Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries

Consolidated Financial Statements
For the Year Ended 31 December 2021 and
Independent Auditor’s 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
Kat: 2-3-4 Daire: 54-57-59
34485 Sarıyer
İstanbul - Türkiye

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

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Aydem Yenilenebilir Enerji Anonim Şirketi :

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Aydem Yenilenebilir Enerji A.Ş. (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Key Audit Matters

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

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

Building a better working world

Key Audit Matter	How our audit addressed the key audit matter
Valuation of power plants	
Power plants comprises 90% of total assets of the Group as at 31 December 2021. The Group measures power plants using the revaluation method as stated in Note 2.8 in the consolidated financial statements; therefore, management makes estimates and uses assumptions to determine those fair values. The fair value is measured, as explained in note 2.8 to the consolidated financial statements, based on appraisal reports by independent and external appraisers. For the valuations, estimates are made of the expected future cash flows taking into account the related risks. Detailed explanations on property, plant and equipment are provided in Note 2.8 and Note 8.1 to the consolidated financial statements. Since the valuation of power plants is complex and highly dependent on estimates and assumptions, and also given the magnitude of the amounts involved, we consider the valuation of power plants as a key audit matter.	Among the other audit procedures we performed, we assessed the qualifications, competencies and independence of the professional appraisers engaged by the management. We have evaluated the appropriateness of the information and assumptions used in the valuations. These include the estimates by the external appraisal firms (such as the market price, production volume and discount rate). For this assessment, we involved valuation experts of a firm which is in our audit network to support our audit. We assessed whether the valuation methods as applied by appraisers are acceptable for the valuation of the power plants. In addition, we have assessed the appropriateness of the disclosures in the consolidated financial statements and notes regarding the above-mentioned accounting policy, estimates used and the valuation methodology and their conformity to IFRS.

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

Building a better
working world

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

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

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

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

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

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

Onur Ünal, SMMM
Partner

4 March 2022
İstanbul, Turkey

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

		Audited	Audited
	Notes	**31 December 2021**	**31 December 2020**
ASSETS			
Current Assests			
Cash and Cash Equivalents	*24*	1,525,592,118	145,525,078
Financial Assets		2,704,681	-
Trade Receivables		147,835,801	54,936,204
- Due from Related Parties	*4*	*127,311,860*	*505,386*
- Due from Third Parties	*5*	*20,523,941*	*54,430,818*
Other Receivables		22,946,045	95,261,788
- Due from Related Parties	*4*	*15,530,259*	*54,715,013*
- Due from Third Parties	*5*	*7,415,786*	*40,546,775*
Inventories	*7*	10,334,700	8,526,381
Prepaid Expenses			
Current Tax Assets			
Other Current Assets	*12*	31,065,113	21,068,088
TOTAL CURRENT ASSETS		**1,740,478,458**	**325,317,539**
Non-Current Assets			
Other Receivables		2,740,754	2,009,915
- Other Receivables due from Third Parties	*6*	*2,740,754*	*2,009,915*
Property, Plant and Equipments	*8.1*	20,449,461,989	11,812,559,374
Right of Use Assets	*8.2*	27,802,539	12,692,371
Intangible Assets	9	298,995,009	304,154,447
Other Non-current Assets	*12*	11,878,138	13,964,544
TOTAL NON-CURRENT ASSETS		**20,790,878,429**	**12,145,380,651**
TOTAL ASSETS		**22,531,356,887**	**12,470,698,190**

