Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries

Interim Condensed Consolidated Financial Statements
As at and For The Six - Month Period Ended 30 June 2021
Together With Independent Auditor’s Review Report

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries

Contents

Building a better
working world

Güney Bağımsız Denetim ve SMMM A. Ş.
Maslak Mah. Eski Büyükdere Cad.
Orjin Maslak İş Merkezi No: 27 D: 57
34485 Sarıyer/İstanbul TÜRKİYE

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

Report on Review of Interim Condensed Consolidated Financial Statements

To the Board of Directors of Aydem Yenilenebilir Enerji Anonim Şirketi

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Aydem Yenilenebilir Enerji Anonim Şirketi (the Company) and its subsidiaries (the Group) as of June 30, 2021 and the interim condensed consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month period then ended, and explanatory notes. Group management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

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

Onur Ünal, SMMM
Partner

19 August 2021
İstanbul, Türkiye

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Interim condensed consolidated statement of financial position
as at 30 June 2021

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

		Reviewed	Audited
	Notes	**30 June 2021**	**31 December 2020**
ASSETS			
Current Assests			
Cash and Cash Equivalents	*3*	107,069,148	145,525,078
Trade Receivables		50,107,175	54,936,204
- Due from Related Parties	*5*	-	*505,386*
- Due from Third Parties	*6*	*50,107,175*	*54,430,818*
Other Receivables		22,833,090	95,261,788
- Due from Related Parties	*5*	*13,342,236*	*54,715,013*
- Due from Third Parties	*7*	*9,490,854*	*40,546,775*
Inventories	*8*	11,130,990	8,526,379
Other Current Assets		20,848,726	21,068,090
Total Current Assets		**211,989,129**	**325,317,539**
Non-Current Assets			
Other Receivables		2,143,434	2,009,915
- Other Receivables due from Third Parties	*7*	*2,143,434*	*2,009,915*
Property, Plant and Equipments	*9.1*	11,672,878,125	11,812,559,374
Right of Use Assets	*9.2*	12,100,579	12,692,371
Intangible Assets	10	301,134,529	304,154,447
- Other Intangible Assets		*301,134,529*	*304,154,447*
Other Non-current Assets		13,847,481	13,964,544
Total Non-Current Assets		**12,002,104,148**	**12,145,380,651**
TOTAL ASSETS		**12,214,093,277**	**12,470,698,190**

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

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Interim condensed consolidated statement of financial position
as at 30 June 2021

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

	Notes	Reviewed 30 June 2021	Audited 31 December 2020
LIABILITIES			
Current Liabilities			
Short-term Liabilities of Long-term Financial Liabilities	*13*	874,203,258	742,297,806
Lease Liabilities	*13*	2,280,103	5,163,541
Trade Payables		43,886,492	49,644,359
- Due to Related Parties	*5*	*4,074,289*	*2,134,935*
- Due to Third Parties	*6*	*39,812,203*	*47,509,424*
Other Payables		418,988	77,285,508
- Due to Related Parties	*5*	-	*8,080,612*
- Due to Third Parties	*7*	*418,988*	*69,204,896*
Liabilities for Employee Benefits	*12*	3,946,948	2,759,698
Current Provisions		15,050,919	16,252,613
- Short-term Provisions for Employee Benefits	*11.1*	*4,318,793*	*3,188,285*
- Other Short-term Provisions	*11.1*	*10,732,126*	*13,064,328*
Other Current Liabilities		17,710,683	14,063,067
Total Current Liabilities		**957,497,391**	**907,466,592**
Non-Current Liabilities			
Financial Liabilities	*13*	4,624,906,944	4,186,643,526
Lease Liabilities	*13*	10,547,627	11,219,215
Other Payables		67,917,510	64,061,421
- Due to Related Parties	*5*	*67,917,510*	*64,061,421*
Non-current Provisions		12,518,298	8,122,907
- Long-Term Provisions for Employee Benefits	*11.4*	*12,518,298*	*8,122,907*
Deferred Tax Liabilities		1,234,966,357	1,400,332,535
Total Non-current Liabilities		**5,950,856,736**	**5,670,379,604**
TOTAL LIABILITIES		**6,908,354,127**	**6,577,846,196**

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

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Interim condensed consolidated statement of financial position
as at 30 June 2021

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

	Notes	Reviewed 30 June 2021	Audited 31 December 2020
EQUITY			
Paid-in Capital		705,000,000	700,000,000
Share Premium / Discount		91,418,338	51,319,818
Restricted Reserves		1,523,866	1,523,866
Other Comprehensive Income that will not be reclassified to profit or loss in subsequent periods		6,363,438,000	6,480,576,181
- Gains on Revaluation of Property, Plant and Equipment		*6,361,948,689*	*6,477,727,452*
- Actuarial Gains/(Losses) on Defined Benefit Plans		*1,489,311*	*2,848,729*
Other Comprehensive Income that may be reclassified to profit or loss in subsequent periods		(686,827,818)	**-**
- Reserve of Gains (Losses) on Cash Flow Hedge		*(686,827,818)*	-
Accumulated Losses		(1,224,789,108)	(773,286,902)
Net Profit / (Loss) for the Period		55,975,872	(567,280,969)
Equity Attributable to Equity Holders of the Parent		**5,305,739,150**	**5,892,851,994**
Total Equity		**5,305,739,150**	**5,892,851,994**
Total Equity and Liabilities		**12,214,093,277**	**12,470,698,190**

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

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Interim condensed consolidated statement of profit or loss and other comprehensive income for the six month period ended 30 June 2021 and 2020

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

		Reviewed		Audited	
	Notes	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Profit or Loss Statement					
Revenue	*4*	629,654,124	372,361,656	828,532,790	475,679,078
Cost of Sales (-)		(341,742,374)	(168,127,163)	(284,593,421)	(137,703,824)
Gross Profit		**287,911,750**	**204,234,493**	**543,939,369**	**337,975,254**
General Administrative Expenses (-)		(53,169,300)	(29,979,284)	(70,267,982)	(44,764,819)
Selling and Marketing Expenses (-)		-	-	(54,585)	(17,516)
Other Operating Income		4,781,633	218,084	3,227,506	(106,465)
Other Operating Expenses (-)		(1,473,907)	(908,721)	(5,659,669)	(4,710,481)
Operating Profit		**238,050,176**	**173,564,572**	**471,184,639**	**288,375,973**
Gains from Investing Activities		1,548,657	871,480	8,032,956	6,454,661
Loss of Investment Accounted Under Equity Method (-)		-	-	(7,293,727)	(2,277,788)
Net Investing Activity Gain		**1,548,657**	**871,480**	**739,229**	**4,176,873**
Finance Income		72,187,246	6,855,394	24,467,415	21,096,471
Finance Expense (-)		(249,129,575)	(145,207,371)	(875,704,354)	(346,219,930)
Net Finance Expense		**(176,942,329)**	**(138,351,977)**	**(851,236,939)**	**(325,123,459)**
Gain / (Loss) Before Tax		**62,656,504**	**36,084,075**	**(379,313,071)**	**(32,570,613)**
Tax (Expense) / Income		**(6,680,632)**	**(3,015,478)**	**75,663,960**	**7,847,603**
- Current Tax Expense (-)		-	-	-	-
- Deferred Tax (Expense) / Income		(6,680,632)	(3,015,478)	75,663,960	7,847,603
Net Income / (Loss) for the Period		**55,975,872**	**33,068,597**	**(303,649,111)**	**(24,723,010)**
Gain / (Loss) Attributable To:					
Equity Holders of the Parent		**55,975,872**	**33,068,597**	**(303,649,111)**	**(24,723,010)**
Earnings (Loss) per share					
- Earnings (Loss) Per Share		**0.08**	**0.05**	**(0.43)**	**(0.04)**
Other Comprehensive Income					
- that will not be Reclassified to Profit or Loss in Subsequent Periods		**(1,359,418)**	**(1,981,758)**	**1,085,187**	**(2,599,178)**
- Actuarial Gains/(Losses) on Defined Benefit Plans		*(1,699,273)*	*(2,477,198)*	*1,356,484*	*(3,248,972)*
- Tax Related to Other Comprehensive Income that will not be Reclassified to Profit or Loss		*339,855*	*495,440*	*(271,297)*	*649,794*
- that may be Reclassified to Profit or Loss in Subsequent Periods		**(686,827,818)**	**(147,606,530)**	-	-
- Reserve of Gains (Losses) on Cash Flow Hedge		*(858,534,773)*	*(184,508,163)*	-	-
- Tax Related to Other Comprehensive Income that will be Reclassified to Profit or Loss		*171,706,955*	*36,901,633*	-	-
Other Comprehensive Income		**(688,187,236)**	**(149,588,288)**	**1,085,187**	**(2,599,178)**
Total Comprehensive Income		**(632,211,364)**	**(116,519,691)**	**(302,563,924)**	**(27,322,188)**

