiable revenues and expenses, is recognised in carve-out consolidated statement of changes in equity.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
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(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated)

2 Basis of presentation of carve-out consolidated financial statements (continued)

Below are the assumptions and judgements used for the allocation of items regarding the Parla and EPC businesses:

- Cash and cash equivalents could not be allocated among the businesses and all cash outstanding is included in the carve-out consolidated financial statements.
- The carrying values of all trade and other receivables related to Parla and EPC have been identified and excluded from carve-out consolidated financial statements.
- The carrying values of all inventories related to Parla and EPC have been identified and excluded from carve-out consolidated financial statements.
- The carrying values of all property, plant and equipments and intangible assets of Parla and EPC have been identified and excluded from carve-out consolidated financial statements.
- The carrying values of all trade and other payables due to third parties have been identified and excluded from carve-out consolidated financial statements.
- Assets and financial liabilities arising from financial lease transactions related to Parla business have been identified and excluded from carve-out consolidated financial statements.
- Tax balances and charges could not be allocated among the businesses and therefore are all included in the carve-out consolidated financial statements.
- All revenues and cost of sales related to Parla and EPC businesses have been identified through the cost/profit centers in the accounting system and excluded from carve-out consolidated financial statements.
- The difference between the identified assets and liabilities of Parla and EPC businesses in excess of the identified accumulated profit or loss has been recognized in the "Effect of carve-out Transactions" under equity which amounts to TL 217,330,952 as of 31 December 2020 (31 December 2019: 217,330,952).
- Since cash and cash equivalents could not be allocated among the businesses and all cash outstanding is included in the carve-out consolidated financial statements, cash flows relating to the Parla and EPC businesses has been recognized as the "Cash Flows from carve-out Transactions" in the carve-out consolidated Statement of Cash Flows which amounts to TL - as of 31 December 2020 (31 December 2019: 412,542,900).

The carve-out consolidated financial statements of the renewable energy generation business could differ if it had operated as an independent standalone entity.

2.3 Functional and presentation currency

The Group has presented its carve-out consolidated financial statements in TL, which is the functional currency of the Company and its subsidiaries as well as its associate.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
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for the year ended 31 December 2020

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

2 Basis of presentation of carve-out consolidated financial statements (continued)

2.4 Basis of Consolidation

The carve-out consolidated financial statements comprise the financial statements of the Company and its subsidiaries except for Yatağan, Çates, Panobel, Havacılık, MNA, Temiz which were carved-out as explained in Note 2.2. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(i) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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

2 Basis of presentation of carve-out consolidated financial statements (continued)

2.4 Basis of consolidation (continued)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

ii) Subsidiaries:

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries except for Yatağan, Çates, Panobel, Havacılık, MNA, Temiz which were carved-out as explained in Note 2.2 are included in the carve-out consolidated financial statements from the date that control commences until the date that control ceases.

iii) Associates:

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Associates are accounted for equity method in the consolidated financial statements. Under equity method, investment in an associate is initially recognised at cost. After initial recognition, Group's share of the profit or loss of the investee, is recorded to the financial statements by increasing or decreasing the net book value. Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate or joint venture.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

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

2 Basis of presentation of carve-out consolidated financial statements (continued)

2.4 Basis of consolidation (continued)

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss within operating profit when the associate's main course of business is renewable energy generation and represents profit or loss after tax.

The financial statements of the associate are prepared for the same reporting period as the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate' in the statement of profit or loss.

iv) Non-controlling interests

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

v) Partial share purchase and sale transactions with non-controlling interests

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Accordingly, in the case of additional share purchases from and sales to non-controlling interests, the difference between the acquisition cost and the carrying amount of the net assets of the subsidiary in proportion to the acquired interest is recognized in equity. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

vi) Acquisition of companies under common control

For the accounting of business combinations under common control, assets and liabilities subject to business combination are included in the carve-out consolidated financial statements with carrying values of historical IFRS financial statements which were prepared for the purpose of consolidation of the ultimate parents' consolidated financial statements. The financial statements of the acquired entities have been consolidated from the beginning of the financial year in which the business combination occurs. Prior period financial statements have been restated in the same manner for comparability purposes. As a result of these transactions, no goodwill or negative goodwill has been calculated. Any difference between the consideration paid and the share capital of the acquired entity are accounted under equity as "Effect of Business Combination of Entities Under Common Control".

vii) Eliminations

During the preparation of the carve-out consolidated financial statements, unrealized gains and losses arising from intra-group transactions between entities included in the carve-out consolidated financial statements, intra-group balances and intra-group transactions are eliminated. Gains and losses arising from the transactions between the associate and the parent company and the consolidated subsidiaries of the parent company and jointly controlled entities are offset against the parent company's interest in the associate. Unrealized losses are eliminated in the same manner as unrealized gains, unless there is evidence of impairment.

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

2 Basis of presentation of carve-out consolidated financial statements (continued)

2.4 Basis of consolidation (continued)

viii) Loss of control

Upon the loss of control, except for the carve-out accounting, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Below are the details of the sale of subsidiary transactions realized in 2019:

Akış:

On 31 July 2019, Aydem Yenilenebilir signed a share sale agreement to sell its 100% shares at Akış to a third party for TL 137,578,723. As of 31 July 2019, share transfer has been completed. The positive difference between the related sale price and the net asset derecognized is recognized as income from investment activities in the consolidated statement of profit or loss and other comprehensive income.

Sales price	137,578,723
Derecognized net assets	(112,696,499)
Gain on sale of subsidiaries	24,882,224

Hacim:

On 20 August 2019, Aydem Yenilenebilir signed a share sale agreement to sell its 100% shares at Hacim to a third party for TL 68,071,670. As of 20 August 2019, share transfer has been completed. The positive difference between the related sale price and the net asset derecognized is recognized as income from investment activities in the consolidated statement of profit or loss and other comprehensive income.

Sales price	68,071,670
Derecognized net assets	(8,657,335)
Gain on sale of subsidiaries	59,414,335

Total gain on sale of subsidiaries	84,296,559
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2 Basis of presentation of carve-out consolidated financial statements (continued)

2.5 Going Concern

The Group prepares its carve-out consolidated financial statements on the assumption that the business will continue its operations in the foreseeable future. As of 31 December 2020, the Group has accumulated losses amounting to TL 1,000,467,490 and net loss for the year of TL 557,431,333. On the other hand, the Group has operating profit amounting to TL 683,241,931, the Group has earned TL 1,072,720,477 cash and TL 1,039,205,100 of profit before interest, tax and depreciation from operating activities. In addition, as of 31 December 2020, short term liabilities exceeded current assets by TL 582,149,053 (31 December 2019: TL 544,444,116).

The Group generates electricity sales income and collects it in less than a month. On the other hand, all payables to be paid within one year are included in short term liabilities. The fact that the Group's receivables turnover rate is high provides an advantage in terms of paying its short-term liabilities on time. As a result of the USD indexed sales realized within the scope of the Group's Feed-in Tariff ("FIT"), the total revenue amount increased significantly in the period which ended on the 31 December 2020 (TL 1,340,375,223 in 2020 and TL 1,197,000,764 in 2019). As of the date 26 June 2019, a total of 11-year (maturity date 2030) term financing was provided under the restructuring agreement signed with creditors, and this has a positive effect on the Group's cash flows.

On 27 December 2019, Aydem Enerji Yatırımları A.Ş., the Parent Company, made its capital stronger by providing cash inflows to the Group through a capital increase of TL 399,950,000 and an share premium of TL 1,310,500,000, and the Group has used these amounts in the payment of its financial debts and reduced its financial liability. In this context, financial liabilities of TL 5,899,755,376 as of 31 December 2018 decreased to TL 4,363,999,234 as of 31 December 2019.

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2 Basis of presentation of carve-out consolidated financial statements (continued)

2.5 Going Concern (continued)

Having both an average collection period of the Group's trade receivables which is formed by electricity sales of less than 29 days and also a high collection ability creates an advantage in paying short-term liabilities on time. Therefore, the Group does not need any financing to fund its working capital.

As of November 2018, Akıncı Hydroelectric Power Plant, which is the second largest hidroelectric power plant (“HPP”) of the Group, started its operations and the Group increased its total energy generation capacity to 1,020 MWh. As of 31 December 2020, the Group's revenues within the scope of FIT constitute approximately 89% of its total revenues. In addition, the income of the group under FIT is expected to continue for at least six years in accordance with the existing agreements.

Within 2021, the Group will accelerate the construction of two HPP power plants which are under construction and plans to activate them in 2022. In 2021, the Company plans to expand its renewable portfolio (HPP, Wind Power Plant, Solar Power Plant etc.), which is subject to FIT through a non-group acquisition method.

Using its strong group structure, the Group has provided additional capacity opportunities through hybrid production in its existing power plants with the regulation published by the regulator in 2020, while also taking advantage of inorganic growth opportunities in renewable energy sources. The Group aims to increase the EBITDA figure even more with the value it creates from its growth potential in the coming years.

With its institutional structure within the scope of renewable energy, the Group has achieved a stronger and more sustainable structure by terminating all activities which are outside the scope of renewable energy activities and did not generate profit.

The Group management made an assessment of the sustainability of the operations and determined that the Group has sufficient resources to maintain its operations in the near future considering its capacity to generate income, profit and liquidity. The Group management believes that there is no uncertainty about the sustainability of its operations and has prepared its carve-out consolidated financial statements with the assumption that the entity will continue to operate in the foreseeable future.

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2 Basis of presentation of carve-out consolidated financial statements (continued)

2.6 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the carve-out consolidated financial statements as at 31 December 2020 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2020. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at 1 January 2020 are as follows:

Definition of a Business (Amendments to IFRS 3)

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether an acquired set of activities assets is a business or not.

The amendments:

- clarify the minimum requirements for a business;
- remove the assessment of whether market participants are capable of replacing any missing elements;
- add guidance to help entities assess whether an acquired process is substantive;
- narrow the definitions of a business and of outputs; and
- introduce an optional fair value concentration test.

The amendments to IFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively.

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

Amendments to IFRS 9, IAS 39 and IFRS 7- Interest Rate Benchmark Reform

The amendments issued to IFRS 9 and IAS 39 which are effective for periods beginning on or after 1 January 2020 provide reliefs which enable hedge accounting to continue. For these reliefs, it is assumed that the benchmark on which the cash flows of hedged risk or item are based and/or, the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform. in connection with interest rate benchmark reform.

Reliefs used as a result of amendments in IFRS 9 and IAS 39 is aimed to be disclosed in financial statements based on the amendments made in IFRS 7.

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

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2 Basis of presentation of carve-out consolidated financial statements (continued)

2.6 The new standards, amendments and interpretations (continued)

Definition of Material (Amendments to IAS 1 and IAS 8)

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of ‘material’ across the standards and to clarify certain aspects of the definition. The new definition states that, ‘Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments to IAS 1 and IAS 8 are required to be applied for annual periods beginning on or after 1 January 2020.

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

Amendments to IFRS 16 – Covid-19 Rent Related Concessions

In May 2020, the IASB issued amendments to IFRS 16 Leases to provide relief to lessees from applying IFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. A lessee that makes this election accounts for any change in lease payments related rent concession the same way it would account for the change under the standard, if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021
- There is no substantive change to other terms and conditions of the lease.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 June 2020. Early application of the amendments is permitted.

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

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.

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2 Basis of presentation of carve-out consolidated financial statements (continued)

2.6 The new standards, amendments and interpretations (continued)

IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group will wait until the final amendment to assess the impacts of the changes.

IFRS 17 - The new Standard for insurance contracts

The IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted.

The amendments are not applicable for the Group and did not have an impact on the financial position or performance of the Group.

Amendments to IAS 1- Classification of Liabilities as Current and Non-Current Liabilities

On 23 January 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements. The amendments issued to IAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted.

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

Amendments to IFRS 3 – Reference to the Conceptual Framework

In May 2020, the IASB issued amendments to IFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of IFRS 3. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to IFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied retrospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS standards (March 2018).

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

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2 Basis of presentation of carve-out consolidated financial statements (continued)

2.6 The new standards, amendments and interpretations (continued)

Amendments to IAS 16 – Proceeds before intended use

In May 2020, the IASB issued amendments to IAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to IAS 16 are effective for periods beginning on or after 1 January 2022. Amendments must be applied prospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment.

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

Amendments to IAS 37 – Onerous contracts – Costs of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to IAS 37 which are effective for periods beginning on or after 1 January 2022, specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a “directly related cost approach”. Amendments must be applied retrospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

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

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

In August 2020, the IASB issued Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR), amending the followings:

Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

The practical expedient is required for entities applying IFRS 4 Insurance Contracts that are using the exemption from IFRS 9 Financial Instruments (and, therefore, apply IAS 39 Financial Instruments: Classification and Measurement) and for IFRS 16 Leases, to lease modifications required by IBOR reform.

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2 Basis of presentation of carve-out consolidated financial statements (continued)

2.6 The new standards, amendments and interpretations (continued)

Relief from discontinuing hedging relationships

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.

- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.

- For the IAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.

The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.

- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

Additional disclosures

Amendments need additional IFRS 7 Financial Instruments disclosures such as;
How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and if IBOR reform has given rise to changes in the entity’s risk management strategy, a description of these changes.

The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

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

iii) Annual Improvements – 2018–2020 Cycle

In May 2020, the IASB issued Annual Improvements to IFRS Standards 2018–2020 Cycle, amending the followings:

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- IFRS 9 Financial Instruments – Fees in the “10 per cent test” for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other’s behalf.

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2 Basis of presentation of carve-out consolidated financial statements (continued)

2.6 New and revised standards and comments (continued)

- IAS 41 Agriculture – Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of IAS 41.
- Illustrative Examples accompanying IFRS 16 Leases – Lease incentives: The amendment removes the illustration of payments from the lessor relating to leasehold improvements in illustrative Example 13 accompanying IFRS 16 and also removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

Improvements are effective for annual reporting periods beginning on or after 1 January 2022 except the changes in IFRS 16 Leases (became effective date of issue). Earlier application is permitted for all.

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

2.7 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,
- 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).

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

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2 Basis of presentation of carve-out consolidated financial statements (continued)

2.7 Summary of significant accounting policies (continued)

Property, plant and equipment

Accounting and measurement

The Group, has adopted the revaluation method in accordance with IAS 16 for its entire power plants. Power plants are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Other tangible assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Construction in progress is also stated at cost, net of accumulated impairment losses, if any.

The frequency of revaluations depends on the changes in the fair values of property, plant and equipment subject to revaluation. The Group revalued the property, plant and equipments consisting of the power plant as of 31 December 2020 and 31 December 2019. The Renewable Energy Group consist of power plants below:

Çırakdamı HPP, Dereli HPP, Kızıldere GPP, Arnaz WPP, Arova WPP, Söke WPP, Bereket I-II HPP, Dalaman I-V HPP, Gökyar HPP, Feslek HPP, Koyulhisar HPP, LFG Bio Power Plant (“BPP”), Mentaş HPP, Toros HPP, Göktaş I-II HPP, Aksu HPP and Akıncı HPP.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset’s original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated using the straight-line method over property, plant and equipment. Land is not depreciated on the basis that it has an indefinite life. Purchase costs are accounted by separating the land and building components in the purchases of buildings, including land.