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

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

		Audited	Audited
	Notes	**31 December 2021**	**31 December 2020**
LIABILITIES			
Current Liabilities			
Short-term Liabilities of Long-term Financial Liabilities	*22*	*763,819,958*	742,297,806
Lease Liabilities	*22*	*4,734,769*	5,163,541
Trade Payables		68,147,916	49,644,359
- Due to Related Parties	*4*	*4,124,009*	*2,134,935*
- Due to Third Parties	*5*	*64,023,907*	*47,509,424*
Other Payables		600,562	78,278,640
- Due to Related Parties	*4*	-	*8,080,612*
- Due to Third Parties	*5*	*600,562*	*70,198,028*
Liabilities for Employee Benefits	*10*	*1,362,799*	1,766,566
Current Provisions		20,643,094	16,252,613
- Short-term Provisions for Employee Benefits	*10*	*6,506,072*	*3,188,285*
- Other Short-term Provisions	*10*	*14,137,022*	*13,064,328*
Other Current Liabilities	*12*	*17,324,105*	14,063,067
TOTAL CURRENT LIABILITIES		**876,633,203**	**907,466,592**
Non-Current Liabilities			
Financial Liabilities	*22*	*9,292,574,451*	4,186,643,526
Lease Liabilities	*22*	*25,143,494*	11,219,215
Other Payables		37,092,472	64,061,421
- Due to Related Parties	*4*	*37,092,472*	*64,061,421*
Non-current Provisions		11,543,311	8,122,907
- Long-Term Provisions for Employee Benefits	*10.4*	*11,543,311*	*8,122,907*
Deferred Tax Liabilities	*21*	*2,485,110,016*	1,400,332,535
TOTAL NON-CURRENT LIABILITIES		**11,851,463,744**	**5,670,379,604**
TOTAL LIABILITIES		**12,728,096,947**	**6,577,846,196**

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

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

	Notes	Audited 31 December 2021	Audited 31 December 2020
EQUITY			
Paid-in Capital	*13*	*705,000,000*	700,000,000
Share Premium / Discount		*91,418,338*	51,319,818
Restricted Reserves		*1,523,866*	1,523,866
Other Comprenhensive Income that will not be reclassified to profit or loss in subsequent periods		13,228,664,194	6,480,576,181
- Gains on Revaluation of Property, Plant and Equipment		*13,225,881,526*	*6,477,727,452*
- Actuarial Gains / (Losses)on Defined Benefit Plans		*2,782,668*	*2,848,729*
Other Comprenhensive Income that may be reclassified to loss or profit in subsequent periods		(3,000,188,096)	-
- Reserve of (Losses) Gains on Cash Flow Hedge		*(3,000,188,096)*	-
Accumulated Losses		(1,102,866,722)	(783,136,538)
Net Loss for the Year		(120,291,640)	(557,431,333)
Equity Attributable to Equity Holders of the Parent		**9,803,259,940**	**5,892,851,994**
TOTAL EQUITY		**9,803,259,940**	**5,892,851,994**
TOTAL EQUITY AND LIABILITIES		**22,531,356,887**	**12,470,698,190**

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

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2021 and 2020
(Amounts expressed in Turkish Lira (TL), unless otherwise indicated)

	Notes	Audited Current Period 1 January - 31 December 2021	Audited Prior Period 1 January - 31 December 2020
Loss or Profit Statement			
Revenue	*14*	1,240,753,398	1,340,375,223
Cost of Sales (-)	*15*	(725,768,454)	(573,533,609)
Gross Profit		**514,984,944**	**766,841,614**
General Administrative Expenses (-)	*16*	(100,007,917)	(115,166,434)
Selling and Marketing Expenses (-)		-	(84,584)
Other Operating Income	*18*	10,223,158	41,297,760
Other Operating Expenses (-)	*18*	(7,779,304)	(9,646,425)
Operating Profit		**417,420,881**	**683,241,931**
Gains from Investing Activities	*20*	4,793,107	9,992,561
Loss of Investment Accounted Under Equity Method (-)		-	(7,293,727)
Net Investing Activity Gain		**4,793,107**	**2,698,834**
Finance Income	*19*	707,563,009	63,608,462
Finance Expense (-)	*19*	(1,144,109,805)	(1,455,670,268)
Net Finance Expense		**(436,546,796)**	**(1,392,061,806)**
(Loss) / Gain Before Tax		**(14,332,808)**	**(706,121,041)**
Tax (Expense) / Income		**(105,958,832)**	**148,689,708**
- Current Tax Expense (-)	*21*	(17,581,616)	-
- Deferred Tax (Expense) / Income	*21*	(88,377,216)	148,689,708
Net Loss for the Year		**(120,291,640)**	**(557,431,333)**
Loss Attributable To:			
Equity Holders of the Parent		**(120,291,640)**	**(557,431,333)**
(Loss) / Gain Earnings per share			
- (Loss) / Gain Earnings per share		**(0.17)**	**(0.80)**
Other Comprehensive Income			
- that will not be Reclassified to Loss or Profit in Subsequent Periods		**6,985,789,162**	**2,028,011,833**
- Increases(Decreases) in Property, Plant and Equipments Revaluation		*8,732,319,029*	*2,531,536,628*
- Actuarial (Losses)/Gains on Defined Benefit Plans		*(82,576)*	*3,478,163*
- Tax Related to Other Comprehensive Income that will not be Reclassified to Loss or Profit		*(1,746,447,291)*	*(507,002,958)*
- that may be Reclassified to Loss or Profit in Subsequent Periods		**(3,000,188,096)**	-
- Reserve of (Losses) Gains on Cash Flow Hedge		*(3,750,235,120)*	-
- Tax Related to Other Comprehensive Income that will be Reclassified to Loss or Profit		*750,047,024*	-
Other Comprehensive Income		**3,985,601,066**	**2,028,011,833**
Total Comprehensive Income		**3,865,309,426**	**1,470,580,500**
Equity Holders of the Parent		**3,865,309,426**	**1,470,580,500**