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

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

				Other Comprehensive Income that will not be Reclassified to Profit or (Loss)			Other Comprehensive Income that will be Reclassified to Profit or (Loss)				
	Paid-in Capital (**)	Share Premium / Discount (***)	Restricted Reserves	Gains on Revaluation of Property, Plant and Equipment	Actuarial Gains/(Losses) on Defined Benefit Plans	Investments Accounted by the Equity Method	Reserve of Gains (Losses) on Cash Flow Hedge	Effect of Carve-out Transactions	Accumulated Losses (*)	Net Profit / (Loss) for the Period	Total Equity
Balance as of 1 January 2020	**700,000,000**	**1,359,974,498**	**1,523,866**	**4,620,295,700**	**66,198**	**49,255,423**	-	**217,330,952**	**(1,956,908,153)**	**(571,112,310)**	**4,420,426,174**
Transfer of Carve-out Effect to Accumulated Losses (Note 2)	-	-	-	-	-	-	-	(217,330,952)	217,330,952	-	
Transfers	-	-	-	-	-	-	-	-	(571,112,310)	571,112,310	-
Net Loss for the Period	-	-	-	-	-	-	-	-	-	(310,806,106)	(303,649,111)
Other Comprehensive Income / (Expense)	-	-	-	-	1,085,186	-	-	-	-	-	1,085,186
Total Comprehensive Income	-	-	-	-	**1,085,186**	-	-	-	-	**(310,806,106)**	**(302,563,925)**
Share Premium (*)	-	(1,310,500,000)	-	-	-	-	-	-	1,310,500,000	-	-
Effect of Sale of Associate	-	1,845,320	-	-	-	(47,744,350)	-	-	47,744,350	-	1,845,320
Depreciation Transfers Related to Revaluation of Property, Plant and Equipment	-	-	-	(98,442,389)	-	(1,511,073)	-	-	99,953,462	-	-
Balance as of 30 June 2020	**700,000,000**	**51,319,818**	**1,523,866**	**4,521,853,311**	**1,151,384**	-	-	-	**(852,491,699)**	**(310,806,106)**	**4,119,707,569**
Balance as of 1 January 2021	**700,000,000**	**51,319,818**	**1,523,866**	**6,477,727,452**	**2,848,729**	-	-	-	**(773,286,902)**	**(567,280,969)**	**5,892,851,994**
Transfers	-	-	-	-	-	-	-	-	(567,280,969)	567,280,969	-
Net Income for the Period	-	-	-	-	-	-	-	-	-	55,975,872	55,975,872
Other Comprehensive Income / (Expense)	-	-	-	-	(1,359,418)	-	(686,827,818)	-	-	-	(688,187,236)
Total Comprehensive Income / (Expense)	-	-	-	-	**(1,359,418)**	-	**(686,827,818)**	-	-	**55,975,872**	**(632,211,364)**
Capital Increase (**)	5,000,000	-	-	-	-	-	-	-	-	-	5,000,000
Share Premium (***)	-	40,098,520	-	-	-	-	-	-	-	-	40,098,520
Depreciation Transfers Related to Revaluation of Property, Plant and Equipment	-	-	-	(115,778,763)	-	-	-	-	115,778,763	-	-
Balance as of 30 June 2021	**705,000,000**	**91,418,338**	**1,523,866**	**6,361,948,689**	**1,489,311**	-	**(686,827,818)**	-	**(1,224,789,108)**	**55,975,872**	**5,305,739,150**

(*) 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.

(**) With the decision of the Board of Directors dated 26 April 2021 and numbered 11, the Company's issued capital increased by TL 5,000,000 in cash and was registered with the Turkish Trade Registry Gazette dated 10 June 2021 and numbered 10346.

(***) 5,000,000 shares of the Company with a nominal value of 1 TL were offered to the public on 29 April 2021 and were sold at TL 9.9 per share. The amount of TL 5,000,000 was used in the capital increase and the remaining portion was recorded in the "Share Premium / (Discounts)" account. Expenses amounting to TL 4,401,480 incurred within the scope of initial public offering was deducted from Share Premium / (Discount) within the scope of IAS 32.

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

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

	Notes	Reviewed 1 January - 30 June 2021	Audited 1 January - 30 June 2020
A. CASH FLOWS FROM OPERATING ACTIVITIES		**588,322,843**	**711,369,372**
Net Income / (Loss) for the Period		**55,975,872**	**(303,649,111)**
Adjustment to Reconcile Net Income / (Loss)		**458,815,259**	**962,378,692**
Adjustment Related to Amortization and Depreciation	*9-10*	215,497,644	174,692,438
Adjustment Related to Provisions	*6-11*	1,872,052	2,166,511
Adjustment Related to Incomes / (Expenses) of Interest, Net		200,175,922	186,058,710
Adjustment Related to Tax Income / (Expense)		6,680,632	(75,663,959)
Adjustment Related to Exchanges Differences		36,137,666	672,367,316
Adjustment Related to Gains of Sales of Tangible & Intangible Assets, Net		(1,548,657)	(3,098,877)
Other Adjustments to Reconcile Net Income / (Loss)		-	5,856,553
Change in Working Capital		**73,898,242**	**54,817,988**
Adjustment Related to Increase / (Decrease) in Trade Receivables		4,817,931	5,056,919
Adjustment Related to Increase / (Decrease) in Other Receivables		71,279,721	64,628,174
Adjustment Related to Increase / (Decrease) in the Inventories		(1,059,827)	5,222,378
Adjustment Related to Increase / (Decrease) in Trade Payables		(5,757,867)	(8,353,433)
Adjustment Related to Increase / (Decrease) in Other Payables		3,431,034	(12,821,425)
Adjustment Related to Increase / (Decrease) in Liabilities for Employee Benefits		1,187,250	1,085,375
Cash Flows From Operations		**588,689,373**	**713,547,569**
Taxes Paid		-	(2,126,388)
Employee Termination Benefit Paid	*11.4*	(366,530)	(51,809)
B. CASH FLOWS FROM INVESTING ACTIVITIES		**(134,039,025)**	**(95,842,511)**
Interest Received		1,822,801	2,203,617
Inflow Related to Sales of Tangible and Intangible Assets		1,410,881	4,072,019
Outflow Raleted to Purchase of Tangible and Intangible Assets	*9-10*	(72,452,707)	(37,298,147)
Outflow Related to Payment of Debts to the Privatization Administration		(64,820,000)	(64,820,000)
C. CASH FLOWS FROM FINANCIAL ACTIVITIES		**(492,739,748)**	**(317,540,759)**
Cash Inflow Related to Proceeds from Borrowings	*13*	71,302,000	77,784,000
Cash Outflow Related to Repayment of Borrowings	*13*	(393,814,763)	(161,355,068)
Cash Outflow Related to Lease Liabilities		(5,023,601)	(3,089,437)
Cash Inflow / (Outflow) Related to Repayment of Related Party, net		(8,080,612)	(18,697,036)
Cash Inflow Related to Sale of the Entity's Own Share		40,098,520	-
Capital Increase		5,000,000	-
Interest Paid	*13*	(202,221,292)	(212,183,218)
NET INCREASE / (DECREASE) CASH AND CASH EQUIVALENTS (A+B+C)		**(38,455,930)**	**297,986,102**
D. CASH AND CASH EQUIVALENTS BEGINNING OF PERIOD		**145,525,078**	**136,532,816**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)		**107,069,148**	**434,518,918**

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

(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 subsdiaries and became a pure renewable energy generation Company.

In these 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 30 June 2021 and 31 December 2020, the Group's subsidiaries ("subsidiaries") and their main business activities are as follows:

Subsidiaries	Location	Main Activities	Ownership Percentage	
			30 June 2021	31 December 2020
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%
Sarı Perakende Enerji Satış ve Ticaret A.Ş. ("Sarı Perakende")	İzmir	Trading of electricity	100%	100%

The Group sold its 50% share in Yalova RES Elektrik Üretim A.Ş. ("Yalova") to Aydem Holding on 30 June 2020. The Group does not have any associates as of 30 June 2021 and 31 December 2020.