The estimated useful lives of the significant property, plant and equipments as of 31 December 2020 are as follows:

	<u>Years</u>
Buildings	5-50
Power plants	20-49

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Repair and maintenance costs are recognised in profit or loss as incurred.

A class of power plant is a grouping of assets of a similar nature and used in an entity’s operations and contains land, buildings, machinery and equipments, furniture and fixtures.

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2 Basis of presentation of carve-out consolidated financial statements (continued)

2.7 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

Expenses for the repair of property, plant and equipment are normally charged as expense. They are, however, capitalized if they result in an enlargement or substantial improvement of the respective assets.

Intangible assets

Accounting and measurement

Intangible assets are carried at cost less accumulated depreciation and impairment losses. Intangible assets are carried at cost less accumulated depreciation and impairment losses. Intangible assets comprise rights to operate licenses and computer softwares.

Right to Operate Licences

The HPP operating licences which has been obtained through Transfer of Operating Rights Agreement ("Agreement") with the Privatization Administration and the Electricity Generation Corporation ("EÜAŞ") are accounted as intangible assets (Note 9).

Computer Softwares

Computer softwares are recognized at acquisition cost and amortized on a straight line basis over their estimated useful lives of 3-15 years. Where an indication of impairment exists, the carrying amount of any intangible assets is assessed and written down immediately to its recoverable amount.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of profit or loss and other comprehensive income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

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2 Basis of presentation of carve-out consolidated financial statements (continued)

2.7 Summary of significant accounting policies (continued)

Subsequent costs

Subsequent costs are capitalized only if they have an impact that increases the future economic benefits of the intangible assets to which they relate. All other expenditures are recognized in profit or loss when incurred.

Amortization

Intangible assets are recognized in profit or loss on a straight-line basis over their estimated useful lives starting from the date they are ready for use. Right to operate licences are depreciated over the licence which is 12-49 years and the depreciation starts at the effective date of the agreement.

Amortization methods, useful lives and residual values are reviewed at each reporting date and, where appropriate, adjusted.

The estimated useful lives in the current periods are as follows:

	<u>Years</u>
Right to Operate Licences	12-49
Computer Softwares	3-15

Revenue recognition

The operations of the Group entities are regulated under Electricity Market Law No. 6446, the Regulation on Electricity Market License of EMRA, the Electricity Market Balancing and Settlement Regulation (“BSR”) and other related legislative provisions.

Electricity sales is recognised as revenue at the time of electricity delivery, on an accrual basis. In the case of revenue from feed-in-tariff (“FIT”), sale of electricity is recorded based upon output delivered at rates specified under FIT. In the case of revenue from other than FIT, sale of electricity is again recorded based upon output delivered but at market rates.

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2 Basis of presentation of carve-out consolidated financial statements (continued)

2.7 Summary of significant accounting policies (continued)

The Group identified electricity sale as a performance obligation. This performance obligations identified were evaluated and determined to be satisfied over time and qualified for the invoicing practical expedient since the invoiced amounts reasonably represent the value to customers of performance obligations fulfilled to date. The transaction price is determined based on the price per actual mega-watt output. Billings subject to FIT, are invoiced on a monthly basis at the end of the month, where all collection is due on the 25th day of the following month. Other invoices are issued on a monthly basis and payment is typically made upfront as an advance.

General recognition principles

Pursuant to IFRS 15 at "Revenue from Contracts with Customers" replacing IAS 18, the Group's performance obligations consist of wholesale electricity, ancillary services related to electricity sales. The electricity sold is transmitted to the customer via transmission lines and the customer simultaneously consumes the benefit of the Group's performance. Revenue from electricity sales and ancillary services related to electricity sales is recognized at the time of delivery. IFRS 15 has no material impact on the financial position or performance of the Group due to the Group's operations.

The Group recognizes revenue when it has fulfilled its obligation of performance by transmission of electricity to its customer.

The Group includes revenue in its consolidated financial statements in accordance with the following 5 basic principles:

- a) Determination of customer contracts
- b) Determination of performance obligations in contracts
- c) Determination of transaction price in contracts
- d) Distribution of transaction price to performance obligations in contracts
- e) Revenue recognition when each performance obligation is fulfilled

The Group recognizes a contract with the customer as revenue if the following conditions are met:

- a) The parties to the agreement have ratified the agreement (in accordance with written, oral or other commercial practices) and undertake to carry out their own responsibilities,
- b) The rights of each party related to the goods or services to be transferred can be defined,
- c) The terms of payment for the goods or services to be transferred can be defined,
- d) The nature of the contract is commercial in nature,
- e) The Group is likely to charge a consideration for goods or services to be transferred to the customer. When assessing whether a charge is likely to be recoverable, the Group considers only the customer's ability to pay that amount at maturity and its intention to do so.

At the beginning of the contract, the Group evaluates the services undertaken in the contract with the customer and defines each commitment to transfer to the customer as a separate performance obligation. The Group also determines at the beginning of the contract whether it has fulfilled each performance obligation over time or at a certain point in time.

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2 Basis of presentation of carve-out consolidated financial statements (continued)

2.7 Summary of significant accounting policies (continued)

In order to determine the transaction price, the Group takes into account the contractual provisions and commercial practices. The transaction price is the amount that the Group expects to be entitled to in return for the transfer of the goods or services it has committed to the customer, except for the amounts collected on behalf of third parties (for example, certain sales taxes).

Leases

The Group has applied IFRS 16 as of 1 January 2019. Accounting policies applied prior to 1 January 2019 are explained in detail in the notes to the consolidated financial statements as of 31 December 2018.

a) Group – as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group recognises a right-of-use asset and a lease liability at the commencement date of the lease following the above mentioned assessments.

i. Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the following:

- a) the amount of the initial measurement of the lease liability,
- b) any lease payments made at or before the commencement date, less any lease incentives received,
- c) any initial direct costs incurred by the Group, and
- d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories)

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Useful lives of right-of-use assets are as follows:

Buildings	1-2 years
Motor vehicles	1-4 years

Right-of-use assets are subject to impairment.

ii. Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

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2 Basis of presentation of carve-out consolidated financial statements (continued)

2.7 Summary of significant accounting policies (continued)

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

- a) Fixed payments, less any lease incentives receivable,
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- c) amounts expected to be paid under residual value guarantees
- d) exercise price of a purchase option reasonably certain to be exercised by the Group
- e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, Group measures the lease liability by:

- a) increasing the carrying amount to reflect interest on the lease liability,
- b) reducing the carrying amount to reflect the lease payments made, and
- c) remeasuring the carrying amount to reflect any reassessment or lease modifications. The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Significant judgement in determining the lease term of contracts with renewal options

Group assesses the contractual options to extend or to terminate the lease when determining the lease liability. Most of the options to extend and terminate are exercisable both by the Group and the respective lessor. Group determines the lease term of a lease considering the periods covered by options to extend and terminate the lease if the options are exercisable by the Group and the Group is reasonably certain to exercise those options. If a significant change in circumstances takes place, related lease term assessment is revisited by the Group.

The Group applies a single discount rate to a portfolio of leases which have similar characteristics (asset classes which have similar remaining rent periods in a similar economic environment).

Impairment of non-financial assets

The Group evaluates whether there is any indication for impairment on non-financial assets, other than inventories, deferred tax assets at each reporting date. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less selling costs. Value in use is estimated by discounting future cash flows at the pre-tax discount rate in line with the current market assessments reflecting the time value of money and the risks specific to that asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

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2 Basis of presentation of carve-out consolidated financial statements (continued)

2.7 Summary of significant accounting policies (continued)

An impairment loss on a non revalued asset is recognised in profit or loss. However, an impairment loss on a revalued asset is recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Such an impairment loss on a revalued asset reduces the revaluation surplus for that asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

A reversal of an impairment loss for an asset other than goodwill is recognised immediately in profit or loss, except for the power plants which are carried at revalued amount. A reversal of an impairment loss on a revalued asset is recognised in other comprehensive income and increases the revaluation surplus for that asset. However, to the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss.

Inventories

Inventories are valued at the lower of cost or net realizable value less costs to sell. Cost of inventories is comprised of the purchase cost and the cost of bringing inventories into their present location and condition. Inventories comprise of spare parts required for the maintenance of the machines and equipments, and expensed as they are used. The cost of inventories is determined using the moving weighted average method.

Financial Instruments

Financial assets – Classification and measurement:

Group classifies its financial assets as financial assets measured at amortized cost. The classification of financial assets on recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. Group’s financial assets measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

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2 Basis of presentation of carve-out consolidated financial statements (continued)

2.7 Summary of significant accounting policies (continued)

(a) Financial assets accounted for at amortized cost

Non-derivative financial assets with fixed or determinable payments that are not carried out in an active market and which are non-derivative financial instruments are classified as assets that are accounted for at amortized cost, where management adopts the business model of collecting contractual cash flows and the terms of the contract include interest payments solely on principal and principal at certain dates. They are classified as current assets if their maturities are less than 12 months after the balance sheet date and non-current assets if they are longer than 12 months. Financial assets recognized at amortized cost include "trade receivables", "other receivables" and "cash and cash equivalents" in the statement of financial position.

i. Trade and other receivables

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortized cost. Short-term receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant.

ii. Cash and cash equivalents

Cash and cash equivalents include cash held in cash, deposits held in banks and other liquid investments with maturities of 3 months or less. Cash and cash equivalents used in the reporting of cash flows comprise cash and cash equivalents with a maturity of less than 3 months, excluding accrued interest income and blocked deposits. The Group calculates impairment by using the expected credit loss model in cases where cash and cash equivalents are not impaired for a certain reason. The expected credit loss calculation takes into account the past experiences of credit losses as well as the Group's forecasts for the future.

Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

ECLs are recognised in two stages:

- 12-month ECL: For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months,
- Lifetime ECL: For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure.

For trade receivables and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The expected credit losses were calculated based on a provision matrix that is based on the Group's historical credit loss experience, considering for forward-looking factors.

The Group may determine that the credit risk of a financial asset has not increased significantly if the asset has low credit risk at the reporting date. However lifetime ECL measurement (simplified approach) is always applied for trade receivables and contract assets without a significant financing.

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2 Basis of presentation of carve-out consolidated financial statements (continued)

2.7 Summary of significant accounting policies (continued)

Financial Instruments (continued)

Financial liabilities

Non-derivative financial liabilities of the Group comprised of "borrowings", "trade payables" and "other payables" in the statement of financial position

i. Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

- *Exchange or modification of debt by original lender*

An exchange between an existing borrower and lender of debt instruments with 'substantially different' terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability, or a part of it, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The Group signed a loan structuring agreement with all lenders and the refinancing process was completed within the prerequisites on 19 July 2019. In this context, the changes in the original currency and the changes in the interest rate risk from variable to constant has been considered as a substantial modification of the original liability. The loans in which there are no change in the original currency and the interest rate risk have been considered as substantially modified if the net present value of the cash flows under the new terms discounted at the original effective interest rate is at least 10% different from the discounted present value of the remaining cash flows of the original debt instrument. Such loans are accounted for as an extinguishment of the original financial liability.

The amortised cost of the modified financial liability which are not treated as extinguishment has been recalculated by computing the present value of estimated future contractual cash flows that are discounted at the financial instrument's original effective interest rate ("EIR"). Any consequent adjustment has been recognised immediately in profit or loss.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. When the terms of the modified instrument are not substantially different, then any fees or costs paid in the modification are treated as an adjustment to the carrying amount of the original liability and are amortised over the remaining life of the new/modified liability.

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2 Basis of presentation of carve-out consolidated financial statements (continued)

2.7 Summary of significant accounting policies (continued)

Financial Instruments (continued)

- *Borrowing Costs*

If financing costs arising from the loans are associated with acquisition or construction of qualifying assets, they are included in cost value of qualifying assets. Qualifying assets refer to assets which require a long time to be available for use or sales as intended. Other borrowing costs are accounted in statement of profit or loss in the period they occur.

ii. Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Recognition and de-recognition of financial instruments

All purchases and sales of financial assets are recognized on the trade date i.e. the date that the Group commits to purchase or to sell the asset. These purchases or sales are the purchases or sales generally require delivery of assets within the time frame generally established by regulation or convention in the market place.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

(a) the rights to receive cash flows from the asset have expired

(b) the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

(c) the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the assets.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the consolidated financial statements.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Share Capital

Ordinary shares

Ordinary shares are classified as equity. Additional costs directly attributable to the issuance of ordinary shares are recognized as a decrease in equity after deducting the tax effect. Income tax on transaction costs arising from equity transactions is recognized in accordance with IAS 12.

Provisions, contingent liabilities and contingent assets

Provisions are determined by discounting the estimated future cash flows to their present value using the pre-tax discount rate that reflects the time value of money and the risks specific to the liability. The discount amount is recognized as other expense from the main activities.

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2 Basis of presentation of carve-out consolidated financial statements (continued)

2.7 Summary of significant accounting policies (continued)

Provisions, contingent liabilities and contingent assets (continued)

Contingent liabilities

Contingent liabilities are continuously reviewed in order to determine whether the possibility of an outflow of any resources embodying economic benefits is likely. Except for the cases where possibility of disposal of resources embodying economical benefit is remote, it is clarified on notes of financial statements.

A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. If the possibility of transfer of assets is certain, contingent liability is recognized in the financial statements.

Income taxes

Income tax comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax liabilities in respect of previous years.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements is recognized to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and,
- taxable temporary differences arising on the initial recognition of goodwill.

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2 Basis of presentation of carve-out consolidated financial statements (continued)

2.7 Summary of significant accounting policies (continued)

Income Taxes (continued)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

The measurement of deferred tax 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. A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax risk

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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2 Basis of presentation of carve-out consolidated financial statements (continued)

2.7 Summary of significant accounting policies (continued)

Income Taxes (continued)

The Group considers whether it has any uncertain tax positions, particularly those relating to the ongoing tax inspection for the below entities:

Subsidiary	The Scope of Inspection	Period	The start date of inspection
Fırat Elektrik Üretim ve Ticaret A.Ş.	Full scope inspection	2018	17/01/2020
Düzce Aksu Elektrik Üretim A.Ş.	Full scope inspection	2018	04/02/2020
Göktaş HES Elektrik Üretim A.Ş.	Full scope inspection	2018	07/01/2020

Tax inspections stated above are not the inspections specifically focusing on certain applications/transactions undertaken by Aydem Energy Group companies in 2018 (i.e. the year covered under the scope of these tax inspections) but instead, these are the general purpose and full scope tax inspections started to be conducted by the Turkish tax authority.

These are the tax inspections still ongoing. The Management of Aydem Energy Group companies is in the view that all the transactions of Aydem Energy Group companies were undertaken in line with the Turkish tax legislations in the year 2018 to be covered under the scope of tax inspections. So, the Group do not expect any material tax issue triggering any tax exposure to be charged as a result of these inspections.

The Group determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) applied by the Group will be accepted by the taxation authorities. Accordingly, there is no provision which has been recognized in the carve-out consolidated financial statements of the Group in relation to any tax risk.

Events after reporting date

Refers to events favourable or unfavourable, occurring between the reporting date and the authorization date for the publication of the financial statements. Events after the reporting date are divided into two:

- those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period);
- those that are indicative of conditions that arose after the reporting period (non- adjusting events after the reporting period)

In the event that that provide evidence of conditions that existed at the end of the reporting period, the Group adjusts its carve-out consolidated financial statements in accordance with the new situation. If these events that are indicative of conditions that arose after the reporting period; do not require the restatement of the carve-out consolidated financial statements, the Group discloses the related events in its notes.