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

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

				Other Comprehensive Income that will not be Reclassified to (Loss) or Profit			Other Comprehensive Income that will be Reclassified to (Loss) or Profit				
	Paid-in Capital (**)	Share Premium / Discount (***)	Restricted Reserves	Gains on Revaluation of Property, Plant and Equipment	Actuarial (Losses)/Gains on Defined Benefit Plans	Investments Accounted by the Equity Method	Reserve of (Losses) Gains on Cash Flow Hedge	Effect of Carve-out Transactions	Accumulated Losses (*)	Net Loss for the Year	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	-	-	-	-	-	-	-	-	-	(557,431,333)	(557,431,333)
Other Comprehensive Income / (Expense)	-	-	-	2,025,229,302	2,782,531	-	-	-	-	-	2,028,011,833
Total Comprehensive Income	-	-	-	**2,025,229,302**	**2,782,531**	-	-	-	-	**(557,431,333)**	**1,470,580,500**
Share Premium / Discount (*)	-	(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	-	-	-	*(167,797,550)*	-	(1,511,073)	-	-	169,308,623	-	-
Balance as of 31 December 2020	**700,000,000**	**51,319,818**	**1,523,866**	**6,477,727,452**	**2,848,729**	-	-	-	**(783,136,538)**	**(557,431,333)**	**5,892,851,994**
	-	-	-	-	-						
Balance as of 1 January 2021	**700,000,000**	**51,319,818**	**1,523,866**	**6,477,727,452**	**2,848,729**	-	-	-	**(783,136,538)**	**(557,431,333)**	**5,892,851,994**
Transfers	-	-	-	-	-	-	-	-	(557,431,333)	557,431,333	-
Net Loss for the Year	-	-	-	-	-	-	-	-	-	(120,291,640)	(120,291,640)
Other Comprehensive Income / (Expense)	-	-	-	6,985,855,223	(66,061)	-	(3,000,188,096)	-	-	-	3,985,601,066
Total Comprehensive (Expense) / Income	-	-	-	**6,985,855,223**	**(66,061)**	-	**(3,000,188,096)**	-	-	**(120,291,640)**	**3,865,309,426**
Capital Increase (**)	5,000,000	-	-	-	-	-	-	-	-	-	5,000,000
Share Premium / Discount (***)	-	40,098,520	-	-	-	-	-	-	-	-	40,098,520
Depreciation Transfers Related to Revaluation of Property, Plant and Equipment	-	-	-	(237,701,149)	-	-	-	-	237,701,149	-	-
Balance as of 31 December 2021	**705,000,000**	**91,418,338**	**1,523,866**	**13,225,881,526**	**2,782,668**	-	**(3,000,188,096)**	-	**(1,102,866,722)**	**(120,291,640)**	**9,803,259,940**

(*) 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 consolidated financial statements.