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

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

As of 30 June 2021 and 31 December 2020, the number of employees of the Company and its subsidiaries and its associate are as shown in the table below:

The Company, its subsidiaries and associate	**30 June 2021**	**31 December 2020**
Aydem Yenilenebilir	543	519
Sarı Perakende	-	-
Ey-Tur	-	-
Başat	-	-
Toplam	**543**	**519**

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.

List of Shareholders

As of 30 June 2021 and 31 December 2020, the composition of shareholders and their respective percentage of ownership can be summarized as follows:

	30 June 2021		**31 December 2020**	
Shareholders	**TL**	**%**	**TL**	**%**
Aydem Enerji Yatırımları A.Ş.	574,975,010	81.56%	699,975,010	81.56%
Publicly Traded	130,000,000	18.44%	-	-
Others	24,990	0.00%	24,990	0.00%
Total	**705,000,000**	**100%**	**700,000,000**	**100%**

Aydem Enerji Yatırımları A.Ş. is controlled by Aydem Holding A.Ş.

Approval of consolidated financial statements:

The interim condensed consolidated financial statements prepared as of 30 June 2021 were authorized for publication by the Board of Directors on 19 August 2021. The General Assembly have the right to amend the interim condensed consolidated financial statements.

2 Basis of presentation of consolidated financial statements

2.1 Basic principles of presentation

The interim condensed consolidated financial statements of the Group have been prepared in accordance with International Accounting Standard 34 ("IAS 34") as issued by the International Accounting Standards Board (IASB).

In accordance with the IFRS, the entities are allowed to prepare a complete or condensed set of interim financial statements in accordance with IAS 34, "Interim Financial Reporting". In this respect, the Group preferred to present its interim condensed consolidated financial statements as of June 30, 2021. The Group's interim condensed consolidated financial statement does not include all disclosures and notes that should be included at year-end financial statements. Therefore, the interim condensed consolidated financial statements should be examined together with the 31 December 2020 year-end consolidated financial statements.

The interim condensed 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 Company 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 interim condensed 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 consolidated financial statements before January 1, 2020 and transition to 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. Restructuring of the Group completed in 2019. Carve-out preparation assumptions and judgements stated below are totally related with the consolidated financial statements prepared before 1 January 2020.

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 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.

2 Basis of presentation of consolidated financial statements (continued)

2.2 Basis of preparation of consolidated financial statements before January 1, 2020 and transition to consolidated financial statements (continued)

Additionally, the solar panel production ("Parla") and construction business ("EPC") which were operating within Aydem Yenilenebilir legal entity have been excluded from the 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 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 consolidated statement of changes in equity.

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 consolidated financial statements.
- The carrying values of all trade and other receivables related to Parla and EPC have been identified and excluded from consolidated financial statements.
- The carrying values of all inventories related to Parla and EPC have been identified and excluded from 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 consolidated financial statements.
- The carrying values of all trade and other payables due to third parties have been identified and excluded from consolidated financial statements.
- Assets and financial liabilities arising from financial lease transactions related to Parla business have been identified and exluded from consolidated financial statements.
- Tax balances and charges could not be allocated among the businesses and therefore are all included in the 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 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 2019.

The assumptions and judgements stated above are totally related with the carve-out consolidated financial statements prepared before 1 January 2020. Since the restructuring of the Group has been completed as of 31 December 2019, the necessity to prepare the financial statements on a carve-out basis has been terminated starting from the first financial statments presented with the earliest period of 1 January 2020. Accordingly, the effect of carve-out transactions under equity amounting to TL 217,330,952 has been transffered to accumulated losses account as at 1 January 2020.

In that context, the accompanied interim consolidated financial statements of the Group are prepared on a consolidated basis.

2 Basis of presentation of consolidated financial statements (continued)

2.3 Basis of Consolidation

Interim condensed consolidated financial statements include the financial statements of the company and its subsidiaries as of 30 June 2021. Subsidiaries are companies over which the Group has direct or indirect control over their operations. Control is provided if the Group meets the following conditions:

• 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.

2 Basis of presentation of consolidated financial statements (continued)

2.3 Basis of Consolidation (contiuned)

(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.

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.

2 Basis of presentation of consolidated financial statements (continued)

2.3 Basis of consolidation (continued)

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.

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 enegy 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.

2 Basis of presentation of consolidated financial statements (continued)

2.3 Basis of consolidation (continued)

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 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 "Share Premium / Discount".

vii) Eliminations

During the preparation of the consolidated financial statements, unrealized gains and losses arising from intra-group transactions transactions between entities included in the 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.

viii) Loss of control

Upon the loss of control, 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.

2 Basis of presentation of consolidated financial statements (continued)

2.4 Going Concern

The Group prepares its consolidated financial statements on the assumption that the business will continue its operations in the foreseeable future. As of 30 June 2021, the Group has accumulated losses amounting to TL 1,224,789,108 and net profit for the period of TL 55,975,872. On the other hand, the Group has operating profit amounting to TL 238,050,176, the Group has earned TL 588,322,843 cash and TL 453,547,820 of profit before interest, tax and depreciation from operating activities. In addition, as of 30 June 2021, short term liabilities exceeded current assets by TL 745,508,262 (31 December 2020: TL 582,149,053).

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. Besides, unit selling price in TL within the scope of the Group's Feed-in Tariff ("FiT") increased significantly inline with the foreign currency changes in the period which ended on the 30 June 2021 compared to prior period.

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 30 June 2021, the Group's revenues within the scope of Feed-in-Tariff ("FiT") constitute approximately 89% of its total revenues. In addition, the income of the group under FiT is expected to continue approximately five years in accordance with the existing agreements.

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 consolidated financial statements with the assumption that the entity will continue to operate in the foreseeable future.

2 Basis of presentation of consolidated financial statements (continued)

2.5 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at June 30, 2021 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 2021. The effects of these standards and interpretations on he 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 January 1, 2021 are as follows:

- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16,
- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform,
- Relief from discontinuing hedging relationships,
- Separately identifiable risk components,
- Amendments to IFRS 16 - Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond 30 June 2021

The Group is in the process of assessing the impact of the amendments on 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.

- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IFRS 3 – Reference to the Conceptual Framework
- Amendments to IAS 16 – Proceeds before intended use
- Amendments to IAS 37 – Onerous contracts – Costs of Fulfilling a Contract
- IFRS 17 - The new Standard for insurance contracts
- Amendments to IAS 1- Classification of Liabilities as Current and Non-Current Liabilities
- Amendments to IAS 8 - Definition of Accounting Estimates
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Annual Improvements – 2018–2020 Cycle
  -IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
  -IFRS 9 Financial Instruments – Fees in the "10 per cent test" for derecognition of financial liabilities
  -IAS 41 Agriculture – Taxation in fair value measurements

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

2 Basis of presentation of consolidated financial statements (continued)

2.6 Summary of significant accounting policies

Preparation of consolidated financial statements in accordance with IFRS requires the use of certain assumptions and significant accounting estimates that will affect the consolidated financial statements and explanatory notes on assets and liabilities, contingent assets and liabilities and income and expense items. Although these estimates are based on management's best estimates of current events and actions, actual results may differ from estimates made. Complicated assumptions and estimates that require more advanced interpretation can have a significant impact on the financial statements. The assumptions and significant accounting estimates used in the preparation of the three-month interim condensed consolidated financial statements that ended as of 30 June 2021 did not change from those used in the previous year.

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 performed a detailed impairment analysis as of 30 June 2021. 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.

2 Basis of presentation of consolidated financial statements (continued)

2.6 Summary of significant accounting policies (continued)

The estimated useful lives of the significant property, plant and equipments as of 30 June 2021 are as follows:

	Years
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.

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.

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.

2 Basis of presentation of consolidated financial statements (continued)

2.6 Summary of significant accounting policies (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.

ii. 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 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.

The amortised cost of the modified financial liability which are not treated as extinguishment is 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 is recognised immediately in profit or loss.

iii. 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.

2 Basis of presentation of consolidated financial statements (continued)

2.6 Summary of significant accounting policies (continued)

iv. 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.