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2 Basis of presentation of carve-out consolidated financial statements (continued)

2.7 Summary of significant accounting policies (continued)

Long-term employee benefits

Post retirement benefits

Under Turkish Labour Law Article 25/II, the Group is required to make lump-sum payments to employees whose employment is ended due to retirement or for reasons other than resignation or misconduct. The liability is not funded and accordingly there are no plan assets for the defined benefits as there is no funding requirement. The payable amount consists of one month's salary for each year of service. This entitlement is limited to TL 7,117.17 in respect of each year of service as of 31 December 2020 (31 December 2019 – TL 6,379.86). As of 31 December 2020, the probability of resignation of employees is 0,56% (2019: 2,79%).

For post retirement benefits, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation. The Group recognizes actuarial gains and losses in the statement of other comprehensive income as required by the revised IAS 19.

The main actuarial assumptions used as of 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020	31 December 2019
Expected interest in the coming years %	13.5	12
Expected inflation in the coming years %	9.5	7.5
Discount rate %	3.65	4.19

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2 Basis of presentation of carve-out consolidated financial statements (continued)

2.7 Summary of significant accounting policies (continued)

In the normal workflow, in activities abroad, it contributes to the relevant governmental body for the retirement plan of the employees in the country where they work. Mandatory contributions to the state pension plan are recognized as an expense when incurred.

Provision for unused vacation rights

The Group is required to pay to the employee, whose employment is terminated due to any reasons, or to its inheritors, the wage of the deserved and unused vacation rights over the prevailing wage at the date the contract is terminated. Accordingly, the Group recognizes a provision for unused vacation days as a short term employee benefits. Provision for unused vacation days is measured on an undiscounted basis and are expensed as the related service is provided

Income and expense from investing activities

Income from investing activities consists of income from sale of property, plant and equipment and other income arises from investing activities as defined under IAS 7 Statement of Cash Flows.

Expenses from investing activities consist of impairment on property, plant and equipment and other expenses arises from investing activities as defined under IAS 7 Statement of Cash Flows.

Reporting of cash flows statement

In the statement of cash flows, cash flows are classified according to operating, investment and financing activities.

Cash flows from operating activities represent cash flows generated from the Group's main operations. Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (asset investments and financial investments).

Cash flows related to financing activities represent the resources used by the Group in financing activities and the repayment of these resources.

Capital and dividends

Dividend receivables are recognized as income in the period in which they are declared. Dividend payables are recognized as an element of profit distribution in the financial statements in the period in which the profit distribution decision is taken in the General Assembly.

2.8 Significant accounting judgments, estimates and assumptions

The preparation of carve-out consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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2 Basis of presentation of carve-out consolidated financial statements (continued)

2.8 Significant accounting judgments, estimates and assumptions (continued)

Judgements:

In the process of applying the Group’s accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the carve-out consolidated financial statements:

- Note 8 – Property, plant and equipments
- Note 10 – Provisions
- Note 21 – Taxation on income

Significant judgements made during carve-out of the renewable business is explained in Note 2.2.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. The assumptions underlying estimates and estimates are constantly monitored. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

A. Explanations on the determination of the fair value of property, plant and equipment

The Group’s power plants ((Çırakdamı HPP, Dereli HPP, Kızıldere GPP, Uşak WPP, Arova WPP, Söke WPP, Bereket I-II HPP, Dalaman I-V HPP, Gökyar HPP, Feslek HPP, Koyulhisar HPP, LFG Bio Power Plant (“BPP”), Mentaş HPP, Toros HPP, Gökteş I-II HPP, Aksu HPP and Akıncı HPP) under property, plant and equipment are accounted for at fair value in accordance with revaluation model. The Group has chosen the revaluation method as an accounting policy among measurement approaches allowed under IAS 16 for power plants.

As of 31 December 2020 and 31 December 2019, the Group obtained valuation report from an independent valuation company and revalued its power plants to its fair values. As of 31 December 2020 and 31 December 2019, the power plants are carried at the fair values at the measurement dates less the accumulated depreciation in the carve-out consolidated financial statements.

The related revaluation studies are carried out by using “income approach - discounted cash flow analysis”. In accordance with discounted cash flows method, the estimation of long-term electricity sale prices (or market clearing price “MCP”) is one of the the most important estimates, so an independent consultant was employed to support the management in making such estimates. In determining long-term electricity sale prices, the most important inputs in the model are; demand in the coming years, renewable energy capacity and capacity factor development, electricity export & import development. Other than long-term electricity sale prices, the most important assumptions of discounted cash flow method are; projected generation amount, weighted average cost of capital (discount rate) and US Dollar/TL foreign exchange rates.

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2 Basis of presentation of carve-out consolidated financial statements (continued)

2.8 Significant accounting judgments, estimates and assumptions (continued)

The parameters applied in the valuation and the valuation methods used are summarized below:

31 December 2020

Power Plants	Valuation Date	Valuation Method	Weighted Average Cost of Capital	Average MCP after FIT-USD	Generation Volume Realized in 2020 (MWh/Year)	Expected Future Generation Volume (MWh/Year)
Dalaman I-V HPP	4 January 2021	DCF (*)	9.8%	42	75,750	103,012
Gökyar HPP	4 January 2021	DCF (*)	9.8%	42	19,985	28,438
Toros HPP	4 January 2021	DCF (*)	9.8%	55	231,132	188,650
LFG BPP	4 January 2021	DCF (*)	9.8%	56	2,964	2,404
Feslek HPP	4 January 2021	DCF (*)	9.8%	42	9,391	15,690
Koyulhisar HPP	4 January 2021	DCF (*)	9.8%	42	177,380	224,963
Mentaş HPP	4 January 2021	DCF (*)	9.8%	42	101,532	103,294
Bereket I-II HPP	4 January 2021	DCF (*)	9.8%	42	10,461	12,682
Göktaş HPP	4 January 2021	DCF (*)	9.8%	81	846,429	874,434
Çırakdamı HPP	4 January 2021	DCF (*)	9.8%	55	99,799	122,088
Dereli HPP	4 January 2021	DCF (*)	9.8%	59	99,229	121,942
Yalova WPP	4 January 2021	DCF (*)	9.8%	63	150,421	136,267
Söke WPP	4 January 2021	DCF (*)	9.8%	63	157,329	161,019
Kızıldere GPP	4 January 2021	DCF (*)	12.6%	42	-	3,281
Uşak WPP	4 January 2021	DCF (*)	9.8%	59	131,342	112,831
Akıncı HPP	4 January 2021	DCF (*)	9.8%	68	361,978	404,290
Aksu HPP	4 January 2021	DCF (*)	9.8%	59	82,098	94,306

31 December 2019

Power Plants	Valuation Date	Valuation Method	Weighted Average Cost of Capital	Average MCP after FIT-USD	Generation Volume Realized in 2019 (MWh/Year)	Expected Future Generation Volume (MWh/Year)
Dalaman I-V HPP	3 January 2020	DCF (*)	10.3%	63	104,789	108,485
Gökyar HPP	3 January 2020	DCF (*)	10.3%	64	30,392	33,353
Toros HPP	3 January 2020	DCF (*)	10.3%	67	241,207	215,208
LFG BPP	3 January 2020	DCF (*)	10.3%	58	3,749	2,448
Feslek HPP	3 January 2020	DCF (*)	10.3%	64	11,504	13,629
Koyulhisar HPP	3 January 2020	DCF (*)	10.3%	64	182,696	239,840
Mentaş HPP	3 January 2020	DCF (*)	10.3%	64	132,840	96,287
Bereket I-II HPP	3 January 2020	DCF (*)	10.3%	64	11,129	12,609
Göktaş HPP	3 January 2020	DCF (*)	10.3%	68	756,439	814,070
Çırakdamı HPP	3 January 2020	DCF (*)	10.3%	67	119,365	121,455
Dereli HPP	3 January 2020	DCF (*)	10.3%	67	118,746	123,719
Yalova WPP	3 January 2020	DCF (*)	10.3%	66	136,863	141,030
Söke WPP	3 January 2020	DCF (*)	10.3%	66	150,807	169,007
Kızıldere GPP	3 January 2020	DCF (*)	10.3%	56	2,437	5,415
Uşak WPP	3 January 2020	DCF (*)	10.3%	66	120,458	128,946
Akıncı HPP	3 January 2020	DCF (*)	10.3%	68	449,441	447,678
Aksu HPP	3 January 2020	DCF (*)	10.3%	66	89,452	104,458

*discounted cash flow

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2 Basis of presentation of carve-out consolidated financial statements (continued)

2.8 Significant accounting judgments, estimates and assumptions (continued)

- i) Electricity sales prices are exchanged for FIT in the period that each plant is subject to FIT prices (73 USD / MWh in HPP, 73 USD / MWh in WPP and 133 USD / MWh in BPP). Whichever price estimates are high, was created with the assumption that sales will be made at that price. FIT periods of Koyulhisar, Kızıldere, Gökyar and Mentaş power plants have expired as of 2019, 2018, 2016 and 2017 respectively.
- ii) As it is predicted that the sales prices will be higher than the market clearing price during the FIT utilization period, it is foreseen that the FIT price will be used during the valuation model.
- iii) After the FIT period, the market clearing price (MCP) has been determined according to the price estimates received from an independent consulting firm as of 31 December 2019. As of 31 December 2020 MCP has been calculated with two different price scenarios (the best and the worst) provided by the Group's commercial and technical teams. The average of these prices used in fair value calculation.
- iv) Historical load factors based on adjusted electricity generation amounts with the assumption that these amounts that are free of one-off events reflected generation projections for the future.

As of 31 December 2020, in the event that the prospective electricity prices used in the models increase or decrease by 10%, the property, plant and equipments recognized in the carve-out consolidated financial statements will increase by TL 884,118,829 or decrease by TL 884,118,829 under the assumption that all other variables are constant. In the event that the weighted capital cost ratio used in the models increases or decreases by 10%, under the assumption that all other variables are constant, the tangible fixed assets recognized in the carve-out consolidated financial statements will decrease by TL 983,508,954 or increase by TL 983,508,954 .

B. Deferred tax assets for the carry forward tax losses

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

As of 31 December 2020, deferred tax asset amounting to TL 37,575,261 (31 December 2019: None) is recognized upon the unused tax losses. Expiration date of unused tax losses is 31 December 2025. Aforementioned deferred tax asset, is calculated by the Group regarding the profit expectations in foreseeable future and deferred tax liabilities' reversal in relevant periods. In case, such profit expectations not being realized or differences rising from deferred tax asset and liability are concluded in different periods than expectation, aforementioned deferred tax assets will be recorded as expense in profit and loss statements.

2.9 Comparative Information and Reclassification of Prior Period Consolidated Financial Statements

The Group's carve-out consolidated financial statements are presented together with the comparatives for the previous year enabling comparison of the financial condition and performance trends.

Where necessary, comparative figures of the financial statements have been reclassified to conform to changes in presentation of the current period financial statements. The Group management considered that it is appropriate to have such reclassifications when they provide more relevant information to users of the financial statements.

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2 Basis of presentation of carve-out consolidated financial statements (continued)

Based on the reassessment of the net present value of the future contractual cash out flows which will be settled within twelve months regarding the borrowings, the long-term bank loans amounting to TL 295,399,674 presented under the long-term financial liabilities in the statement of financial position have been reclassified to short-term financial liabilities as of 31 December 2019.

The effect of the reclassification on the financial statements as of 31 December 2019 is as follows:

	Previously Reported	Effect of Reclassification	Reclassified
Short-term financial liabilities	281,164,935	295,399,674	576,564,609
Long-term financial liabilities	4,082,834,299	(295,399,674)	3,787,434,625

2.10 Significant Developments Regarding the Current Year

The necessary actions were taken by the Group management to minimize the possible effects of COVID-19, which affects the whole world, on the operations and financial position of the Group. Meanwhile, actions were taken by the Group to minimize the increase in investment expenditures and operational expenses, and the cash management strategy is considered to strengthen the liquidity position. The COVID-19 pandemic did not have a significant impact on the financial position or performance of the Group.

While the Group preparing the carve out consolidated financial statements dated December 31, 2020, the Group evaluated the possible effects of the COVID-19 pandemic on the carve-out consolidated financial statements and reviewed the estimates and assumptions used in the preparation of the carve-out consolidated financial statements. In this context, possible changes in the revaluation of power plants and also possible impairments in financial and non-financial assets in the carve-out consolidated financial statements of 31 December 2020 is analysed and the necessary changes is reflected in the carve-out consolidated financial statements.

3 Segment reporting

Discrete financial information is provided on a power plant-by-power plant basis to members of executive management, which collectively comprise the chief operating decision maker. The information provided to the members of the executive management includes results or operation, valuation gains and losses on power plants, assets and liabilities of each power plant. The individual properties are also monitored based on type of power plants such as Hydro, Wind, Geothermal and BIO. The individual power plants are aggregated into segments with similar economic characteristics such as nature of the property. The Group management considers that it is appropriate to report the segments based on this aggregation, to monitor the financial performance.

The reportable segments of the Group are monitored based on the electricity generation type of power plants by the Group management. The decision making related to funding allocation and requirements are also managed based on these projects. Group management assesses segment performance over earnings before interest, tax, depreciation and amortization (“EBITDA”). EBITDA is calculated by adjusting the operating income by depreciation and amortization expenses.

The accounting policies adopted by each of the reportable segments are consistent with IFRS used in preparation of consolidated financial statements of the Group. The detailed information regarding the reporting segments of Group is presented below:

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3 Segment reporting (continued)

3.1 Statement of financial position

31 December 2020	Hydro Power Plants	Wind Power Plants	Geothermal Power Plant	BIO Power Plant	Other (*)	Unallocated (**)	Consolidated
Segment Assets	10,752,460,036	1,201,419,000	10,130,000	807,000	4,938,360	500,943,794	12,470,698,190
Segment Liabilities	5,882,723,054	449,806,823	2,772,812	925,604	7,816	241,610,087	6,577,846,196

31 December 2019	Hydro Power Plants	Wind Power Plants	Geothermal Power Plant	BIO Power Plant	Other (*)	Unallocated (**)	Consolidated
Segment Assets	8,609,260,713	1,117,945,640	7,722,260	879,150	5,191,510	501,417,515	10,242,416,788
Segment Liabilities	4,944,166,831	410,118,553	-	846,533	134,895	466,723,802	5,821,990,614

Segment assets are composed of its power plants (Note 8.1) and segment liabilities are composed of its financial liabilities and its deferred tax liabilities which are related to temporary differences on power plant assets.

(*) Includes assets and liabilities of Sarı Perakende whose main business activity is trading of electricity.

(**) Includes assets and liabilities other than the power plants and borrowings which are not attributable to a reportable segment such as cash, trade receivables, other assets, trade payables, other liabilities, tax assets and liabilities, etc.