Aydem Yenilenebilir Enerji Anonim Şirketi and Its Subsidiaries
Consolidated statement of cash flows
for the year ended 31 December 2021 and 2020
(Amounts expressed in Turkish Lira (TL), unless otherwise indicated)

	Notes	Audited 1 January - 31 December 2021	Audited 1 January - 31 December 2020
A. CASH FLOWS FROM OPERATING ACTIVITIES		**1,462,580,898**	**1,072,720,477**
Net Loss for the Year		**(120,291,640)**	**(557,431,333)**
Net Loss for the Year Adjustment to Reconcile		**1,619,911,449**	**1,648,965,761**
Adjustment Related to Amortization and Depreciation	*8-9*	454,696,539	355,963,169
Adjustment Related to Provisions		9,729,311	4,821,464
Adjustment Related to Incomes / (Expenses) of Interest, Net	*19-22*	485,438,486	392,678,536
Adjustment Related to Tax Income / (Expense)		105,958,832	(148,689,708)
Adjustment Related to Income or (Loss) of Investments Accounted Under Equity Method		-	7,293,727
Adjustment Related to Exchanges Differences		593,908,332	1,039,221,641
Adjustment Related to Gains of Sales of Tangible & Intangible Assets, Net	*20*	(2,925,496)	(3,534,160)
Adjustment to Related Party to Interest Incomes / Expenses from Related Parties	*19*	(226,946)	(432,579)
Other Adjustments to Reconcile Net (Loss) / Income	*19-20*	(26,667,609)	1,643,671
Change in Working Capital		**(30,811,842)**	**(16,552,820)**
Adjustment Related to Increase / (Decrease) in Trade Receivables		(94,534,069)	27,214,729
Adjustment Related to Increase / (Decrease) in Other Receivables		59,368,034	(9,654,982)
Adjustment Related to Increase / (Decrease) in the Inventories		(206,752)	11,192,187
Adjustment Related to Increase / (Decrease) in Trade Payables		18,503,557	(23,553,900)
Adjustment Related to Increase / (Decrease) in Other Payables		(12,654,543)	(22,498,658)
Adjustment Related to Increase / (Decrease) in Liabilities for Employee Benefits		(1,288,069)	747,804
Taxes Paid		(5,860,539)	(2,126,388)
Employee Termination Benefit Paid	*10.4*	(366,530)	(134,743)
B. CASH FLOWS FROM INVESTING ACTIVITIES		**(410,874,859)**	**(129,267,316)**
Interest Received		6,243,618	3,074,612
Inflow Related to Sales of Tangible and Intangible Assets	*8*	6,677,076	7,068,320
Outflow Raleted to Purchase of Tangible and Intangible Assets	*8-9*	(358,975,553)	(74,590,248)
Outflow Related to Payment of Debts to the Privatization Administration		(64,820,000)	(64,820,000)
C. CASH FLOWS FROM FINANCIAL ACTIVITIES		**328,361,001**	**(934,460,899)**
Cash Inflow Related to Proceeds from Borrowings	*22*	6,245,487,625	77,784,000
Cash Outflow Related to Repayment of Borrowings	*22*	(5,707,089,212)	(540,411,221)
Cash Outflow Related to Lease Liabilities	*22*	(6,072,962)	(5,142,455)
Cash Inflow / (Outflow) Related to Repayment of Related Party, net		(8,080,612)	(64,562,876)
Cash Inflow Related to Sale of the Entity's Own Share		40,098,520	-
Capital Increase		5,000,000	-
Interest Paid	*22*	(240,982,358)	(402,128,347)
NET INCREASE / (DECREASE) CASH AND CASH EQUIVALENTS (A+B+C)		**1,380,067,040**	**8,992,262**
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)		**1,525,592,118**	**145,525,078**

The accompanying notes form an integral part of these 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. The Company has started to be traded on Borsa Istanbul as of 29 April 2021.

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

Subsidiaries	**Location**	**Main Activities**	**Ownership Percentage**	
			31 December 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%
Akköprü Yenilenebilir Enerji A.Ş. ("Akköprü") **(*)**	Muğla	Electricity generation by hydropower	**(*)** 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 31 December 2021 and 31 December 2020.

(*) Akköprü Yenilenebilir Enerji A.Ş. ("Akköprü") was established on 15 October 2021. The Group was awarded the Akköprü Hydroelectric Power Plant with a capacity of 115 MWh in the tender held by The Republic of Turkey Prime Ministry Privatization administration on 23 September 2021. However, the tender was canceled on 19 January 2022 with the President's Decision and this decision was notified to our Company on 24 January 2022.