2.7 Cash flow hedge transactions

For a hedge of foreign currency risk, the foreign currency component of a non-derivative financial asset or liability may be designated, as a hedging instrument. The foreign currency risk component of a non-derivative financial instrument is determined in accordance with IAS 21.

Accordingly, starting from 20 March 2021, the Company hedge the spot risk of highly probable forecast sales that are denominated in USD with its financial liability in the same foreign currency.

While the Company's functional currency is TRY, the company is exposed to FX risks due to its finances and operations. AYDEM has outstanding USD debt due to power plant investments. The company also experiences significant sales revenue in USD.

The source of USD denominated revenue is sales of electricity generated via renewable power plants. Such production is incentivized in Turkey through a feed-in tariff mechanism (Council of Ministers Decree No. 2013/5625). The kWh sale price of generated electricity is guaranteed in USD prices, whereas the amount of future renewable generation remains uncertain and depends on climate conditions and/or operational risks. The feed-in tariff revenues are calculated on a daily basis, and are aggregated at monthly intervals. This enables the Company to classify expected future revenues as a monthly stream of forecasted USD cash inflows for risk management purposes.

The Company's foreign currency risk management objective is to rely on natural currency hedges due to operations. It achieves this feat by aligning its forecasted USD inflows and its USD loan payments. Moreover, the forecasted USD inflows vs scheduled USD loan repayments constitute a hedged portfolio that allows a Cash Flow Hedge Accounting relationship to reduce the Company's income statement volatility. In particular, the Company associates its forecasted future USD cash inflows due to renewable-generated electricity sales, with its outstanding USD loans. The Company is implementing Hedge Accounting under IFRS 9 to reflect its economic hedges onto financial reporting:

Hedge Accounting Component	Definition
Hedged Item	Forecasted future USD cash inflows due to FIT incentive
Hedging Instrument	USD denominated loans
Hedged Risk	Foreign exchange risk of forecasted future USD cash inflows due to FIT incentive

As of designation date 20 March 2021, the amount of forecasted revenue under FIT is USD 840,526,618 where as the total notional of the USD denominated loans is USD 659,832,683. The Company foresees the hedge to last until 31 December 2028 when its FIT incentives expire.

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

2 Basis of presentation of consolidated financial statements (continued)

2.7 Cash flow hedge transactions (continued)

The accounting treatment applied with respect to the cash flow hedge is as follows:

- Effective portion of the fair value of the hedging instrument (USD denominated loans) is deferred in other comprehensive income ("OCI"), until the accompanying hedged item (forecasted USD cash inflows) occurs
- Any ineffective portion of the hedge is recognized each reporting period in consolidated statement of profit or loss
- Realized hedged item and hedging instruments are included in revenue and debt payments in the periods they are recognized
- Gains and losses deferred in OCI, remain in OCI until realization the cash flows associated with hedged item occur. If the cash flows do not occur or will not occur, then the corresponding 'previously effective' figures from OCI are recycled to consolidated statement of profit or loss.

As of 30 June 2021, the hedge relationship has been measured as %96 effective. Accordingly, the foreign exchange losses incurred between the designation date and the closing date amounting to TL 882.233.795 has been treated as follows:

Foreign Exchange Losses relating to USD Loans	20 March – 30 June 2021
Recognized in OCI	TL 858,534,773
Recognized in profit or loss (ineffective portion)	TL 23,699,022
Total	TL 882,233,795

As a result of the sensitivity analysis performed on the forecasted revenue figures, the Group concluded that the 10% increase / decrease in the forecasts do not have a significant effect on the evaluation of the hedge effectiveness tests.

2.8 Seasonal changes in the operations

The operations of the Group are not subject to seasonal fluctuations.

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

3 Cash and Cash Equivalents

	30 June 2021	31 December 2020
Cash at Banks	107,069,148	145,525,078
- Demand Deposits	*15,020,433*	*19,600,621*
- Time Deposits	*92,048,715*	*125,924,457*
	107,069,148	**145,525,078**

As of 30 June 2021, the interest rate of the Group's term TL denominated time deposits amounting is between 13% to 19% (31 December 2020: between 12% to 17.31%); US Dollars denominated time deposits amounting interest rate is between 0.05% to 1.20% (31 December 2020: between 0.15% to 1%).

4 Segment reporting

4.1 Statement of financial position

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:

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

4 Segment reporting (continued)

4.1 Statement of financial position (continued)

30 June 2021	Hydro Power Plants	Wind Power Plants	Geothermal Power Plant	BIO Power Plant	Other (*)	Unallocated (**)	Consolidated
Segment Assets	10,647,486,875	1,165,281,685	7,603,462	527,187	4,976,992	388,217,076	12,214,093,277
Segment Liabilities	6,320,259,170	508,987,980	2,772,812	925,604	5,262	75,403,299	6,908,354,127

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

Segment assets are composed of its power plants and segment liabilities are composed of its financial liabilities.

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

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

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

4 Segment reporting (continued)

4.2 Statement of profit or loss

As of 30 June 2020 and 2019, the statement of profit or loss of the Group's operating segments is summarized as follows:

1 January - 30 June 2021	**Hydro Power Plants**	**Wind Power Plants**	**Geothermal Power Plant**	**BIO Power Plant**	**Total Renewable Energy**	**Unallocated (*)**	**Consolidated**
Revenues	**455,524,493.0**	**150,173,853.0**	**4,744,594.0**	**820,334.0**	**611,263,274.0**	**18,390,850**	**629,654,124**
- Revenues from Feed in Tariff (FIT)	*390,497,005*	*150,173,853*	*-*	*820,334*	*541,491,192*	*-*	*541,491,192*
- Other than FIT (*)	*65,027,488*	*-*	*4,744,594*	*-*	*69,772,082*	*18,390,850*	*88,162,932*
Cost of Sales (-)	**(260,357,634)**	**(87,606,758)**	**(5,292,019)**	**(1,122,493)**	**(354,378,904)**	**12,636,530**	**(341,742,374)**
Operational Expenses (-) (including Other expense and income)	**(2,632,011)**	**(559,790)**	**(59,675)**	**602**	**(3,250,874)**	**(46,610,700)**	**(49,861,574)**
Earnings Before Interest and Taxes (EBIT)	**192,534,848**	**62,007,305**	**(607,100)**	**(301,557)**	**253,633,496**	**(15,583,320)**	**238,050,176**
Add-back, Depreciation & Amortization Expenses (-)	165,211,875	44,442,180	2,534,484	316,314	212,504,853	2,992,791	215,497,644
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) (**)	**357,746,723**	**106,449,485**	**1,927,384**	**14,757**	**466,138,349**	**(12,590,529)**	**453,547,820**
Gains from Investing Activities	-	-	-	-	-	1,548,657	**1,548,657**
Finance Income	-	-	-	-	-	72,187,246	**72,187,246**
Finance Expense (-)	-	-	-	-	-	(249,129,575)	**(249,129,575)**
Tax Income / (Expense)	-	-	-	-	-	(6,680,632)	**(6,680,632)**
Depreciation & Amortization Expenses (-)	(165,211,875)	(44,442,180)	(2,534,484)	(316,314)	**(212,504,853)**	(2,992,791)	**(215,497,644)**
Net Income for the Period							**55,975,872**

(*) Revenues mainly consist of carbon emission trade amounting to TL 15,924,497 (Emission trade is a mechanism that provides economic incentives to reduce the emissions of greenhouse gases that cause global warming). General administration expenses mainly consist of personnel expenses.