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3 Segment reporting (continued)

3.2 Statement of profit or loss

1 January - 31 December 2020	Hydro Power Plants	Wind Power Plants	Geothermal Power Plant	BIO Power Plant	Total Renewable Energy	Unallocated (*)	Consolidated
Revenues	1,080,619,937	245,459,427	6,955,684	2,698,751	1,335,733,799	4,641,424	1,340,375,223
- Revenues from Feed in Tariff (FIT)	936,253,403	245,459,427	6,955,684	2,698,751	1,191,367,265	-	1,191,367,265
- Other than FIT	144,366,534	-	-	-	144,366,534	4,641,424	149,007,958
Cost of Sales (-)	(429,169,478)	(132,687,817)	(6,654,431)	(1,827,764)	(570,339,490)	(3,194,119)	(573,533,609)
Operational Expenses (-) (including Other expense and income)	26,990,234	(2,561,876)	(161,748)	(3,709,359)	20,557,251	(104,156,934)	(83,599,683)
Earnings Before Interest and Taxes (EBIT)	678,440,693	110,209,734	139,505	(2,838,372)	785,951,560	(102,709,629)	683,241,931
Add-back, Depreciation & Amortization Expenses (-)	263,832,658	79,232,609	3,135,276	493,972	346,694,515	9,268,654	355,963,169
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) (**)	942,273,351	189,442,343	3,274,781	(2,344,400)	1,132,646,075	(93,440,975)	1,039,205,100
Gains from Investing Activities							9,992,561
Loss of Investment Accounted Under Equity Method (-)	-	(7,293,727)	-	-	(7,293,727)	-	(7,293,727)
Finance Income	-	-	-	-	-	63,608,462	63,608,462
Finance Expense (-)	-	-	-	-	-	(1,455,670,268)	(1,455,670,268)
Tax Income / (Expense)	-	-	-	-	-	148,689,708	148,689,708
Depreciation & Amortization Expenses (-)	(263,832,658)	(79,232,609)	(3,135,276)	(493,972)	(346,694,515)	(9,268,654)	(355,963,169)
Net Loss for the Period							(557,431,333)

(*) Includes sales of spare parts, costs related to sales of spare parts and general administration expenses which is not attributable to a reportable segment. General Administration expenses mainly consist of personnel expenses, consultancy expenses and management fee charged by Aydem Holding in relation to the restructuring and Information Technology Cyber Security services.

(**) EBITDA is calculated by adjusting the operating income by depreciation and amortization expenses.

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3 Segment reporting (continued)

3.2 Statement of profit or loss (continued)

1 January - 31 December 2019	Hydro Power Plants	Wind Power Plants	Geothermal Power Plant	BIO Power Plant	Total Renewable Energy	Other (*)	Unallocated (**)	Consolidated
Revenue	999,566,872	179,915,681	6,194,245	2,921,907	1,188,598,705	-	8,402,059	1,197,000,764
- Revenue from Feed in Tariff (FIT)	875,925,697	179,915,681	-	2,921,907	1,058,763,285	-	-	1,058,763,285
- Other than FIT	123,641,175	-	6,194,245	-	129,835,420	-	8,402,059	138,237,479
Gain on Sales of Subsidiaries	84,296,559	-	-	-	84,296,559	-	-	84,296,559
Cost of Sales (-)	(330,310,607)	(89,840,397)	(5,888,779)	(2,242,280)	(428,282,063)	-	(10,656,490)	(438,938,553)
Operational Expenses (-)	(32,196,490)	(7,491,505)	(965,900)	(35,536)	(40,689,431)	-	(45,661,547)	(86,350,978)
Earnings Before Interest and Taxes (EBIT)	721,356,334	82,583,779	(660,434)	644,091	803,923,770	-	(47,915,978)	756,007,792
Depreciation & Amortization Expenses (-)	219,141,036	66,346,613	2,878,560	1,503,914	289,870,123	-	6,163,625	296,033,748
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	940,497,370	148,930,392	2,218,126	2,148,005	1,093,793,893	-	(41,752,353)	1,052,041,540
Loss of Investment Accounted Under Equity Method (-)	-	(1,540,190)	-	-	(1,540,190)	-	-	(1,540,190)
Finance Income	-	-	-	-	-	-	31,338,067	31,338,067
Finance Expense (-)	-	-	-	-	-	-	(1,319,633,373)	(1,319,633,373)
Tax Income / (Expense)	-	-	-	-	-	-	(41,571,436)	(41,571,436)
Depreciation & Amortization Expenses (-)	(219,141,036)	(66,346,613)	(2,878,560)	(1,503,914)	(289,870,123)	-	(6,163,625)	(296,033,748)
Net Loss for the Year								(575,399,140)

(*) Includes sales of spare parts, costs related to sales of spare parts and general administration expenses which is not attributable to a reportable segment. General Administration expenses mainly consist of personnel expenses, consultancy expenses and management fee charged by Aydem Holding in relation to the restructuring and Information Technology Cyber Security services.

(**) EBITDA is calculated by adjusting the operating income by depreciation and amortization expenses.

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4 Related party disclosures

Aydem Holding A.Ş. ("Aydem Holding") is the ultimate parent company and controlling party of the Group.

Transactions with related parties are classified according to the following groups and include all related party disclosures in this note:

- (1) Ultimate parent and its subsidiaries
- (2) Other companies controlled by the shareholders of Aydem Holding and other key persons

Since the transactions between the Group and its subsidiaries, which are related parties of the Group, are eliminated during consolidation, they are not disclosed in this note.

The shareholders, key management personnel and members of the Board of Directors, their families and partners and entities controlled by the ultimate shareholders are considered and referred to as related parties in the carve-out consolidated financial statements. The Group companies have carried out various transactions with related parties during their operations.

Trade receivables from related parties generally arise from sale of electricity. Receivables are not collateralized. Trade payables to related parties generally arise from the electricity purchases and consultancy expenses.

Other receivables from related parties mainly arise from financing transactions. At the end of each quarter period for other receivables and payables interest is accrued using market interest rates, which are determined using the Group external cost of borrowing.

4.1 Related party balances

As of 31 December 2020 and 31 December 2019, short-term trade receivables from related parties consist of the following:

	31 December 2020	31 December 2019
ADM Elektrik Dağıtım A.Ş. ("Adm EDAŞ") (1)	505,386	-
	505,386	-

As of 31 December 2020 and 31 December 2019, short-term other receivables from related parties consist of the following:

	31 December 2020	31 December 2019
Aydem Holding (1) (*)	49,829,532	-
Entek Elektrik İnşaat A.Ş. ("ENTEK") (2)	4,885,481	-
	54,715,013	-

(*) Consists of receivable related to sale of shares of Yalova Karacabey to Aydem Holding.

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4 Related party disclosures (continued)

4.1 Related party balances (continued)

As of 31 December 2020 and 31 December 2019, short-term trade payables to related parties consist of the following:

	31 December 2020	31 December 2019
Aydem EPSAŞ (1) (**)	1,038,196	6,129,668
Aydem Holding (1) (***)	873,742	3,438,426
Gdz Enerji (1)	218,710	185,024
Extranet İletişim Hizmetleri A.Ş. ("Extranet") (1)	2,408	-
Gdz EDAŞ (1)	1,269	-
Bereket Elektrik Tedarik A.Ş. ("Bereket Tedarik") (1)	610	-
Panobel Elektrik Gereçleri A.Ş (2)	-	88,795
ADM Elektrik Dağıtım A.Ş. ("Adm EDAŞ") (1) (*)	-	2,628,840
Other	-	551,392
	2,134,935	13,022,145

(*) Consists of the system usage invoices issued by ADM EDAŞ.

(**) Consists of payables related to electricity operations.

(***) Consists of management fee charged by Aydem Holding.

(****) Mainly consists of receivable regarding the sales of shares of 50% of Karacabey.

As of 31 December 2020 and 31 December 2019, short-term other payables to related parties are as follows:

	31 December 2020	31 December 2019
Zeki Atilla AKALIN (2) (**)	5,461,801	12,432,072
Bereket Tedarik (1)	2,618,811	781,816
AYDEM Holding (1) (*)	-	59,402,000
Other	-	27,600
	8,080,612	72,643,488

(*) Consist of financial liabilities.

(**) Consist of the payables arising from the acquiring the non-controlling shares at Karhes from Zeki Atilla AKALIN.

As of 31 December 2020 and 31 December 2019 other long-term payables to related parties are as follows:

	31 December 2020	31 December 2019
Aydem EPSAŞ (1) (*)	64,061,421	60,139,498
	64,061,421	60,139,498

(*) Consist of Acquisition of Düzce through under common control business transaction (Note 27). The payment term is 27 June 2029 according to agreement signed between the Aydem Yenilenebilir and Aydem EPSAŞ.

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4 Related party disclosures (continued)

4.2 Related party transactions

For the year ended 31 December 2020 and 2019, income and expense transactions with related parties are as follows:

Electricity Sales and Other Sales	1 January - 31 December 2020	1 January - 31 December 2019
Gediz EPSAŞ (1) (*)	89.922.263	-
Aydem EPSAŞ (1) (**)	27.158.952	23.177.271
Entek Elektrik İnşaat A.Ş. ("Entek") (2)	4.889.089	-
Parla Solar Hücre ve Panel Üretim A.Ş. (Parla) (1) (***)	249.092	11.099.843
Bereket Tedarik (1) (*)	3.000	187.410.015
Other	2.641.033	-
	124.863.429	221.687.129

(*) Consist of sales within the bilateral agreements.

(**) Consist of imbalance and group savings invoices issued by Aydem Yenilenebilir.

(***) Equipments related to Solar Power Plant have been sold.

Purchase of Electricity and Services	1 January - 31 December 2020	1 January - 31 December 2019
Aydem Holding (1) (**)	38.396.097	32.826.064
Aydem EPSAŞ (1)	32.777.883	27.584.162
Adm EDAŞ (1)	4.985.988	2.944.885
GDZ Enerji (1)	2.410.903	2.073.686
YF Operasyonel Kiralama A.Ş. (2)	1.385.735	1.315.138
Bereket Tedarik (1)	-	1.931.890
EPC Business (*)	-	40.117.223
Other	374.718	-
	80.331.324	108.793.048

(*) The Group purchased services related to construction of power plants from EPC business which has been carved-out.

(**) The amount consists of management fee charged by Aydem Holding. Management fee aroused from the restructuring and Information Technology Cyber Security services given by Aydem Holding.

Finance Income	1 January - 31 December 2020	1 January - 31 December 2019
Aydem Holding (1) (Formerly known as Bereket Enerji Grubu)	371.049	19.512.078
Parla Solar Hücre ve Panel Üretim A.Ş. ("Parla Solar") (1)	331.631	-
Aydem Enerji Yatırımları	23.776	-
Yatağan (1)	5.492	-
Bereket Tedarik (1)	-	1.189.429
Entek (2)	-	1.763
Temiz Enerji Teknolojileri Araştırma Geliştirme A.Ş. (Temiz) (1)	-	2.107.558
Elsan Elektrik Gereçleri Sanayi ve Ticaret A.Ş. ("Elsan") (1)	-	1.882.649
	731.948	24.693.477

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4 Related party disclosures (continued)

4.2 Related party transactions (continued)

For the year ended 31 December 2020 and 2019, income and expense transactions with related parties are as follows:

Finance Expenses	1 January - 31 December 2020	1 January - 31 December 2019
Gediz EPSAŞ (1)	734,148	-
Parla (1)	253,737	4,301,670
Aydem Holding (1)	-	927,716
Bereket Tedarik (1)	-	404,900
	987,885	5,634,286

The executive management team of the Group is comprised of general manager and directors. For the year ended 31 December 2020 and 2019, the sum of short-term benefits, such as remuneration and attendance fees, provided to key management executives personnel is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Benefits to key management personnel	4,631,449	2,427,747
	4,631,449	2,427,747

5 Trade receivables and payables

Short term trade receivables

As of 31 December 2020 and 31 December 2019, the Group's short-term trade receivables are as follows:

	31 December 2020	31 December 2019
Trade Receivables due from Related Parties (Note 4)	505,386	-
Trade Receivables due from Third Parties	59,207,100	95,029,287
	59,712,486	95,029,287
Less: Allowances for Doubtful Trade Receivables	(4,776,282)	(4,715,147)
	54,936,204	90,314,140

As of 31 December 2020, the average term of trade receivables is approximately 20-30 days (2019: 20-30 days)

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5 Trade receivables and payables (continued)

Short term trade receivables (continued)

As of 31 December 2020 and 31 December 2019, short-term trade receivables from third parties consist of the following items:

	31 December 2020	31 December 2019
Income Accruals related to Electricity Sales (*)	41,781,414	54,927,880
Trade Receivables related to Electricity Sales	13,154,790	35,386,260
Doubtful Trade Receivables	4,776,282	4,715,147
Allowances for Doubtful Trade Receivables (-)	(4,776,282)	(4,715,147)
	54,936,204	90,314,140

(*) It consists of the Company's unbilled receivables arising from the electricity sales.

The movement of provisions for doubtful receivables for the year ended 31 December 2020 and 31 December 2019 are as follows:

Provisions for Doubtful Trade Receivable	2020	2019
Opening Balance	4,715,147	6,423,026
Current Provision (Note 18)	112,671	218,297
Provisions No Longer Required (Note 18)	(51,536)	(1,926,176)
Closing Balance	4,776,282	4,715,147

The Group's exposure to credit risk is explained in Note 23.

As of 31 December 2020 and 31 December 2019, The aging analysis of trade receivables are as follows:

	Total	Neither past due nor impaired	Past due but not impaired				Total past due but not impaired
			>30 days	30-60 days	60-90 days	>90 days	
31 December 2020	54,936,204	50,431,842	386,076	119,405	2,918	3,995,963	4,504,362
31 December 2019	90,314,140	87,578,141	270,477	74,274	322,263	2,068,985	2,735,999

Short term trade payables

As of 31 December 2020 and 31 December 2019, the Group's short-term trade payables are as follows:

	31 December 2020	31 December 2019
Trade Payables	37,947,884	44,314,980
Expense Accruals	9,557,352	15,752,731
Notes Payables	-	96,400
Other Trade Payables	4,188	12,003
	47,509,424	60,176,114

As of 31 December 2020, the average payment term of trade payables third parties is approximately 30-90 days (2019: 30-90 days)

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5 Trade receivables and payables (continued)

Short-term trade payables (continued)

As of 31 December 2020 and 31 December 2019, short-term trade payables from third parties consist of the following items:

	31 December 2020	31 December 2019
Trade Payables	37,947,884	44,314,980
Expense Accruals	9,557,352	15,752,731
Notes Payables	-	96,400
Other Trade Payables	4,188	12,003
	47,509,424	60,176,114

The Group's exposure to liquidity and foreign currency risks related to its trade payables is explained in Note 23.

6 Other receivables and payables

Other short-term receivables

As of 31 December 2020 and 31 December 2019, the Group's short-term other receivables are as follows:

	31 December 2020	31 December 2019
Other Receivables due from Related Parties (Note 4)	54,715,013	-
Other Receivables due from Third Parties	40,546,775	16,628,926
	95,261,788	16,628,926

As of 31 December 2020 and 31 December 2019, short-term other receivables from third parties consist of the following items:

	31 December 2020	31 December 2019
Income Accruals related to Insurance Compensations (*)	20,955,263	-
Receivables from Tax Administration	12,772,312	9,441,911
Receivables arising from sale of subsidiaries (**)	6,573,207	6,948,205
Deposits & Guarantees Given	93,935	238,810
Other Receivables	152,058	-
	40,546,775	16,628,926

(*) This amount includes the compensation income accrual related to the loss of revenue due to the accident occurred in Göktaş-II power plant in 2019 (Note 18).