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

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

As of 31 December 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 and its subsidiaries	31 December 2021	31 December 2020
Aydem Yenilenebilir	537	519
Sarı Perakende	-	-
Ey-Tur	-	-
Başat	-	-
Akköprü	-	-
Total	**537**	**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 31 December 2021 and 31 December 2020, the composition of shareholders and their respective percentage of ownership can be summarized as follows:

	31 December 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.

With the Board of Directors decision dated 4 August 2020 and numbered 2020/29, the issued capital of the Company, which was 700,000,000 TL within the registered capital ceiling of 2,000,000,000 TL, was increased by 5,000,000 TL to 705,000,000 TL; decided to issue 5,000,000 shares with a nominal value of TL 5,000,000 issued as Group B shares and to offer the said shares to the public. As of 29 April 2021, the company started to be traded on Borsa Istanbul - Yıldız Market.

Approval of consolidated financial statements:

Consolidated financial statements prepared as of 31 December 2021 were authorized for publication by the Board of Directors on 4 March 2022. The General Assembly have the right to amend the consolidated financial statements.

2 Basis of presentation of consolidated financial statements

2.1 Basic principles of presentation

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

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

The Group and its subsidiaries and associate maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance. 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 1 January 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 basis. Restructuring of the Group completed in 2019. 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 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 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 basis has been terminated starting from the first financial statments presented with the earliest period of 1 January 2020.
Accordingly, the effect of 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 consolidated financial statements of the Group are prepared on a consolidated basis.

2 Basis of presentation of consolidated financial statements (continued)

2.3 Functional and presentation currency

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

Transactions and balances

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

2.4 Basis of Consolidation

Consolidated financial statements include the financial statements of the company and its subsidiaries as of 31 December 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)

2.4 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)

2.4 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)

2.4 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)

2.5 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 31 December 2021, the Group has accumulated losses amounting to TL 1,102,866,722 and net loss for the year of TL 120,291,640. On the other hand, the Group has operating profit amounting to TL 417,420,881, the Group has earned TL 1,462,580,898 cash and TL 872,117,420 of profit before interest, tax and depreciation from operating activities.

The Group generates electricity sales income and collects it in less than a month. On the other hand, all payables to be paid within one year are included in short term liabilities. The fact that the Group's receivables turnover rate is high provides an advantage in terms of paying its short-term liabilities on time. As a result of the USD indexed sales realized within the scope of the Group's Feed-in Tariff ("FIT"), the total revenue amount increased significantly.

The Group paid all of its domestic bank loans with the bond issuance on 2 August 2021, and accelerated its investments in line with its targets of doubling its installed power with the remaining fund. As a result of the completion of the investments, an increase in production is expected in the coming years, and it is expected that the income will increase in parallel with the investments. In addition, it is expected that the principal payments for the bond is going to start in 2025, which will enable the Group to realize its investment targets more quickly, and to make the principal payments of the bond without any problems with the funds obtained from the operations.

Group management made an assessment of the sustainability of operations and determined that it has sufficient resources to continue its operations in the near future, taking into account the Group's capacity to generate revenue, profit and liquidity. Group management believes that there is no uncertainty about the sustainability of its operations.

2.6 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 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 1 January 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.

2 Basis of presentation of consolidated financial statements (continued)

2.6 The new standards, amendments and interpretations (continued)

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

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

2.7 Summary of significant accounting policies

<u>Related Parties</u>

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

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

i. has control or joint control over the reporting entity,
ii. has significant influence over the reporting entity,
iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

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

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

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

2 Basis of presentation of consolidated financial statements (continued)

2.7 Summary of significant accounting policies (continued)

Property, plant and equipment

Accounting and measurement

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

The frequency of revaluations depends on the changes in the fair values of property, plant and equipment subject to revaluation. The Group revalued the property, plant and equipments consisting of the power plant as of 31 December 2021 and performed a detailed impairment analysis as of 31 December 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.

The estimated useful lives of the significant property, plant and equipments as of 31 December 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.

2 Basis of presentation of consolidated financial statements (continued)

2.7 Summary of significant accounting policies (continued)

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.