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

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

4 Segment reporting (continued)

4.2 Statement of profit or loss (continued)

1 January - 30 June 2020	Hydro Power Plants	Wind Power Plants	Geothermal Power Plant	BIO Power Plant	Total Renewable Energy	Unallocated (*)	Consolidated
Revenues	706,675,944	113,629,024	4,521,904	1,855,554	826,682,426	1,850,364	828,532,790
- Revenues from Feed in Tariff (FIT)	*635,707,244*	*113,629,024*	*4,521,904*	*1,855,554*	*755,713,726*	-	*755,713,726*
- Other than FIT	*70,968,700*	-	-	-	*70,968,700*	*1,850,364*	*72,819,064*
Cost of Sales (-)	(214,501,891)	(64,231,705)	(3,096,839)	(2,415,230)	(284,245,665)	(347,756)	(284,593,421)
Operational Expenses (-) (including Other expense and income)	(8,519,216)	(1,377,486)	(122,404)	(147,356)	(10,166,462)	(62,588,268)	(72,754,730)
Earnings Before Interest and Taxes (EBIT)	**483,654,837**	**48,019,833**	**1,302,661**	**(707,032)**	**532,270,299**	**(61,085,660)**	**471,184,639**
Add-back, Depreciation & Amortization Expenses (-)	129,402,198	38,163,255	1,287,043	1,758,299	170,610,795	4,081,643	174,692,438
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) (**)	**613,057,035**	**86,183,088**	**2,589,704**	**1,051,267**	**702,881,094**	**(57,004,017)**	**645,877,077**
Gains from Investing Activities							**8,032,956**
Loss of Investment Accounted Under Equity Method (-)	-	(7,293,727)	-	-	**(7,293,727)**	-	**(7,293,727)**
Finance Income	-	-	-	-	-	24,467,415	**24,467,415**
Finance Expense (-)	-	-	-	-	-	(875,704,354)	**(875,704,354)**
Tax Income / (Expense)	-	-	-	-	-	75,663,959	**75,663,959**
Depreciation & Amortization Expenses (-)	(129,402,198)	(38,163,255)	(1,287,043)	(1,758,299)	**(170,610,795)**	(4,081,643)	**(174,692,438)**
Net Loss for the Period							**(303,649,112)**

(*) General administration expenses mainly consist of personnel expenses, consultancy expenses and information technologies cyber security services and management fees.

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

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

5 Related party disclosures

5.1 Related party balances

As of 30 June 2021 and 31 December 2020, short-term trade receivables due from related parties are as follows:

	30 June 2021	31 December 2020
ADM Elektrik Dağıtım A.Ş. ("Adm EDAŞ") (1)	-	505,386
	-	**505,386**

(*) Consists of expense reflection invoices.

As of 30 June 2021 and 31 December 2020, short-term other receivables due from related parties are as follows:

	30 June 2021	31 December 2020
Aydem Holding A.Ş. (Aydem Holding) (1) (*)	13,342,236	49,829,532
Entek (2)	-	4,885,481
	13,342,236	**54,715,013**

(*) As of 30 June 2021, it consists of receivables related to the sale of 50% shares belonging to Yalova Karacabey.

As of 30 June 2021 and 31 December 2020, short-term trade payables due to related parties are as follows:

	30 June 2021	31 December 2020
Aydem Elektrik Perakende A.Ş. ("Aydem EPSAŞ") (1) (**)	1,314,065	1,038,196
Entek Elektrik İnşaat A.Ş. ("Entek") (2)	1,163,142	-
GDZ Enerji Yatırımları A.Ş. ("GDZ Enerji") (1)	680,304	218,710
Adm EDAŞ (1)	467,362	-
Panobel Elektrik Gereçleri A.Ş (2)	321,897	-
YF Operasyonel Kiralama A.Ş. ("YF") (2)	82,620	-
Aydem Holding (1)	42,481	873,742
GDZ Elektrik Dağıtım A.Ş. ("Gdz EDAŞ") (1)	1,808	1,269
Extranet İletişim Hizmetleri A.Ş. ("Extranet") (1)	-	2,408
Bereket Elektrik Tedarik A.Ş. ("Bereket Tedarik") (1)	610	610
	4,074,289	**2,134,935**

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

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

5 Related party disclosures (continued)

5.1 Related party balances (continued)

As of 30 June 2021 and 31 December 2020, short-term other payables due to related parties are as follows:

	30 June 2021	31 December 2020
Bereket Tedarik (1)	-	2,618,811
Zeki Atilla AKALIN (2) (*)	-	5,461,801
	-	**8,080,612**

(*) As of 31 December 2020, the balance consist of the payables arising from the acquiring the non-controlling shares at Karhes from Zeki Atilla AKALIN. Short term other payables due to related parties paid in 2021.

As of 30 June 2021 and 31 December 2020 long-term other payables to related parties are as follows:

	30 June 2021	31 December 2020
Aydem EPSAŞ (1) (*)	67,917,510	64,061,421
	67,917,510	**64,061,421**

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

5.2 Related party transactions

For the year ended 30 June 2021 and 2020, income and expense transactions with related parties are as follows:

Electricity Sales and Other Sales	1 January - 30 June 2021	1 January - 30 June 2020
Aydem EPSAŞ (1) (*)	11,670,769	12,462,012
Entek (2)	401,941	-
Adm EDAŞ (1)	183,234	-
Yatağan (1)	142,401	85,900
Parla Solar Hucre ve Panel Üretım A.Ş. (Parla) (1)	108,741	-
Aydem Holding (1)	65,231	-
Çates Elektrik Üretim A.Ş. ("Çates") (1)	43,647	206,090
Gediz EPSAŞ (1)	13,170	89,922,263
Other	78,106	-
	12,707,240	**102,676,265**

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

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

5 Related party disclosures (continued)

5.2 Related party transactions (continued)

Purchase of Electricity and Services	1 January - 30 June 2021	1 January - 30 June 2020
Aydem Holding (1) (*)	19,902,107	29,197,735
Aydem EPSAŞ (1)	15,316,049	1,323,344
Parla Solar Hucre ve Panel Üretım A.Ş. (Parla) (1)	3,420,607	-
GDZ Enerji (1)	2,362,531	1,245,971
Adm EDAŞ (1)	2,074,820	2,257,440
Holdco (1)	755,405	-
YF Operasyonel Kiralama A.Ş. (2)	519,534	701,411
Çates (1)	-	16,891
Other	1,026,676	21,563
	46,371,442	**34,778,894**

(*) The amount consists of management fee charged by Aydem Holding. Management fee aroused from the restructuring and law consultancy given by Aydem Holding.

Finance Income	1 January - 30 June 2021	1 January - 30 June 2020
Aydem Holding (1)	5,707,027	-
Other	24,697	-
	5,731,724	-

Finance Expenses	1 January - 30 June 2021	1 January - 30 June 2020
Aydem Holding (1)	114,142	-
Diğer	18,894	-
	133,036	-

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

(1) Parent company and its subsidiaries.
(2) Other group companies and other persons controlled by the shareholders of the parent company.

The executive management team of the Group is comprised of general manager and directors. For the three month periods ended 30 June 2021 and 2020, the sum of short-term benefits, such as remuneration and attendance fees, provided to key management executives personnel is as follows:

	1 January - 30 June 2021	1 January - 30 June 2020
Benefits to key management personnel	3,232,695	2,294,096
	3,232,695	**2,294,096**

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

6 Trade receivables and payables

Short term trade receivables

As of 30 June 2021 and 31 December 2020, the Group's short-term trade receivables are as follows:

	30 June 2021	31 December 2020
Trade Receivables due from Related Parties (Note 5)	-	505,386
Trade Receivables due from Third Parties	54,894,555	59,207,100
	54,894,555	**59,712,486**
Less: Allowances for Doubtful Trade Receivables	(4,787,380)	(4,776,282)
	50,107,175	**54,936,204**

As of 30 June 2021, the average term of trade receivables is approximately 20-30 days (2020: 20-30 days)

As of 30 June 2021 and 31 December 2020, short-term trade receivables consist of the following items:

	30 June 2021	31 December 2020
Income Accruals related to Electricity Sales (*)	36,262,686	41,781,414
Trade Receivables related to Electricity Sales	13,844,489	13,154,790
Doubtful Trade Receivables	4,787,380	4,776,282
Allowances for Doubtful Trade Receivables (-)	(4,787,380)	(4,776,282)
	50,107,175	**54,936,204**

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

The movement of provisions for doubtful receivables for the period ended 30 June 2021 and 30 June 2020 are as follows:

Provisions for Doubtful Trade Receivable	2021	2020
Opening Balance	4,776,282	4,715,147
Current Provision	24,941	98,603
Provisions No Longer Required	(13,843)	(13,239)
Closing Balance	**4,787,380**	**4,800,511**

The Group's exposure to credit risk is explained in Note 14.