(**) Receivable arising from sale of subsidiaries is going to be collected until the end of June 2021 according to the agreement.

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6 Other receivables and payables (continued)

Other long-term receivables (continued)

As of 31 December 2020 and 31 December 2019, other long term receivables from third parties consist of the following items:

	31 December 2020	31 December 2019
Deposits & Guarantees Given	1,287,722	1,051,134
Other Receivables	722,193	584,865
	2,009,915	1,635,999

Other short-term payables

As of 31 December 2020 and 31 December 2019, the Group's other short-term payables are as follows:

	31 December 2020	31 December 2019
Other Payables due to Related Parties (Note 4)	8,080,612	72,643,488
Other Payables due to Third Parties	70,198,028	73,482,883
	78,278,640	146,126,371

As of 31 December 2020 and 31 December 2019, other short-term payables to third parties consist of the following items:

	31 December 2020	31 December 2019
Short-Term Payables to Privatization Administration	68,891,350	73,055,064
Deposits and Guarantees Taken	245,620	287,816
Other Payables	1,061,058	140,003
	70,198,028	73,482,883

Payables to Privatization Administration is related to rights to operate of Adıgüzel and Kemer hydroelectric power plants from a publicly owned corporation in January 2017. These balances are carried at amortised cost using 10% interest rate. Letters of guarantee amounting to TL 71,377,000 has been given to the Privatization Administration and it is disclosed in Note 10.3.

As of 31 December 2020 and 31 December 2019, other long-term payables to third parties consist of the following items:

	31 December 2020	31 December 2019
Long-Term Payables to Privatization Administration	-	64,820,000
	-	64,820,000

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6 Other receivables and payables (continued)

Details of payables to Privatization Administration is below:

Currency	Nature of payables	Maturity	31 December 2020	31 December 2019
TL	Payables to Privatization Administration	May 2020	-	73,055,064
TL	Payables to Privatization Administration	May 2021	68,891,350	64,820,000
Total			68,891,350	137,875,064

The payables to Privatization Administration bears 10% interest according to the agreement. The Group paid interest amounting to TL 3,364,973 to Privatization Administration and recognized interest accrual amounting to TL 5,324,760 as of 31 December 2020.

7 Inventories

As of 31 December 2020 and 31 December 2019, inventories are composed of spare parts for property, plant and equipments:

	31 December 2020	31 December 2019
Spare Parts	8,349,581	15,949,368
Advances Given	176,800	3,769,200
	8,526,381	19,718,568

As of the end of the period, there is no insurance coverage on the Group's inventories (31 December 2019: None). As of 31 December 2020, there are no inventories presented as collateral for liabilities (31 December 2019: None).

8 Property, plant and equipments and right of use assets

8.1 Property, plant and equipments

As of 31 December 2020 and 31 December 2019, movements of property, plant and equipment during the years are as follows:

	Land	Power Plants(*)	Construction in Progress	Other	Total
Cost or Valuation as of 1 January 2020	12,983,687	11,985,730,101	97,104,923	30,844,044	12,126,662,755
Additions	--	44,396,468	26,002,622	1,706,703	72,105,793
Disposals	--	(1,638,295)	--	(8,039,805)	(9,678,100)
Transfers	--	3,454,623	--	118,477	3,573,100
Revaluation fund	--	3,063,258,360	--	--	3,063,258,360
Cost or Valuation as of 31 December 2020	12,983,687	15,095,201,257	123,107,545	24,629,419	15,255,921,908
Accumulated Depreciation as of 1 January 2020	--	(2,556,418,662)	--	(15,573,551)	(2,571,992,213)
Additions	--	(340,080,229)	--	(2,389,546)	(342,469,775)
Disposals	--	1,276,118	--	4,867,822	6,143,940
Transfers	--	(3,322,754)	--	-	(3,322,754)
Revaluation fund	--	(531,721,732)	--	-	(531,721,732)
Accumulated Depreciation as of 31 December 2020	--	(3,430,267,259)	--	(13,095,275)	(3,443,362,534)
Net book value as of 31 December 2020	12,983,687	11,664,933,998	123,107,545	11,534,144	11,812,559,374

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8 Property, plant and equipments and right of use assets (continued)

8.1 Property, plant and equipments (continued)

	Land	Power Plants(*)	Construction in Progress	Other	Total
Cost or Valuation as of 1 January 2019	99,985,623	10,025,372,501	130,406,921	25,418,502	10,281,183,547
Additions	--	137,977,932	8,935,236	5,519,533	152,432,701
Disposals	(87,001,936)	--	--	(93,991)	(87,095,927)
Transfers	--	42,237,234	(42,237,234)	--	--
Sales of subsidiaries	--	(135,469,282)	--	--	(135,469,282)
Revaluation fund	--	1,915,611,716	--	--	1,915,611,716
Cost or Valuation as of 31 December 2019	12,983,687	11,985,730,101	97,104,923	30,844,044	12,126,662,755
Accumulated Depreciation as of 1 January 2019	--	(1,890,371,514)	--	(12,788,762)	(1,903,160,276)
Additions	--	(283,255,837)	--	(2,784,789)	(286,040,626)
Revaluation fund	--	(382,791,311)	--	-	(382,791,311)
Accumulated Depreciation as of 31 December 2019	--	(2,556,418,662)	--	(15,573,551)	(2,571,992,213)
Net book value as of 31 December 2019	12,983,687	9,429,311,439	97,104,923	15,270,493	9,554,670,542

(*) Mainly rehabilitation investments were made in 2020 in order to increase the durability of the power plant structures, to maintain the operation and environmental safety, and to reduce the effect of possible efficiency losses, especially the powerhouse building protection wall, transmission tunnel, penstock and slope reinforcement, spillway evacuation projects.

As of 31 December 2020, there are pledges and mortgages on property, plant and equipments of the Group amounting to TL 3,172,003,251 and USD 730,000,000 in original currencies (31 December 2019: TL 3,172,003,251 and USD 730,000,000 in original currencies) in favor of lenders.

Total depreciation expense of property, plant and equipments amounting to TL 340,793,745 (31 December 2019: TL 283,255,837) has been reflected to cost of sales and amounting to TL 2,389,546 (31 December 2019: TL 2,784,789) has been reflected to general administration expense.

The Group determined that the power plants constitute a separate class of property, plant and equipment, based on the nature, characteristics and risks of the property and as also mentioned in Note 2, elected to use revaluation method for such assets. Fair value measurement disclosures for the revalued assets are provided in Note 2.8.

Financial expenses that are not eligible for capitalization in regards with IAS 23 have been expensed in the period incurred (31 December 2020: TL 459,201,660, 31 December 2019: TL 415,050,170) and they are recognized in financial expenses.

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8 Property, plant and equipments and right of use assets (continued)

8.2 Right of use assets

The Group has lease contracts for various items of plant, machinery, vehicles and other equipment used in its operations.

As of 31 December 2020, movements in right of use assets during the period are as follows:

Cost or Valuation as of 1 January 2020	14,805,900
Additions	6,438,353
Cost or Valuation as of 31 December 2020	21,244,253
Accumulated Depreciation as of 1 January 2020	(2,464,860)
Additions	(6,087,022)
Accumulated Depreciation as of 31 December 2020	(8,551,882)
Net book value as of 31 December 2020	12,692,371

As of 31 December 2020, net book value of right of use assets are composed of forest land, vehicle and building amounting to TL 8,942,857, TL 2,558,074 and TL 1,161,440 respectively.

As of 31 December 2020, total depreciation expense of right of use assets amounting to TL 6,087,022 (31 December 2019: TL 2,464,860) has been reflected to general and administrative expenses.

As of 31 December 2019, movements in right of use assets during the period are as follows:

Cost or Valuation as of 1 January 2019	10,440,707
Additions	4,365,193
Cost or Valuation as of 31 December 2019	14,805,900
Accumulated Depreciation as of 1 January 2019	-
Additions	(2,464,860)
Accumulated Depreciation as of 31 December 2019	(2,464,860)
Net book value as of 31 December 2019	12,341,040

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9. Intangible assets

As of 5 May 2017, the Company has signed a Transfer of Operating Rights Agreement (“Agreement”) with the Privatization Administration and the Electricity Generation Corporation (“EÜAŞ”) for Adıgüzel and Kemer Hydroelectric Plants. According to the agreement, the Company obtained the operating rights of the plants for 49 years and is responsible for the transfer of EÜAŞ at the end of the period in a complete and a functional state. During the contract, the Company has to carry out all the maintenance, repairs and improvements which are necessary to ensure the convenience and efficiency of the plants for the generation activity, at their own expense. The Company is responsible for any damages and losses that may occur in the generation facilities in general referred as “Power Plants”. During the contact period; the Company has to perform all kinds of additional facilities, the investment for rehabilitation and development in accordance with the legislation, and will obtain the approval of EÜAŞ during the works and procedures to be carried out within this framework. In addition, the company must obtain approval from EÜAŞ in case it wants to make investments and transactions for capacity reduction.

As of the transfer date, it is EÜAŞ’s responsibility to monitor and solve the administrative, legal disputes regarding the ownership of the immovable on which plants are located and the immovable in use, that are available now or will arise after the transfer date and all responsibilities and obligations arising from this matter.

Intangible assets related to agreements are amortized until the end of the related contract period. Details of the maturities of Payables to Privatization Administration have been shown in Note 6.

Although the company has the right to obtain substantially all of the economic benefits from use of the asset, it does not have the right to manage the use of power plants according to Article 7 of the contract signed with the EÜAŞ. Therefore, the contract has not been considered as a lease contract under IFRS 16. On the other hand, the Agreement is not accounted within the scope of IFRIC 12 Service Concession Agreements because although the residual interest of the power plants belongs to EÜAŞ, EÜAŞ does not control at what price electricity will be sold.

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9. Intangible assets (continued)

As of 31 December 2020 and 31 December 2019, movements of intangible assets are as follows

	Licences	Operating rights	Softwares	Total
Cost as of 1 January 2020	2,640,114	324,100,000	5,651,829	332,391,943
Additions	2,120,438	-	364,017	2,484,455
Transfers	(1,549,320)	-	(2,023,780)	(3,573,100)
Cost as of 31 December 2020	3,211,232	324,100,000	3,992,066	331,303,298
Accumulated Depreciation as of 1 January 2020	(1,684,727)	(17,603,676)	(3,776,830)	(23,065,233)
Additions	(530,659)	(6,614,286)	(261,427)	(7,406,372)
Transfers	1,497,937	-	1,824,817	3,322,754
Accumulated Depreciation as of 31 December 2020	(717,449)	(24,217,962)	(2,213,440)	(27,148,851)
Net book value as of 31 December 2020	2,493,783	299,882,038	1,778,626	304,154,447
	Licences	Operating rights	Softwares	Total
Cost as of 1 January 2019	2,419,092	324,100,000	3,609,186	330,128,278
Additions	221,022	-	2,042,643	2,263,665
Cost as of 31 December 2019	2,640,114	324,100,000	5,651,829	332,391,943
Accumulated Depreciation as of 1 January 2019	(1,368,057)	(10,989,390)	(3,179,524)	(15,536,971)
Additions	(316,670)	(6,614,286)	(597,306)	(7,528,262)
Accumulated Depreciation as of 31 December 2019	(1,684,727)	(17,603,676)	(3,776,830)	(23,065,233)
Net book value as of 31 December 2019	955,387	306,496,324	1,874,999	309,326,710

Amortization expense of intangible assets amounting to TL 6,614,286 (31 December 2019: TL 6,614,286) has been reflected to cost of sales, amortization expense of intangible assets amounting to TL 792,086 (31 December 2019: TL 913,976) has been reflected to general administrative expenses.

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10 Provisions, contingent assets and liabilities

10.1 Short-term provisions

As of 31 December 2020 and 31 December 2019, the breakdown of short-term provisions are as follows:

	31 December 2020	31 December 2019
Provision for Litigations	13,064,328	11,931,184
Short-term Provisions for Employee Benefits	3,188,285	2,775,902
Other	-	6,517
	16,252,613	14,713,603

Short-term provisions for employee benefits consist of unused vacation days provisions. The current period movement table is as follows:

Unused vacation provision movement	2020	2019
Opening Balance	2,775,902	2,657,638
Net change in provision within the period	412,383	118,264
Closing Balance	3,188,285	2,775,902

Other short-term provisions consist of provisions for ongoing litigations of the Group. The movement table is as follows:

Litigation Provisions Movement	2020	2019
Opening Balance	11,931,184	10,458,825
Net change in provision within the period (Note 18)	1,133,144	1,472,359
Closing Balance	13,064,328	11,931,184

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10.2 Contingent liabilities

As of 31 December 2020 and 31 December 2019, the Group's collateral / pledge / mortgage (“CPM”) balances are as follows:

		31 December 2020	31 December 2019
	Currency	TL Amount	TL Amount
A. Guarantees given in the name of its own legal personality (*)	TL	3,172,003,251	3,172,003,251
	US Dollars	5,358,565,000	4,336,346,000
B. Guarantees given on behalf of the fully consolidated companies	TL	-	-
	TL	-	-
D. Other guarantees	TL	-	-
i. Guarantees given on behalf of the majority shareholder		-	-
ii. Guarantees given to on behalf of other group companies which are not in scope of B and C.		-	-
iii. Guarantees given on behalf of third parties which are not in scope of C.	TL	-	-
Total		8,530,568,251	7,508,349,251

(*) Details of the CPMs given by Aydem Yenilenebilir for its own legal entity as of 31 December 2020 are as follows:

On June 26, 2019, the Company signed a common terms agreement (“CTA”) with six creditors to restructure its outstanding loans and standardize the common terms applicable to nine of its outstanding facility agreements. The loans with respect to Çırakdamı HPP, Dereli HPP and Göktaş HPPs were also restructured on 26 December 2019 and the terms of the CTA became applicable to the loans related to these power plants as well. The CTA was amended and restated on 26 December 2019 and Türkiye Garanti Bankası A.Ş. acceded to the CTA as a creditor. The Company has signed the following security documents as collateral of the CTA: (i) share pledge agreement, (ii) assignment of trade receivable agreement including receivables from EPIAŞ, (iii) account pledge agreement. According to the CTA, a commercial enterprise pledge on all of Company’s movable properties and a mortgage on all of Company’s immovable properties will be established in favor of 7 creditors. However, these agreements are not executed yet. Until the establishment of the new mortgage and commercial enterprise pledge, current mortgages and commercial enterprise pledges shall be valid. Also, a loss-payee clause entitles the lenders to collect all compensation payments under the insurance contracts of the Company.

10.3 Letters of guarantees received and guarantees given

		31 December 2020	31 December 2019
	Currency	TL Equivalent	TL Equivalent
Letters of Guarantees given (*)	TL	139,858,365	208,958,897
Letters of Guarantees given (*)	US Dollars	4,080,290	3,301,920
Total		143,938,655	212,260,817

(*) Guarantees given, in general, are comprised of the letters of guarantees given to the several institutions and organizations within the operations of the Group (to Energy Market Regulatory Authority (“EMRA”), Turkish Electricity Transmission Company (“TEİAŞ”), Privatization Administration) and to the judicial authorities for some of the on-going lawsuits.