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

6 Trade receivables and payables (continued)

Short term trade receivables (continued)

As of 30 June 2021 and 31 December 2020, The aging analysis of trade receivables are as follows:

						Past due but not impaired	Total past due but not impaired
	Total	Neither past due nor impaired	>30 days	30-60 days	60-90 days	>90 days	
31 June 2021	50,107,175	45,292,168	234,990	403,230	615,291	3,561,496	4,815,007
31 December 2020	54,936,204	50,431,842	386,076	119,405	2,918	3,995,963	4,504,362

Short term trade payables

As of 30 June 2021 and 31 December 2020, the Group's short-term trade payables are as follows:

	30 June 2021	31 December 2020
Trade Payables due from Related Parties (Note 5)	4,074,289	2,134,935
Trade Payables from Third Parties	39,812,203	47,509,424
	43,886,492	**49,644,359**

As of 30 June 2021, the average payment term of trade payables due to third parties is approximately 30-90 days (2020: 30-90 days)

As of 30 June 2021 and 31 December 2020, short-term trade payables from third parties consist of the following items:

	30 June 2021	31 December 2020
Trade Payables	35,672,170	37,947,884
Expense Accruals	4,140,033	9,557,352
Other Trade Payables	-	4,188
	39,812,203	**47,509,424**

The Group's exposure to liquidity and foreign currency risks related to its trade payables is explained in Note 14.

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

7 Other receivables and payables

Other short-term receivables

As of 30 June 2021 and 31 December 2020, the Group's short-term other receivables are as follows:

	30 June 2021	31 December 2020
Other Receivables due from Related Parties (Note 5)	13,342,236	54,715,013
Other Receivables due from Third Parties	9,490,854	40,546,775
	22,833,090	**95,261,788**

As of 30 June 2021 and 31 December 2020, short-term other receivables from third parties consist of the following items:

	30 June 2021	31 December 2020
Receivables from Tax Administration	6,530,406	12,772,312
Receivables arising from sale of subsidiaries (*)	2,696,085	6,573,207
Deposits & Guarantees Given	77,657	93,935
Other Receivables	186,706	152,058
Income Accruals related to Insurance Compensations (**)	-	20,955,263
	9,490,854	**40,546,775**

(*) Receivable arising from sale of subsidiaries.

(**) 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. All receivables were collected in 2021.

Other long-term receivables

As of 30 June 2021 and 31 December 2020, other long term receivables from third parties consist of the following items:

	30 June 2021	31 December 2020
Other Receivables due from Third Parties	2,143,434	2,009,915
	2,143,434	**2,009,915**

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

7 Other receivables and payables (continued)

Other short-term payables

As of 30 June 2021 and 31 December 2020, the Group's short-term other payables are as follows:

	30 June 2021	31 December 2020
Other Payables due to Related Parties (Note 5)	-	8,080,612
Other Payables due to Third Parties	418,988	69,204,896
	418,988	**77,285,508**

As of 30 June 2021 and 31 December 2020, other short-term payables to third parties consist of the following items:

	30 June 2021	31 December 2020
Short-Term Payables to Privatization Administration	-	68,891,350
Deposits and Guarantees Taken	245,623	245,620
Other Payables	173,365	67,926
	418,988	**69,204,896**

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. On 5 May 2021, last installment paid and Letters of guarantee amounting to TL 71,377,000 given to the Privatization Administration was cancelled and it is disclosed in Note 11.3.

Details of payables to Privatization Administration is below:

Currency	Nature of payables	Maturity	30 June 2021	31 December 2020
TL	Payables to Privatization Administration	May 2021	-	68,891,350
Total			-	**68,891,350**

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

8 Inventories

As of 30 June 2021 and 31 December 2020, inventories are composed of spare parts for property, plant and equipments:

	30 June 2021	31 December 2020
Spare Parts (*)	9,409,408	8,349,581
Advances Given	1,721,582	176,798
	11,130,990	**8,526,379**

(*) Inventories consist of spare parts used in the maintenance of power plants.

As of 30 June 2021, there is no insurance coverage on the Group's inventories (31 December 2020: None).

As of 30 June 2021, there are no inventories presented as collateral for liabilities (31 December 2020: None).

9 Property, plant and equipments and right of use assets

9.1 Property, plant and equipments

Three month periods ending 30 June 2021 and 30 June 2020, movements of property, plant and equipment are as follows:

	Land	Power Plants(*)	Construction in Progress	Other	Total
Cost or Valuation as of 1 January 2021	**12,983,687**	**15,095,201,257**	**123,107,545**	**24,629,419**	**15,255,921,908**
Additions	40,000	68,631,549	159,581	2,587,688	71,418,818
Disposals	--	(561,892)	--	(193,399)	(755,291)
Transfers	--	--	(457,198)	443,204	(13,994)
Cost or Valuation as of 30 June 2021	**13,023,687**	**15,163,270,914**	**122,809,928**	**27,466,912**	**15,326,571,441**
Accumulated Depreciation as of 1 January 2021	--	**(3,430,267,259)**	--	**(13,095,275)**	**(3,443,362,534)**
Additions	--	(209,197,043)	--	(1,833,907)	(211,030,950)
Disposals	--	518,369	--	181,799	700,168
Accumulated Depreciation as of 30 June 2021	--	**(3,638,945,933)**	--	**(14,747,383)**	**(3,653,693,316)**
Net book value as of 30 June 2021	**13,023,687**	**11,524,324,981**	**122,809,928**	**12,719,529**	**11,672,878,125**

	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	--	35,127,440	--	456,749	35,584,189
Disposals	--	--	--	(3,607,531)	(3,607,531)
Cost or Valuation as of 30 June 2020	**12,983,687**	**12,020,857,541**	**97,104,923**	**27,693,262**	**12,158,639,413**
Accumulated Depreciation as of 1 January 2020	--	**(2,556,418,662)**	--	**(15,573,551)**	**(2,571,992,213)**
Additions	--	(167,303,652)	--	(1,555,949)	(168,859,601)
Disposals	--	--	--	2,634,389	2,634,389
Accumulated Depreciation as of 30 June 2020	--	**(2,723,722,314)**	--	**(14,495,111)**	**(2,738,217,425)**
Net book value as of 30 June 2020	**12,983,687**	**9,297,135,227**	**97,104,923**	**13,198,151**	**9,420,421,988**

(*) In 2021, rehabilitation investments were made in order to increase the durability of the power plant structures, to maintain the operation and environmental safety, and to reduce the impact of possible efficiency losses, the powerhouse protection wall, transmission channel rehabilitation, river basin arrangement, spillway evacuation projects.

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

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

9.1 Property, plant and equipments (continued)

As of 30 June 2021, 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 2020: 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 209,197,043 (30 June 2020: TL 167,303,652) has been reflected to cost of sales and amounting to TL 1,833,907 (30 June 2020: TL 1,555,949) 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.

9.2 Right of uses

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

As of 30 June 2021, movements in right of use assets during the period are as follows:

Cost or Valuation as of 1 January 2021	**21,244,253**
Disposals	(192,899)
Cost or Valuation as of 30 June 2021	**21,051,354**
Accumulated Depreciation as of 1 January 2021	**(8,551,882)**
Additions	(398,893)
Accumulated Depreciation as of 30 June 2021	**(8,950,775)**
Net book value as of 30 June 2021	**12,100,579**

As of 30 June 2020, movements in right of use assets during the period are as follows:

Cost or Valuation as of 1 January 2020	**10,440,707**
Additions	983,585
Cost or Valuation as of 30 June 2020	**15,789,485**
Accumulated Depreciation as of 1 January 2020	**(2,464,860)**
Additions	(2,234,845)
Accumulated Depreciation as of 30 June 2020	**(4,699,705)**
Net book value as of 30 June 2020	**11,089,780**

10. Other 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 period, 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.

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 Consession Agreements because although the residual interest of the power plants belongs to EÜAŞ, EÜAŞ does not control at what price electricty will be sold.