		31 December 2020	31 December 2019
	Currency	TL Equivalent	TL Equivalent
Letters of Guarantees received (**)	TL	9,816,338	10,723,257
Letters of Guarantees received (**)	EURO	146,378	343,171
Letters of Guarantees received (**)	US Dollars	565,219	672,134
Total		10,527,935	11,738,562

(**) The guarantees received are the guarantees taken against the risk of not providing the services to be obtained from the suppliers.

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10 Provisions, contingent assets and liabilities (continued)

10.4 Long term provisions

As of 31 December 2020 and 31 December 2019, the long-term provisions are as follows:

	31 December 2020	31 December 2019
Provisions for Retirement Pay Liability	8,122,907	8,521,011
	8,122,907	8,521,011

As of 31 December 2020 and 2019, the retirement pay liability provision table is as follows:

Provisions for Retirement Pay Liability	2020	2019
Opening Balance	8,521,011	4,870,175
Service Cost	2,064,466	2,150,249
Interest Cost	1,150,336	764,474
Retirement Payments Paid	(134,743)	(2,782,192)
Actuarial Loss / (Gain)	(3,478,163)	3,518,305
Closing Balance	8,122,907	8,521,011

IFRS require actuarial valuation methods to be developed to estimate the enterprise’s obligation under defined benefit plans. Accordingly, the following actuarial assumptions have been used in the calculation of the total liability. Related rates have been presented by considering the weighted average of actuarial assumptions of the subsidiaries within the scope of consolidation.

The main actuarial assumptions used as of 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020	31 December 2019
Expected interest in the coming years %	13.5	12
Expected inflation in the coming years %	9.5	7.5
Discount rate %	3.65	4.19

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10 Provisions, contingent assets and liabilities (continued)

A quantitative sensitivity analysis for significant assumptions as at 31 December 2020 and 31 December 2019 as shown below:

Assumptions for Retirement Pay Liability	Impact on Retirement Pay Liability	
	31 December 2020	31 December 2019
Inflation rate:		
1% increase	(884,656)	(708,287)
1% decrease	759,452	619,783
Interest increases:		
1% increase	728,622	591,467
1% decrease	(859,249)	(684,460)

11 Liabilities for employee benefits

As of 31 December 2020 and 31 December 2019, short-term payables related to employee benefits are as follows:

	31 December 2020	31 December 2019
Social Security Withholdings Payable	1,766,566	1,018,762
	1,766,566	1,018,762

12 Other current, non-current assets and other liabilities

As of 31 December 2020 and 31 December 2019, other current assets are as follows:

	31 December 2020	31 December 2019
Short-term Prepaid Expenses	14,057,070	11,149,324
Advances Given for Services	6,445,520	8,079,032
Current Tax Assets	474,765	1,307,448
Job Advances	56,856	99,200
Advances to Personnel	32,982	4,852
Short-term Deferred Value Added Tax ("VAT")	895	21,846,880
	21,068,088	42,486,736

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12 Other current, non-current assets and other liabilities (continued)

As of 31 December 2020 and 31 December 2019, other non-current assets are as follows:

	31 December 2020	31 December 2019
Long-term Deferred VAT	10,899,236	10,838,866
Advances Given	3,065,308	9,066,854
Long-term Prepaid Expenses	-	24,943
	13,964,544	19,930,663

As of 31 December 2020 and 31 December 2019, other liabilities are as follows:

	31 December 2020	31 December 2019
Taxes and Funds Payables	11,154,856	1,213,475
Advances Taken	2,880,400	33,970,429
Payables to Tax Authority	27,811	-
Other	-	48,586
	14,063,067	35,232,490

13 Share capital

Paid-in capital

The capital structure of the Group as of 31 December 2020 and 31 December 2019 are as follows:

As of 31 December 2020, the Group's paid-in capital is divided into 700,000,000 shares (31 December 2019: 700,000,000 shares), each with a nominal value of TL 1. The ultimate shareholder of the Group is Aydem Holding Anonim Şirketi, whose controlling individual shareholder is Ceyhan Saldanlı.

Shareholders	31 December 2020		31 December 2019	
		%	TL	%
Aydem Enerji Yatırımları A.Ş.	699,975,010	99.99%	699,975,010	99.99%
Others	24,990	0.01%	24,990	0.01%
Total	700,000,000	100%	700,000,000	100%

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13 Share capital (continued)

Legal reserves

According to the Turkish Commercial Code (“TCC”), legal reserves are comprised of first and second legal reserves. The first legal reserves are generated by annual appropriations amounting to 5 percent of income disclosed in the Company’s statutory accounts until it reaches 20 percent of paid-in share capital. If the dividend distribution is made in accordance with Dividend Distribution Communiqué II-19.1, a further 1/10 of dividend distributions, in excess of 5 percent of paid-in capital is to be appropriated to increase second legal reserves. If the dividend distribution is made in accordance with statutory records, a further 1/11 of dividend distributions, in excess of 5 percent of paid-in capitals are to be appropriated to increase second legal reserves. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50 percent of paid-in capital. At 31 December 2020, legal reserves of the Group amounted to TL 1,523,866 (31 December 2019: TL 1,523,866).

Dividend distribution

Companies distribute their profits in accordance with their dividend policy determined by the General Assembly and with General Assembly resolution in accordance with provisions of the relevant legislation. According to the Turkish commercial code, legal reserves can only be distributed as dividends after they reached 50% of the company’s paid in capital or issued share capital. Accordingly the Group determined its dividend distribution policy in line with the communiqué. Companies pay dividends according to their articles of association or dividend distribution policy. In addition, dividends may be paid in equal or different amount of installments, and cash dividend advances may be distributed over profit for the year period presented in financial statements.

Share premium

Excess amount of selling price and nominal value for each share was recorded as share premium in equity. According to the Turkish commercial law number 6102, Aydem Enerji Yatırımları A.Ş. which is 99,99% owner of Aydem Yenilenebilir, made an share premium payment amounting to TL 1,310,500,000 and capital amounting to TL 399,950,000 on 27 December 2019 in order to improve financial position of Aydem Yenilenebilir.

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14 Revenue

Details of revenue for the year ended 31 December 2020 and 2019 is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Revenues from Electricity Sales	1,340,375,223	1,197,000,764
- Revenues from Feed in Tariff (FIT)	1,191,367,265	1,058,763,285
- Other than FIT	149,007,958	138,237,479
	1,340,375,223	1,197,000,764

Management monitor revenues into two categories due to its risk group: - FIT and Other than FIT.

15 Cost of sales

Details of the cost of sales for the year ended 31 December 2020 and 2019 is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Cost of Energy Sales and Generation	(573,533,609)	(438,938,553)
- Cost of Energy Sales and Generation	(226,839,094)	(149,068,430)
- Depreciation and Amortization Expenses	(346,694,515)	(289,870,123)
	(573,533,609)	(438,938,553)

Cost of energy generation mainly includes costs of energy sales and generation, system usage and transmission costs, maintenance and repair expenses and personnel expenses.

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16 General and administrative expenses

The details of general administrative expenses for the year ended 31 December 2020 and 2019 is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Administrative Expenses (*)	(38,396,097)	(32,826,064)
Personnel Expenses	(30,995,858)	(21,438,186)
Consultancy Expenses	(17,953,164)	(5,785,086)
Depreciation and Amortization Expenses	(9,268,654)	(6,163,625)
Maintenance and Repair Expenses	(3,244,251)	(2,655,566)
Rent Expenses	(1,276,478)	(1,035,724)
Promotion and Trade Expenses	(943,616)	(87,802)
Insurance Charges	(924,966)	(627,730)
Tax, Duties and Fees Expenses	(799,257)	(8,748,261)
Legal Counselling Expenses	(473,181)	(3,951,521)
License and Dues Expenses	(310,264)	(618,004)
Other	(10,580,648)	(4,227,838)
	(115,166,434)	(88,165,407)

(*) The amount consists of management fee charged by Aydem Holding. Management fee arose due to the mainly charge of personnel costs and Information Technology Cyber Security Services given by Aydem Holding.

For the year ended 31 December 2020, general and administrative expenses includes management consultancy service amounting to TL 7.899.320, initial public offering related independent audit service amounting to TL 1.465.316, technical report service amounting to TL 1.312.775, environmental consultancy service amounting to TL 839.601, certification service amounting to TL 353.374, management fee charged by Aydem Holding A.Ş. amounting to TL 20.765.500, sustainable rating advisory services amounting to TL 466.530, legal consultancy services amounting to TL 1.895.232.

17 Expenses by nature

The details of expenses incurred for the year ended 31 December 2020 and 2019 is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Depreciation and Amortization Expenses	(355,963,169)	(296,033,748)
Costs of Energy Sales and Generation	(165,267,321)	(94,892,087)
Personnel Expenses	(68,320,010)	(58,552,448)
Consulting Expenses	(20,087,910)	(8,407,911)
Other	(79,146,217)	(69,869,750)
	(688,784,627)	(527,755,944)

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18 Other operating income and other operating expenses

Details of other operating income for the year ended 31 December 2020 and 2019 is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Compensation from Insurances	38,480,813	-
Provisions for No Longer Required Trade Receivables (Note 5)	51,536	1,926,176
Other Income Related to Electricity Generation	-	2,668,771
Late Payment charges on Sale of Electricity	-	407,086
Other	2,765,411	3,858,939
	41,297,760	8,860,972

The Group has been entitled to TL 38,480,813 (USD 5.047.850 in original currency) insurance compensation income related to the revenue loss due to the accident occurred at Göktaş-II power plant. As of 31 December 2020, TL 17,485,550 (USD 2,193,104 in original currency) of compensation from insurance company has been collected and the remaining TL 20,955,263 (Note 6, USD 2.854.746 in original currency) has been accounted as other receivable in the carve-out consolidated financial statements.

Details of other operating expenses for the year ended 31 December 2020 and 2019 is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Donations	(3,039,000)	-
Compensation Expenses	(2,550,164)	(1,350,042)
Litigation Provisions Expenses (Note 10)	(1,133,144)	(1,472,359)
Expenses Related to Allowance for Trade Receivables (Note 5)	(112,671)	(218,297)
Expropriation Expenses	-	(1,016,730)
Other	(2,811,446)	(2,337,131)
	(9,646,425)	(6,394,559)

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19 Financial income and expense

The details of finance income for the year ended 31 December 2020 and 2019 is as follows :

	1 January - 31 December 2020	1 January - 31 December 2019
Foreign Exchange Income arising from Financing Activities	60.533.850	-
Interest Income	2.290.073	4.656.071
Interest Income from Related Parties	432.579	24.693.477
Incomes Arising Rediscount on Other Payables	-	1.854.050
Other	351.960	134.469
	63.608.462	31.338.067

The details of financial expenses for the year ended 31 December 2020 and 2019 is as follows :

	1 January - 31 December 2020	1 January - 31 December 2019
Foreign Exchange Losses arising from Financing Activities	(1,039,221,641)	(661,067,845)
Loan Interest Expenses	(387,111,052)	(587,765,503)
Bank Commission and Other Expenses	(14,256,485)	(28,057,319)
Interest Expenses on Other Trade Payables	(8,102,072)	-
Interest Expenses related to Lease Liabilities (Note 22)	(2,884,757)	(2,304,207)
Foreign Exchange Losses Arising from Operating Activities	(4,094,261)	(9,186,399)
Losses on Restructuring of Borrowings	-	(4,735,135)
Interest Expenses from Related Parties (*)	-	(26,516,965)
Other	-	-
	(1,455,670,268)	(1,319,633,373)

(*) Consists of the interest expense arising from payable to shareholders which was matured on 31 December 2019. The Company has decided to reduce transactions with related parties in accordance with the policy.

20 Gains & Losses from Investing Activities

The details of gains and losses from investing activities for the year ended 31 December 2020 and 2019 is as follows :

	1 January - 31 December 2020	1 January - 31 December 2019
Gains on Sales of Associate (Note 27)	4,934,079	-
Gains on Sales of Tangible Fixed Assets	3,534,160	-
Gains on Scrap Sales	1,524,322	-
Gain on Sales of Subsidiaries	-	84,296,559
	9,992,561	84,296,559

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21 Taxation on income

Corporation Tax

The Group is subject to corporation tax applicable in Turkey. The corporate tax rate is generally 20%. The amendments on tax laws was published on 5 December 2017. Accordingly, the corporate income tax rate for all companies was increased from 20% to 22% for the years 2018, 2019 and 2020 reverting back to 20% from 2021. Corporate tax rate to be accrued on the taxable corporate income is determined by adding the expenses that cannot be deducted from the tax base in the determination of the commercial income and deducting gains from the tax, non-taxable income and other discounts (previous year losses, if any, and investment discounts used, if preferred).

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

There is no clear and definitive agreement on tax assessment procedures in Turkey. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. These declarations and the accounting records that are the basis of these declarations can be examined and changed by the Tax Office within 5 years.

Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes.

Income withholding tax

In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding is 15% as of 31 December 2020 (31 December 2019: 15%). Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Transfer pricing arrangements

In Turkey, the transfer pricing provisions of the Corporate Tax Law "disguised profit distribution via transfer pricing" is stated in Article 13 entitled. The communiqué of 18 November 2007 on disguised profit distribution through transfer pricing regulates the details of the application.

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21 Taxation on income (continued)

If the taxpayer purchases or sells goods or services at a price or price that they determine in contradiction with the principle of conformity with peers, the gain is deemed to be completely or partially distributed implicitly through transfer pricing. Disguised profit distribution through such transfer pricing is considered an unacceptable expense for corporate tax.

Transfer pricing regulations

Transfer pricing is disclosed in the 13th clause of the Corporate Tax Law under the heading “veiled shifting of profit” via transfer pricing. The application details are stated in the “general communiqué regarding veiled shifting of profits via transfer pricing” published on 18 November 2007. Veiled shifting of profits via transfer pricing will not be deducted from tax assessment for the purposes of corporate tax.

Current period tax asset

The tax assets for the years ended 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020	31 December 2019
Current Tax Assets (Note 12)	474,765	1,307,448
	474,765	1,307,448

Tax expense

The income tax for the years ended 31 December 2020 and 31 December 2019 are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Current Corporate Tax Expense (-)	-	(12,336,441)
Deferred Tax Income / (Expense)	148,689,708	(29,234,995)
	148,689,708	(41,571,436)

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21 Taxation on income (continued)

Reconciliation of effective tax rate

As of 31 December 2020 and 31 December 2019, the reported tax provision is different from the amount calculated using the statutory tax rate on profit before tax. The reconciliation of tax expense / income is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Loss in the Year	(557.431.333)	(575.399.140)
Tax (Expenses) / Income	148.689.708	(41.571.436)
Loss Before Taxation	(706.121.041)	(533.827.704)
Tax Calculated with the Company's Legal Tax Rate	155.346.629	117.442.095
Non-deductible Expenses	(4.447.702)	(9.989.705)
Tax Effect Related To Investment Accounted Under Equity Method	--	(338.842)
Current Year Losses on which No Deferred Tax Assets Recognized	--	(22.960.874)
Deferred Tax Asset on Tax Losses Carry Forwards recognized in prior years which could not be used	--	(49.350.953)
Tax Losses Carry Forwards used in the current year over which no deferred tax asset recognized in prior years	--	73.926.270
Deferred Tax Assets on Tax Losses Carry Forwards accounted in the current year	10.517.317	--
Effect of Use of Different Tax Rate (*)	(10.860.970)	14.164.394
Effect of Carve-out Transactions	--	(38.961.977)
Tax Exemptions on Sale of Marketable Securities	389.342	22.950.769
Tax Exemptions on Sale of Land	--	769.543
Effect of Sales of Subsidiaries (**)	--	(151.902.410)
Other	(2.254.908)	2.680.254
Current Tax Income / (Expense)	148.689.708	(41.571.436)

(*) The tax rate which has been used for the temporary differences which are expected to be settled after 2020 is 20%, whereas the current tax rate in 2020 and 2019 is 22% which is used in the above tax reconciliation.