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

10. Other intangible assets (continued)

As of 30 June 2021 and 30 June 2020, movements of intangible assets are as follows

	Licences	Operating rights	Softwares	Total
Cost as of 1 January 2021	**3,211,232**	**324,100,000**	**3,992,066**	**331,303,298**
Additions	1,033,889	-	-	1,033,889
Transfers	13,994	-	-	13,994
Cost as of 30 June 2021	**4,259,115**	**324,100,000**	**3,992,066**	**332,351,181**
Accumulated Depreciation as of 1 January 2021	**(717,449)**	**(24,217,962)**	**(2,213,440)**	**(27,148,851)**
Additions	(594,600)	(3,307,810)	(165,391)	(4,067,801)
Accumulated Depreciation as of 30 June 2021	**(1,312,049)**	**(27,525,772)**	**(2,378,831)**	**(31,216,652)**
Net book value as of 30 June 2021	**2,947,066**	**296,574,228**	**1,613,235**	**301,134,529**

	Licences	Operating rights	Softwares	Total
Cost as of 1 January 2020	**2,640,114**	**324,100,000**	**5,651,829**	**332,391,943**
Additions	1,650,668	-	63,290	1,713,958
Cost as of 30 June 2020	**4,290,782**	**324,100,000**	**5,715,119**	**334,105,901**
Accumulated Depreciation as of 1 January 2020	**(1,684,727)**	**(17,603,676)**	**(3,776,830)**	**(23,065,233)**
Additions	(165,839)	(3,307,143)	(125,010)	(3,597,992)
Accumulated Depreciation as of 30 June 2020	**(1,850,566)**	**(20,910,819)**	**(3,901,840)**	**(26,663,225)**
Net book value as of 30 June 2020	**2,440,216**	**303,189,181**	**1,813,279**	**307,442,676**

Amortization expense of intangible assets amounting to TL 3,307,810 (30 June 2020: TL 3,597,992) has been reflected to cost of sales, amortization expense of intangible assets amounting to TL 759,991 (30 June 2020: None) has been reflected to general administrative expenses.

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

11 Provisions, contingent assets and liabilities

11.1 Short-term provisions

As of 30 June 2021 and 31 December 2020, the breakdown of short-term provisions are as follows:

	30 June 2021	**31 December 2020**
Provision for Litigations	10,732,126	13,064,328
Short-term Provisions for Employee Benefits	4,318,793	3,188,285
	15,050,919	**16,252,613**

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

Litigation Provisions Movement	**2021**	**2020**
Opening Balance	13,064,328	11,931,184
Net change in provision within the period	(2,332,202)	53,167
Closing Balance	**10,732,126**	**11,984,351**

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

Unused vacation provision movement	**2021**	**2020**
Opening Balance	3,188,285	2,775,902
Net change in provision within the period	1,130,508	484,487
Closing Balance	**4,318,793**	**3,260,389**

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

11 Provisions, contingent assets and liabilities (continued)

11.2 Contingent liabilities

As of 30 June 2021 and 31 December 2020, the Group's collateral / pledge / mortgage ("CPM") balances are as follows:

		30 June 2021	31 December 2020
	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	6,354,796,000	5,358,565,000
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.	TL	-	-
iii. Guarantees given on behalf of third parties which are not in scope of C.		-	-
Total		**9,526,799,251**	**8,530,568,251**

(*) 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 EPİAŞ, (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 collects all compensation payments under the insurance contracts of the Company.

The Company are subject to litigation and regulatory proceedings in the normal course of the business. From time to time, The Company may be a party to legal proceedings, including, but not limited to, personal injury claims, commercial disputes, regulatory or administrative actions and employment matters. These proceedings may be brought by, among others, current, former or prospective employees, suppliers, governmental agencies or other third parties. For instance, The Company provided a guarantee to one of the affiliates, Yatağan Termik Enerji Üretim A.Ş., ("Yatağan") a subsidiary of Aydem Holding, with respect to certain work that GE Enerji Endüstri Ticaret ve Servis A.Ş. ("GE") had contracted to perform for Yatağan. A dispute has arisen between Yatağan and GE, and as a result GE has initiated a lawsuit against Yatağan and the Company, seeking EUR 9.7 million in damages. The exchange of petitions phase has been completed, and all necessary objections and evidence have been filed by both us and Yatağan. A preliminary examination hearing was held on January 21, 2021, and it was decided to proceed with the investigation phase of the case. The date for the first hearing has been set as April 1, 2021. At the lawsuit dated June 24, 2021, The court was decided to examine the commercial books and records of the parties with the participation of expert experts on September 6, 2021 that issue a report as a result of the examination, and the next lawsuit date was determined as December 2, 2021. While the Company believe Yatağan is capable of paying this amount and will not need to rely on the guarantee, there can be no assurance that we will not be required to pay some or all of this amount, should the Company lose the lawsuit and The Company does not expect the guarantee to be enforced.

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

11 Provisions, contingent assets and liabilities (continued)

11.3 Letters of guarantees received and guarantees given

		30 June 2021	31 December 2020
	Currency	**TL Equivalent**	**TL Equivalent**
Letters of Guarantees given (*)	TL	66,949,165	139,858,365
Letters of Guarantees given (*)	US Dollars	-	4,080,290
Total		**66,949,165**	**143,938,655**

(*) 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. Guarantees given to Privatization Administration was cancelled due to the last installment paid on 5 May 2021.

		30 June 2021	31 December 2020
	Currency	**TL Equivalent**	**TL Equivalent**
Letters of Guarantees received (**)	TL	10,351,935	9,816,338
Letters of Guarantees received (**)	EURO	575,115	146,378
Letters of Guarantees received (**)	US Dollars	773,431	565,219
Total		**10,927,050**	**10,527,935**

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

11.4 Long term provisions

As of 30 June 2021 and 31 December 2020, the long-term provisions are as follows:

	30 June 2021	31 December 2020
Provisions for Retirement Pay Liability	12,518,298	8,122,907
	12,518,298	**8,122,907**

Provisions for Retirement Pay Liability	2021	2020
Opening Balance	8,122,907	8,521,011
Service Cost	1,966,056	1,032,233
Interest Cost	1,096,592	511,261
Retirement Payments Paid	(366,530)	(51,809)
Actuarial Loss / (Gain)	1,699,273	(1,356,484)
Closing Balance	**12,518,298**	**8,656,212**

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

11 Provisions, contingent assets and liabilities (continued)

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 30 June 2021 and 31 December 2020 are as follows:

	30 June 2021	**31 December 2020**
Expected interest in the coming years %	13.5	13.5
Expected inflation in the coming years %	9.5	9.5
Discount rate %	3.65	3.65

12 Liabilities for employee benefits

As of 30 June 2021 and 31 December 2020, short-term payables related to employee benefits are as follows:

	30 June 2021	**31 December 2020**
Payables to Personnel	2,565,889	993,132
Social Security Withholdings Payable	1,381,059	1,766,566
	3,946,948	**2,759,698**

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

13 Financial liabilities

As of 30 June 2021 and 31 December 2020, the details of financial liabilities are as follows:

	30 June 2021	31 December 2020
Short-term Bank Loans	874,203,258	742,297,806
Total Short-term Financial Liabilities	**874,203,258**	**742,297,806**
Long-term Bank Loans	4,624,906,944	4,186,643,526
Total Long-term Financial Liabilities	**4,624,906,944**	**4,186,643,526**
Total Financial Liabilities	**5,499,110,202**	**4,928,941,332**

The repayments of the loan agreements according to their original maturities as of 30 June 2021 and 31 December 2020 are as follows:

	30 June 2021	31 December 2020
To be paid within a 3-12 months	874,203,258	742,297,806
To be paid in 1-2 year	376,214,456	541,422,089
To be paid in 2-3 year	795,106,705	366,375,926
To be paid in 3-4 year	723,435,850	764,931,680
To be paid in 4-5 year	667,556,855	558,572,710
To be paid over 5 year	2,062,593,078	1,955,341,121
	5,499,110,202	**4,928,941,332**

The fair value of the short-term and long-term bank loans are estimated to be TL 5,793,039,067 as of 30 June 2021 (TL 5,289,484,769 as of 31 December 2020). 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 30 June 2021 and 31 December 2020 are as follows:

	30 June 2021	31 December 2020
To be paid within a year	2,280,103	5,163,541
To be paid in 1-2 years	2,280,103	5,163,541
To be paid over 2 years	8,267,524	5,605,674
	12,827,730	**15,932,756**

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

13 Financial liabilities (continued)

As of 30 June 2021 and 31 December 2020, terms and conditions of financial liabilities are as follows:

			30 June 2021	
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	842,273,694	4,570,189,594
EUR	6 Months Euribor + 5.25%	2023-2024	31,929,564	54,717,350
			874,203,258	**4,624,906,944**

			31 December 2020	
Currency	**Average Effective Annual Interest Rate Range**	**Maturity Range for the latest**	**Short-term**	**Long-term**
US Dollars	nths Libor + 5.25%, 6 Months Libor + 4.5% - 7.25%	2029-2030	713,677,877	4,125,359,468
EUR	4.5% - 7.25%	2023-2024	28,619,929	61,284,058
			742,297,806	**4,186,643,526**