(**) As explained in Note 1, Fırat had been sold to Arnaz before they merged with the Company. The tax expense arises from the statutory profit of the Company due to the sale of Fırat to Arnaz which is eliminated in the carve-out consolidated financial statements. Since this sales transaction does not have any impact on the profit recognized in the carve-out consolidated financial statements, the related tax expense is presented as a reconciling item.

Deferred tax assets and liabilities

The movement of deferred tax liability is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Deferred Tax Movement		
At the Beginning of the Period	1,042,019,285	725,495,098
Recognized in Other Comprehensive Income	507,002,958	305,860,420
Recognised in Profit or Loss	(148,689,708)	29,234,995
Effect of Disposal of Subsidiaries	--	(18,571,228)
End of Period Closing Balance	1,400,332,535	1,042,019,285

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21 Taxation on income (continued)

As of 31 December 2020 and 31 December 2019, the breakdown of deferred tax liabilities is as follows:

Deferred Tax (Liabilities)/Assets	31 December 2020	31 December 2019
Provisions for Retirement Pay Liability	1,624,581	1,704,202
Provision for Litigation	2,612,866	2,386,237
Rediscount for Trade Payables	(517,298)	(1,243,719)
Amortized Cost Adjustment for Financial Borrowings	8,691,123	10,758,764
Property, Plant and Equipments and Intangible Assets	(19,328,986)	(36,313,291)
Increase / (Decrease) in value of Tangible Assets	(1,786,953,908)	(1,280,646,580)
Effect of Capitalized Borrowing Costs in Profit or Loss Statement	351,868,287	260,027,955
Deferred Tax Asset from Carry Forward Tax Losses	37,575,261	--
Other	4,095,539	1,307,147
	(1,400,332,535)	(1,042,019,285)

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22 Financial liabilities

As of 31 December 2020 and 31 December 2019, the details of financial liabilities are as follows:

	31 December 2020	31 December 2019
Short-term Bank Loans	742,297,806	576,564,609
Total Short-term Financial Liabilities	742,297,806	576,564,609
Long-term Bank Loans	4,186,643,526	3,787,434,625
Total Long-term Financial Liabilities	4,186,643,526	3,787,434,625
Total Financial Liabilities	4,928,941,332	4,363,999,234

The repayments of the loan agreements according to their original maturities as of 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020	31 December 2019
To be paid within a year	742,297,806	576,564,609
To be paid in 1-2 years	541,422,089	578,443,551
To be paid in 2-3 years	366,375,926	532,851,814
To be paid in 3-4 years	764,931,680	275,565,419
To be paid in 4-5 years	558,572,710	674,728,791
To be paid over 5 years	1,955,341,121	1,725,845,050
	4,928,941,332	4,363,999,234

The fair value of the short-term and long-term bank loans are estimated to be TL 5,289,484,769 as of 31 December 2020 (TL 4,511,134,377 as of 31 December 2019). The fair value of the bank loans for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The repayments of the lease liabilities according to their original maturities as of 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020	31 December 2019
To be paid within a year	5,163,541	3,271,208
To be paid in 1-2 years	4,713,541	2,820,596
To be paid over 2 years	6,505,674	6,110,297
	16,382,756	12,202,101

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22 Financial liabilities (continued)

As of 31 December 2020 and 31 December 2019, terms and conditions of financial liabilities are as follows:

31 December 2020				
Currency	Average Effective Annual Interest Rate Range	Maturity Range for the latest payment	Short-term	Long-term
US Dollars	6 Months Libor + 4.67% - 7.06%, 7.5%	2029-2030	713,677,877	4,125,359,468
EUR	6 Months Euribor + 5.25%	2023-2024	28,619,929	61,284,058
			742,297,806	4,186,643,526

31 December 2019				
Currency	Average Effective Annual Interest Rate Range	Maturity Range for the latest payment	Short-term	Long-term
US Dollars	3 Months Libor + 5.25%, 6 Months Libor + 4.5% - 7.25%	2029-2030	554,231,549	3,721,828,861
EUR	3 Months Euribor + 5.25%, 6 Months Euribor + 4.5% - 7.25%	2023-2024	22,333,060	65,605,764
			576,564,609	3,787,434,625

Lease Liabilities

	2020	2019
Lease Liabilities - Opening	12,202,101	22,232,840
Additions	6,438,353	13,424,611
Accretion of interest (Note 19)	2,884,757	2,304,207
Payments	(5,142,455)	(25,759,557)
Lease Liabilities - Closing	16,382,756	12,202,101
Current	5,163,541	3,271,208
Non-current	11,219,215	8,930,893
Total Lease Liabilities	16,382,756	12,202,101

24.85% discount rate has been used in order to calculate the net present value of lease liabilities.

Operating Lease Commitments as at 31 December 2018	50,691,712
Weighted average incremental borrowing rate as at 1 January 2019	24.85%
Discounted Operating Lease Commitments as at 1 January 2019	10,440,707
Add:	
Commitments relating to leases previously classified as finance leases	1,761,394
Lease Liabilities as at 31 December 2019	12,202,101

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22 Financial liabilities (continued)

Within the scope of the Common Terms Agreement (“CTA”) dated 26 June 2019 and the restated and amended agreements signed under the CTA, the restructuring of the Company's long-term loans was completed on 17 July 2019. Within the restructuring process average maturity for Akıncı HPP, Arnaz WPP, Arova WPP, Dalaman HPP, Gökyar HPP, Koyulhisar HPP, Mentaş HPP, Söke WPP, Toros HPP, Aksu HPP, Adıgüzel HPP and Kemer HPP has been increased from 4.3 years to 6.2 years with the utilization of new facilities and the closure of current facilities. In addition, existing loans of Karhes were prepaid with the utilization of new loan on 16 July 2019 in an amount of USD 97 million with an average term of 6.7 years. After the merger of Karhes on 7 November 2019 and Göktaş on 12 November 2019 with the Company, CTA was amended on 26 December 2019. Along with the amendment, Çırakdamı HPP and Dereli HPP of Karhes and Göktaş I-II HPP are included within the scope of the CTA. The short-term loan of Göktaş I-II HEPP amounted USD 361 million was closed with the utilization of the new loans with an average term of 5.3 years. As a result of all these restructuring and merger process, the total debt of the Company has become USD 1,147 million.

The Company has received a total amount of USD 415 million through a capital increase completed on 27 December 2019, share premium and discharge of current debts. This amount were used to repay the Company's short-term working capital loans of USD 48 million and long-term loans of USD 367 million. In this way, the total debt of the Company has been reduced from USD 1,147 million to USD 732.9 million as of 31 December 2019. After all these transactions, the average loan terms were extended from 3.1 to 6.1 years. As of 31 December 2020, loan term has decreased to 5.25 years.

Information Regarding the CTA

Under the CTA, the Company reserve the right to distribute dividends to its shareholders. Furthermore, as per the CTA, the Company is required to distribute 50% of the excess cash accumulated for the relevant year as dividend to the shareholder until the Aydem Enerji Yatırımları A.Ş.'s facility is fully repaid. The remaining 50% of the excess cash remains at the Company for investment opportunities.

The movement of financial liabilities for the year ended 31 December 2020 and 2019 is as follows:

	2020	2019
1 January	4,363,999,234	5,899,755,376
Cash inflow	77,784,000	458,210,684
Repayment of financial liabilities	(540,411,221)	(2,687,385,638)
Interest accrual	387,111,052	601,864,424
Interest paid	(398,763,374)	(578,699,856)
Exchange rate differences	1,039,221,641	670,254,244
31 December	4,928,941,332	4,363,999,234

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23 Nature and level of risks arising from financial instruments

Financial instruments and financial risk management

The Group may be exposed to the following risks depending on the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note provides information on the Group's exposure to the risks outlined above, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Credit risk

Credit risk is the risk that a customer or counterparty will fail to fulfill its obligations under the contract and is mainly attributable to customer receivables.

The carrying values of financial assets represent the maximum exposure to credit risk.

The maximum credit risk the Group is exposed to as of 31 December 2020 and 31 December 2019 are as follows:

31 December 2020	Receivables				Cash and Cash Equivalents
	Trade Receivables		Other Receivables		
	Related Parties	Other Parties	Related Parties	Other Parties	
Maximum Exposure to Credit Risk as of Reporting Date (A+B+C+D+E)	505,386	54,430,818	54,715,013	42,556,690	145,525,078
- Secured part of the maximum credit risk exposures via collateral etc.	-	-	-	-	-
A. Net Book Value of Financial Assets those are neither overdue nor Impaired	505,386	49,926,456	54,715,013	42,556,690	145,525,078
B. Net Book Value of Assets that are Overdue but not Impaired	-	4,504,362	-	-	-
C. Net Book Value of Impaired Financial Assets	-	-	-	-	-
- Overdue (Gross Carrying Amount)	-	4,776,282	-	-	-
- Impairment Amount (-)	-	(4,776,282)	-	-	-
- Secured Portion Covered with Guarantees, etc	-	-	-	-	-
- Overdue (Gross Carrying Amount)	-	-	-	-	-
- Impairment Amount (-)	-	-	-	-	-
- Secured Portion Covered with Guarantees, etc	-	-	-	-	-
D. Off-balance sheet items Including risk	-	-	-	-	-

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23 Nature and level of risks arising from financial instruments (continued)

Credit risk (continued)

31 December 2019	Receivables				Cash and Cash Equivalents
	Trade Receivables		Other Receivables		
	Related Parties	Other Parties	Related Parties	Other Parties	
Maximum Exposure to Credit Risk as of Reporting Date (A+B+C+D+E)	-	90,314,140	-	18,264,925	136,532,816
- Secured part of the maximum credit risk exposures via collateral etc.	-	-	-	-	-
A. Net Book Value of Financial Assets those are neither overdue nor Impaired	-	87,578,141	-	18,264,925	136,532,816
B. Net Book Value of Assets that are Overdue but not Impaired	-	2,735,999	-	-	-
C. Net Book Value of Impaired Financial Assets	-	-	-	-	-
- Overdue (Gross Carrying Amount)	-	4,715,147	-	-	-
- Impairment Amount (-)	-	(4,715,147)	-	-	-
- Secured Portion Covered with Guarantees,etc	-	-	-	-	-
- Overdue (Gross Carrying Amount)	-	-	-	-	-
- Impairment Amount (-)	-	-	-	-	-
- Secured Portion Covered with Guarantees,etc	-	-	-	-	-
D. Off-balance sheet items Including risk	-	-	-	-	-

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23 Nature and level of risks arising from financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial liabilities in the future. The Group's liquidity risk is managed by providing sufficient financing facilities from various financial institutions in a way that does not harm or damage the Group's reputation in order to fund the current and future debt requirements under normal conditions or in crisis situations. As at 31 December 2020 and 31 December 2019, the maturity of financial liabilities including estimated interest payments according to the payment schedule is as follows:

31 December 2020	Book Value	Contractual cash outflow	0-3 Months	3-12 Months	1-5 Years	> 5 Years
Non-derivative Financial Liabilities						
Financial Liabilities	4,928,941,332	6,749,221,079	--	780,489,756	2,746,679,514	3,222,051,809
Financial Lease Liabilities (IFRS 16)	16,382,756	62,475,633	1,425,411	4,306,119	27,748,631	28,995,472
Other Long Term Payables to Related Parties	64,061,421	174,329,348	--	--	--	174,329,348
Payables of Privatization Administration	68,891,350	71,302,000	--	71,302,000	--	--
Trade Payables to Related Parties	2,134,935	2,134,935	384,288	1,750,647	--	--
Trade Payables to Third Parties	47,509,424	52,103,170	8,551,696	43,551,474	--	--
Total	5,127,921,218	7,111,566,165	10,361,395	901,399,996	2,774,428,145	3,425,376,629

31 December 2019	Book Value	Contractual cash outflow	0-3 Months	3-12 Months	1-5 Years	> 5 Years
Non-derivative Financial Liabilities						
Financial Liabilities	4,363,999,234	6,404,112,044	-	618,715,257	2,320,320,401	3,465,076,386
Financial Lease Liabilities (IFRS 16)	12,202,101	52,067,492	1,178,026	2,095,051	18,546,884	30,247,531
Other Long Term Payables to Related Parties	60,139,498	174,329,348	-	-	-	174,329,348
Payables to Privatization Administration	137,875,064	144,658,404	-	73,356,404	71,302,000	-
Trade Payables to Related Parties	13,022,145	13,022,145	2,343,986	10,678,159	-	-
Trade Payables to Third Parties	60,176,114	63,498,599	11,429,748	52,068,851	-	-
Total	4,647,414,156	6,851,688,032	14,951,760	756,913,722	2,410,169,285	3,669,653,265

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23 Nature and level of risks arising from financial instruments (continued)

Market risk

Market risk; The risk of changes in the money market, such as exchange rates, interest rates or the prices of instruments traded in the securities markets, may change the Group's income or the value of its financial assets. Market risk management aims to optimize return while controlling market risk exposure within acceptable limits.

Currency risk

While the Group's functional currency is Turkish Lira, the Group is exposed to foreign exchange risks. The Group has outstanding US Dollar and Euro borrowings due to power plant investments. The Group also realizes significant USD indexed sales within the scope of the Feed-in Tariff.

As of 31 December 2020 and 31 December 2019, the foreign currency position of the Group arises from foreign currency assets and liabilities stated in the table below.

	31 December 2020		
	Original Amounts		
	Total		
	TL Equivalent	US Dollars	EUR
Assets			
Cash and Cash Equivalents	129,819,629	17,681,394	3,259
Short-term Trade Receivables	7,412,298	770,180	195,250
Short-term Other Receivables from Related Parties	49,829,532	6,788,302	-
Total Assets	187,061,459	25,239,876	198,509
Liabilities			
Short-term and Long-term Financial Liabilities	(4,928,941,332)	(659,224,487)	(9,980,571)
Short-term Trade Payables to Third Parties	(5,451,276)	(144,588)	(487,342)
Short-term Other Payables to Third Parties	(141,473)	(19,273)	-
Short-term Other Payables to Related Parties	(5,461,801)	-	(606,335)
Total Liabilities	(4,939,995,882)	(659,388,348)	(11,074,248)
Foreign Currency Liability Position	(4,752,934,423)	(634,148,472)	(10,875,739)
Net Foreign Currency Liability Position	(4,752,934,423)	(634,148,472)	(10,875,739)

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23 Nature and level of risks arising from financial instruments (continued)

Currency risk (continued)

As of 31 December 2019, the foreign currency position of the Group arises from foreign currency assets and liabilities stated in the table below.

	31 December 2019		
	Original Amounts		
	Total		
	TL Equivalent	US Dollars	EUR
Assets			
Cash and Cash Equivalents	76,065,868	12,795,052	9,127
Total Assets	76,065,868	12,795,052	9,127
Liabilities			
Short-term and Long-term Financial Liabilities	(4,363,999,234)	(719,997,859)	(13,091,744)
Short-term and Long-term Lease Liabilities	(9,516,605)	(628,331)	(869,725)
Short-term Other Payables to Third Parties	(59,402,000)	(10,000,000)	-
Total Liabilities	(4,432,917,839)	(730,626,190)	(13,961,469)
Foreign Currency Liability Position	(4,356,851,971)	(717,831,138)	(13,952,342)
Net Foreign Currency Liability Position	(4,356,851,971)	(717,831,138)	(13,952,342)

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23 Nature and level of risks arising from financial instruments (continued)

Currency risk (continued)

Sensitivity analysis

The Group is mainly exposed to foreign currency risk in USD Dollars. The following table details the Group's sensitivity to a 10% increase and decrease in US Dollars and Euro. 10% is the rate used to report the exchange rate risk within the Group to the executives and this rate indicates the possible change in the exchange rates expected by the management. The sensitivity analysis covers only foreign currency denominated monetary items at the end of the year and shows the effects of the 10% increase in foreign exchange rates of these items at the end of the year excluding tax effects. A positive value indicates an increase in profit or loss and other equity items.

Exchange rate sensitivity analysis table		
31 December 2020		
	Increase in Value of foreign currency	Decrease in value of foreign currency
If TL gains / loses 10% against US dollar		
1- TL net assets / liabilities	(465,496,686)	465,496,686
2- TL hedged portion (-)	-	-
3- TL net effect (1 + 2)	(465,496,686)	465,496,686
If the TL gains / loses 10% against the Euro	-	-
4- TL net assets / liabilities	(9,796,757)	9,796,757
5- TL hedged portion (-)	-	-
6- Net effect of TL (4 + 5)	(9,796,757)	9,796,757
Total (3 + 6)	(475,293,443)	475,293,443

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23 Nature and level of risks arising from financial instruments (continued)

Currency risk (continued)

Sensitivity analysis (continued)

Exchange rate sensitivity analysis table		
31 December 2019		
	Increase in Value of foreign currency	Decrease in value of foreign currency
If TL gains / loses 10% against US dollar		
1- TL net assets / liabilities	(426,406,053)	426,406,053
2- TL hedged portion (-)	-	-
3- TL net effect (1 + 2)	(426,406,053)	426,406,053
If the TL gains / loses 10% against the Euro		
4- TL net assets / liabilities	(9,279,145)	9,279,145
5- TL hedged portion (-)	-	-
6- Net effect of TL (4 + 5)	(9,279,145)	9,279,145
Total (3 + 6)	(435,685,198)	435,685,198

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23 Nature and level of risks arising from financial instruments (continued)

Capital risk management

In managing capital, the Group's objectives are to maintain the Group's ability to continue to operate in order to maintain an optimal capital structure to provide returns to shareholders, benefits to other shareholders, and to reduce capital costs.

In order to maintain or adjust the capital structure, the Group determines the amount of dividend payable to shareholders.

The Group monitors capital on the basis of the net financial debt / equity ratio. Net financial debt is calculated by deducting cash and cash equivalents from total financial debt.

As of 31 December 2020 and 31 December 2019 net financial liabilities / equity ratios are as follows:

	31 December 2020	31 December 2019
Total financial liabilities	4,928,941,332	4,363,999,234
Cash and Cash Equivalents	(145,525,078)	(136,532,816)
Net Financial Liabilities	4,783,416,254	4,227,466,418
Equity	5,892,851,994	4,420,426,174
Net Financial Liabilities / Equity Ratio	81.17%	95.63%

Measures to be taken in relation to the above mentioned situation are explained in Note 2.5 of the assumption of continuity of the enterprise.

Interest rate risk management

Borrowing of the Group at fixed and variable interest rates exposes the Group to interest rate risk. The Group manages interest rate risk by using fixed or floating interest bearing assets and liabilities by considering the borrowing market conditions and expectations. These risks are managed using natural methods that arise as a result of offsetting interest rate related assets and liabilities. Interest rates of financial assets and liabilities are stated in the related notes.

The Group has analyzed various scenarios including refinancing the existing situation alternative financing options and to avoid the hedging risk. According to these scenarios, if annual interests of floating interest rated loans were 100 basis point high/low with all the other parameters are constant, current year income before tax have been TL 3,653,561 lower/higher as a result of interest expense of floating interest rated loans and swap transactions.

Carrying values of the fixed and variable interest rate bank borrowings as of 31 December 2020 are as follows:

	Total Carrying Value	Percentage (%)
Fixed	3,032,315,279	61.52%
Variable	1,896,626,053	38.48%
Total	4,928,941,332	100.00%

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23 Nature and level of risks arising from financial instruments (continued)

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

Following methods and assumptions were used to estimate the fair value of the financial instruments for which is practicable to estimate fair value:

Financial assets

The carrying values of financial assets including cash and cash equivalents which are accounted with their costs are estimated to be their fair values since they are short term.

The carrying values of trade receivables along with the related allowances for uncollectability are estimated to be their fair values.

Financial liabilities

The carrying values of trade payables and leasing liabilities are estimated to be their fair values.

The fair values of bank borrowings of the Group are provided in Note 22.

Fair value hierarchy table

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques does not contains observable market inputs

Fair value hierarchy table as at 31 December 2020 and 31 December 2019 is as follows:

	Date of Valuation	Total	Fair Value Measurement		
			Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Liabilities for which fair values are disclosed:					
Bank borrowings	31 December 2020	5,289,484,769	-	5,289,484,769	-
Bank borrowings	31 December 2019	4,511,134,377	-	4,511,134,377	-

Fair value of the power plants of the Group were measured by a professional independent valuation company as of 31 December 2020 and 2019 . Since this valuation was performed using significant observable inputs, the fair value was classified as a Level 2 measurement (Level 2).

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24 Cash and cash equivalents

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

	31 December 2020	31 December 2019
Cash	-	471
Cash at Banks	145,525,078	136,525,007
- <i>Demand Deposits</i>	19,600,621	45,679,310
- <i>Time Deposits</i>	125,924,457	90,845,697
Other Cash and Cash Equivalents	-	7,338
	145,525,078	136,532,816

As of 31 December 2020, the interest rate of TL denominated time deposits amounting to TL 10,370,459 is between 12% to 17,31% (31 December 2019: TL 25,664,873 is between 8% to 10.50%); US Dollars denominated time deposits amounting to USD 15,647,146 interest rate is between 0.15% to 1% (31 December 2019: USD 10,972,833 interest rate is between 0.25% to 1.47%).

25 Investments accounted by the equity method

As of 31 December 2020 and 31 December 2019, the details of the Group's investments in equity method are as follows:

	31 December 2020	31 December 2019
	Percentage of Shares	Percentage of Shares
	(%)	(%)
Yalova Rüzgar Enerjisiden Elektrik Üretim A.Ş. (Yalova)	0%	50%

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25 Investments accounted by the equity method (continued)

The details of the financial position and Profit or Loss and Other Comprehensive Income of the investments valued by the equity method are as follows:

	31 December 2020	31 December 2019
Current Assets	-	33,714,200
Non-Current Assets	-	248,756,228
Short-term Liabilities	-	(2,019,849)
Long-term Liabilities	-	(202,789,282)
Total Equity (Net Assets)	-	(77,661,297)
Share of net asset in associate	-	38,830,648
Carried Value of Investments Accounted Under Equity Method	-	38,830,648

	1 January - 31 December 2020	1 January - 31 December 2019
Net Sales	24,601,306	44,272,884
Net Loss for the period	(14,587,454)	(3,080,380)
Share of current loss in associate	(7,293,727)	(1,540,190)
Other comprehensive income / (loss)	-	-
Share of other comprehensive income in associate	-	-
Share of total comprehensive loss in associate	(7,293,727)	(1,540,190)

The movement table of the assets valued by the equity method is as follows:

	2020	2019
Opening Balance	38,830,648	25,283,315
Net Loss	(7,293,727)	(1,540,190)
Effect of sales of associate (Note 27)	(31,536,921)	-
Closing Balance	-	23,743,125

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26 Earnings per share

The calculation of basic and diluted Earnings per share (“EPS”) for the year ended 31 December 2020; was based on the (loss) / profit attributable to ordinary shareholders of TL (557,431,333) (year ended 31 December 2019: TL (571,112,310) and a weighted average number of ordinary shares outstanding of 700,000,000 (year ended 31 December 2019: 15,333,906,082), as follows:

	31 December 2020	31 December 2019	
Numerator:			
Loss for the period attributable to owners of the Company	(557,431,333)	(571,112,310)	
Denominator:			
Weighted average number of shares	700,000,000	15,333,906,082	
Basic and diluted profit (loss) per share (full TL)	(0.80)	(0.04)	
2019	Number of shares	Time weighting (days)	Weighted average
Outstanding ordinary shares as of 1 January 2019 (Par Value: TL 0.01)	13,377,288,000		
1 January to 12 November 2019 (Par Value: TL 0.01)	13,377,288,000	316/365	4,213,845,720,000
12 November - Gökteş Merger Effect (Par Value: TL 0.01)	16,627,712,000		
13 November to 27 December 2019 (Par Value: TL 0.01)	30,005,000,000	46/365	1,380,230,000,000
27 December 2019 - Capital increase (Par Value: TL 1)	399,950,000		
28 December to 31 December 2019 (Par Value: TL 1)	700,000,000	4/365	2,800,000,000
Weighted average for the year		365/365	15,333,906,082
2020	Number of shares	Time weighting (days)	Weighted average
Outstanding ordinary shares as of 1 January 2020 (Par Value: TL 1)	700,000,000		
1 January to 31 December 2020 (Par Value: TL 1)	700,000,000	365	700,000,000
Weighted average for the year		365/365	700,000,000

Weighted average number of shares for 2020 and 2019 is calculated using the actual number shares outstanding during the period, taking into consideration the actual date of capital increase.

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27 Merger of entities under common control and acquisition of non-controlling interests

a) The transactions occurred in 2019

Acquisition of additional interests in subsidiaries

In accordance with the reorganization of the Group undertaken in 2019, the Company merged with its former subsidiaries under the legal entity of Aydem Yenilenebilir on 28 June 2019. As part of this merger, the Company acquired the non-controlling shares at Karhes, Arnaz, Arova and Söke. The percentage of shares acquired are 26%, 0.88%, 0.50% and 1% for Karhes, Arnaz, Arova and Söke respectively. The carrying value of the net assets of subsidiary and the cash consideration paid to the non-controlling shareholders are presented below:

Subsidiary name	Cash consideration paid	Carrying value of the additional interest	Difference recognised in retain earnings
Karhes	43,137,000	44,966,726	1,829,726
Arova	110,000	271,367	161,367
Söke	400,000	2,325,817	1,925,817
Arnaz	220,000	875,806	655,806

Acquisition of Düzce through under common control business transaction

As part of the reorganization of the Group undertaken in 2019, Aydem Yenilenebilir acquired the 100% shares of Düzce Elektrik Üretim A.Ş. ("Düzce") on 28 June 2019, which was subsidiary of Aydem Elektrik Perakende Satış A.Ş., for a consideration of TL 188,019,000 which will be paid on 1 June 2029. Aydem Elektrik Perakende Satış A.Ş. is controlled by Aydem Holding A.Ş. The carrying amounts of assets acquired and liabilities assumed are based on the previous carrying amounts recognised by the ultimate shareholder and are as follows as of the date of acquisition:

Share Capital	120,000,000
Total consideration	120,000,000
Net payable amount arising on acquisition	(188,019,000)
Discounting effect for trade payable	116,756,779
Cash and cash equivalents acquired	736,719
Merger of Entities Under Common Control	49,474,498

As also mentioned in Note 2, the Group uses pooling of interest method for acquisitions from companies that are under common control. As part of pooling of interest method, the Group restated financial information for periods prior to the date of the business combination. Accordingly, results of operations and assets and liabilities of Düzce are included in 2018 and 2017 consolidated carve-out consolidated financial statements, with resulting difference recognised within “merger of entities under common control” line within equity.

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27 Merger of entities under common control and acquisition of non-controlling interests (continued)

Acquisition of Sarı Perakende through under common control business transaction

As part of the reorganization of the Group undertaken in 2019, Aydem Yenilenebilir acquired the 100% shares of Sarı Perakende on 31 July 2019, which was subsidiary of Aydem Elektrik Perakende Satış A.Ş., for a consideration of TL 5,500,000. Aydem Elektrik Perakende Satış A.Ş. is controlled by Aydem Holding A.Ş. The carrying amounts of assets acquired and liabilities assumed are based on the previous carrying amounts recognised by the ultimate shareholder and are as follows as of the date of acquisition:

Share Capital	5,500,000
Total consideration	5,500,000
Net cash outflow arising on acquisition	(5,500,000)
Merger of Entities Under Common Control	-

As also mentioned in Note 2, the Group uses pooling of interest method for acquisitions from companies that are under common control. As part of pooling of interest method, the Group restated financial information for periods prior to the date of the business combination. Accordingly, results of operations and assets and liabilities of Sarı Perakende are included in 2018 and 2017 consolidated carve-out consolidated financial statements, with resulting difference recognised within “merger of entities under common control“ line within equity.

Acquisition of Göktaş through under common control business transaction

As part of the reorganization of the Group undertaken in 2019, Aydem Yenilenebilir acquired the 100% shares of Göktaş on 12 November 2019, which was subsidiary of Aydem Holding A.Ş., for a consideration of TL 166,227,120. The carrying amounts of assets acquired and liabilities assumed are based on the previous carrying amounts recognised by the ultimate shareholder and are as follows as of the date of acquisition.

Share Capital	166,227,120
Total consideration	166,227,120
Other	50,000
Net cash outflow arising on acquisition	(166,277,120)
Merger of Entities Under Common Control	-

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27 Merger of entities under common control and acquisition of non-controlling interests (continued)

As also mentioned in Note 2, the Group uses pooling of interest method for acquisitions from companies that are under common control. As part of pooling of interest method, the Group restated financial information for periods prior to the date of the business combination. Accordingly, results of operations and assets and liabilities of Göktaş are included in 2018 consolidated carve-out consolidated financial statements, with resulting difference recognised within “Effect of Business Combination of Entities Under Common Control” line within equity.

b) Transactions occurred in 2020

Disposal of investment accounted by the equity method (Yalova)

Aydem Yenilenebilir sold the 50% shares of Yalova on 31 December 2020 for a consideration of TL 38,316,320 to Aydem Holding A.Ş. As of 31 December 2020, the Group obtained a valuation report for Yalova from an independent valuation expert indicating a fair value of TL 36,471,000.

The Company recognised the transaction on basis of the fair value and the difference between the consideration amount and fair value of the associate disposed has been recognised in equity. The difference between the fair value of the associate and its carrying value has been recognised in profit or loss.

Sales Price	38,316,320
Gain on sale of shares in associate recognised in equity (Effect of Business Combination of Entities Under Common Control)	1,845,320
Fair value	36,471,000
Derecognized Net Asset	(31,536,921)
Gain on sale of shares of associate recognised in profit or loss	4,934,079
Total gain on sale of shares in associate	6,779,399

28 Events after the reporting period

None.