Lease Liabilities

	2021	**2020**
Lease Liabilities - Opening	**16,382,756**	**12,202,101**
Additions	-	983,585
Disposals	(192,899)	-
Accretion of interest	1,661,474	989,319
Payments	(5,023,601)	(3,089,437)
Lease Liabilities - Closing	**12,827,730**	**11,085,568**
Current	2,280,103	3,281,339
Non-current	10,547,627	7,804,229
Total Lease Liabilities	**12,827,730**	**11,085,568**

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

13 Financial liabilities (continued)

Within the scope of the Common Terms Agreement ("CTA") dated 26 June 2019, the average loan terms were extended from 3.1 to 6.1 years. As of 30 June 2021, the average remaining loan term is 4.75 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 period ended 30 June 2021 and 2020 is as follows:

	2021	2020
1 January	**4,928,941,332**	**4,363,999,234**
Cash inflow	71,302,000	77,784,000
Repayment of financial liabilites	(393,814,763)	(161,355,068)
Interest accrual	200,230,486	186,962,739
Interest paid	(202,221,292)	(212,183,218)
Exchange rate differences	894,672,439	672,367,316
30 June	**5,499,110,202**	**4,927,575,003**

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

14 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 30 June 2021 and 31 December 2020 are as follows:

30 June 2021	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)	-	50,107,175	13,342,236	11,634,288	107,069,148
- Secured part of the maximum credit risk exposures via collateral etc.	-	-	-	-	-
A. Net Book Value of Financial Assets those are neither overdue nor Impaired	-	45,292,168	13,342,236	11,634,288	107,069,148
B. Net BookValue of Assets that are Overdue but not Impaired	-	4,815,007	-	-	-
C. Net Book Value of Impaired Financial Assets	-	-	-	-	-
- Overdue (Gross Carrying Amount)	-	4,787,380	-	-	-
- Impairment Amount (-)	-	(4,787,380)	-	-	-
- 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	-	-	-	-	-

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

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

Credit risk (continued)

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 BookValue 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	-	-	-	-	-

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

14 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 30 June 2021 and 31 December 2020, the maturity of financial liabilities including estimated interest payments according to the payment schedule is as follows:

30 June 2021	Book Value	Contractual cash outflow	0-3 Months	3-12 Months	1-5 Years	> 5 Years
Non-derivative Financial Liabilities						
Financial Liabilities	5,499,110,202	7,475,744,060	--	921,811,557	3,149,832,054	3,404,100,449
Financial Lease Liabilities (IFRS 16)	12,827,730	63,841,821	3,208,244	459,528	5,400,933	54,773,116
Other Long Term Payables to Related Parties	67,917,510	174,329,348	--	--	--	174,329,348
Trade Payables to Related Parties	4,074,289	4,074,289	4,074,289	--	--	--
Trade Payables to Third Parties	39,812,203	39,812,203	7,166,197	32,646,006	--	--
Total	**5,623,741,934**	**7,757,801,721**	**14,448,730**	**954,917,091**	**3,155,232,987**	**3,633,202,913**

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 to 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	43,551,474	8,551,696	-	-
Total	**5,127,921,218**	**7,111,566,165**	**45,361,173**	**866,400,218**	**2,774,428,145**	**3,425,376,629**

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.

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

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

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 30 June 2021 and 31 December 2020, the foreign currency position of the Group arises from foreign currency assets and liabilities stated in the table below.

			30 June 2021
			Original Amounts
	Total TL Equivalent	**US Dollars**	**EUR**
Assets			
Cash and Cash Equivalents	92,974,793	10,678,846	27,042
Trade Receivables from Third Parties	8,703,721	172	842,839
Other Receivables from Related Parties	13,304,070	1,532,674	-
Total Assets	**114,982,584**	**12,211,692**	**869,881**
Liabilities			
Short-term and Long-term Financial Liabilities	(5,499,110,202)	(623,534,128)	(8,392,034)
Short-term Trade Payables to Third Parties	(17,236,051)	(387,574)	(1,343,528)
Short-term Other Payables to Third Parties	(167,292)	(19,273)	-
Short-term Trade Payables to Related Parties	(4,004,600)	(465,163)	3,211
Total Liabilities	**(5,516,513,545)**	**(623,940,974)**	**(9,735,562)**
Foreign Currency Liability Position	**(5,401,530,961)**	**(611,729,282)**	**(8,865,681)**
Amounts subject to cash flow hedge accounting (*)	**5,418,563,643**	**624,236,909**	**-**
Net foreign currency position after cash flow hedge	**17,032,682**	**12,507,627**	**(8,865,681)**

			31 December 2020
			Original Amounts
	Total TL Equivalent	**US Dollars**	**EUR**
Assets			
Cash and Cash Equivalents	129,819,629	17,681,394	3,259
Trade Receivables from Third Parties	7,412,298	770,180	195,250
Other Receivables from Related Parties	49,829,531	6,788,302	-
Total Assets	**187,061,458**	**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	**(4,752,934,424)**	**(634,148,472)**	**(10,875,739)**
Net Foreign Currency Liability Position	**(4,752,934,424)**	**(634,148,472)**	**(10,875,739)**

(*) Please refer to Note 2.7.

14 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		
30 June 2021		
	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	(531,403,145)	531,403,145
2- TL hedged portion (-)	541,856,364	(541,856,364)
3- TL net effect (1 + 2)	**10,453,219**	**(10,453,219)**
If the TL gains / loses 10% against the Euro	-	-
4- TL net assets / liabilities	(9,150,411)	9,150,411
5- TL hedged portion (-)	-	-
6- Net effect of TL (4 + 5)	**(9,150,411)**	**9,150,411**
Total (3 + 6)	**1,302,808**	**(1,302,808)**

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**

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

14 Nature and level of risks arising from financial instruments (continueds)

Capital risk managementss

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 30 June 2021 and 31 December 2020 net financial liabilities / equity ratios are as follows:

	30 June 2021	31 December 2020
Total financial liabilities	5,499,110,202	4,928,941,332
Cash and Cash Equivalents	(107,069,148)	(145,525,078)
Net Financial Liabilities	5,392,041,054	4,783,416,254
Equity	5,305,739,150	5,892,851,994
Net Financial Liabilities / Equity Ratio	**101.63%**	**81.17%**

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 3,968,251 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 30 June 2021 are as follows:

	Total Carrying Value	Percentage (%)
Fixed	3,354,307,281	61.00%
Variable	2,144,802,921	39.00%
Total	**5,499,110,202**	**100.00%**

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

14 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 are estimated to be their fair values since they are short term and leasing liabilities are estimated to be their fair values assuming that there is no significant change in the market prices of similar leases with the same maturity. .

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 30 June 2021 and 31 December 2020 is as follows:

			Fair Value Measurement		
	Date of Valuation	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservabl e Inputs (Level 3)
Liabilities for which fair values are disclosed:					
Bank borrowings	30 June 2021	5,776,385,587	-	5,776,385,587	-
Bank borrowings	31 December 2020	5,289,484,769	-	5,289,484,769	-

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).

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

15 Earnings per share

The calculation of basic and diluted Earnings per share ("EPS") for the year ended 30 June 2021; was based on the (loss) / profit attributable to ordinary shareholders of TL 55,975,872 (30 June 2020: TL (303,649,111)) and a weighted average number of ordinary shares outstanding of 701,722,222 (year ended 30 June 2020: 700,000,000), as follows:

	30 June 2021	30 June 2020
Numerator:		
Income / (Loss) for the period attributable to owners of the Company	55,975,872	(303,649,111)
Denominator:		
Weighted average number of shares	701,722,222	700,000,000
Basic and diluted profit (loss) per share (full TL)	**0.08**	**(0.43)**

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

Disposal of investment accounted by the equity method (Yalova)

Aydem Yenilenebilir sold the 50% shares of Yalova on 30 June 2020 for a consideration of TL 38,316,320 to Aydem Holding A.Ş. As of 30 June 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

17 Events after the reporting period

The sales and issuance of the bond outside of Turkey with a nominal value of US$ 750 million and a maturity of 5.5 years was completed on August 2, 2021. The Company's loan debts to the banks have all been repaid with the amount obtained through the bond issuance; and the remaining amount will be used within the next three years in line with the goal of doubling the Company's installed power.