<u>Intangible assets</u>

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.

2 Basis of presentation of consolidated financial statements (continued)

2.7 Summary of significant accounting policies (continued)

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.

Subsequent costs

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

Amortization

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

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

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

	Years
Right to Operate Licences	12-49
Computer Softwares	3-15

Revenue recognition

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

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

2 Basis of presentation of consolidated financial statements (continued)

2.7 Summary of significant accounting policies (continued)

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

General recognition principles

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

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

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

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

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

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

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

2 Basis of presentation of consolidated financial statements (continued)

2.7 Summary of significant accounting policies (continued)

Leases

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

a) Group – as a lessee

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

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

i. Right-of-use assets

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

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

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

Buildings	1-2 years
Motor vehicles	1-4 years

Right-of-use assets are subject to impairment.

ii. Lease liabilities

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

2 Basis of presentation of consolidated financial statements (continued)

2.7 Summary of significant accounting policies (continued)

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

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

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

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

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

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

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

<u>Impairment of non-financial assets</u>

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

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

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

2 Basis of presentation of consolidated financial statements (continued)

2.7 Summary of significant accounting policies (continued)

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

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

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

Inventories

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

Financial Instruments

Financial assets – Classification and measurement:

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

(a) Financial assets accounted for at amortized cost

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

2 Basis of presentation of consolidated financial statements (continued)

2.7 Summary of significant accounting policies (continued)

i. Trade and other receivables

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

ii. Cash and cash equivalents

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

Impairment

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

ECLs are recognised in two stages:

- 12-month ECL: For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months,

- Lifetime ECL: For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure.

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

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

2 Basis of presentation of consolidated financial statements (continued)

2.7 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.

- *Borrowing costs*

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

ii. Trade and other payables

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

Recognition and de-recognition of financial instruments

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

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

2 Basis of presentation of consolidated financial statements (continued)

2.7 Summary of significant accounting policies (continued)

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

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

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

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

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

Share Capital

Ordinary shares

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

Provisions, contingent liabilities and contingent assets

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

Contingent liabilities

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

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

Income taxes

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

2 Basis of presentation of consolidated financial statements (continued)

2.7 Summary of significant accounting policies (continued)

Current tax

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

Deferred tax

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries, associates and joint arrangements is recognized to the extent that the Group is able to control the timing of the reversal of the temporarydifferences and it is probable that they will not reverse in the foreseeable future; and,

- taxable temporary differences arising on the initial recognition of goodwill.

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax risk

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

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

2 Basis of presentation of consolidated financial statements (continued)

2.7 Summary of significant accounting policies (continued)

Events after reporting date

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

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

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

Long-term employee benefits

Post retirement benefits

Under Turkish Labour Law Article 25/II, the Group is required to make lump-sum payments to employees whose employment is ended due to retirement or for reasons other than resignation or misconduct. The liability is not funded and accordingly there are no plan assets for the defined benefits as there is no funding requirement. The payable amount consists of one month's salary for each year of service. This entitlement is limited to TL 8,284.51 in respect of each year of service as of 31 December 2021 (31 December 2020 – TL 7,117.17).

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

The main actuarial assumptions used as of 31 December 2021 and 31 December 2020 are as follows:

	31 December 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

2 Basis of presentation of consolidated financial statements (continued)

2.7 Summary of significant accounting policies (continued)

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

Provision for unused vacation rights

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

Income and expense from investing activities

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

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

Reporting of cash flows statement

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

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

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

Capital and dividends

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

2 Basis of presentation of consolidated financial statements (continued)

2.8 Significant accounting judgments, estimates and assumptions

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

Judgements:

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

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

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

Estimates and assumptions

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

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

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

As of 31 December 2021 and 31 December 2010, the Group obtained valuation report from an independent valuation company and revalued its power plants to its fair values. As of 31 December 2021 and 31 December 2020, the power plants are carried at the fair values at the measurement dates less the accumulated depreciation in the consolidated financial statements.

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

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

2 Basis of presentation of consolidated financial statements (continued)

2.8 Significant accounting judgments, estimates and assumptions (continued)

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

31 December 2021

Power Plants	Valuation Date	Valuation Method	Weighted Average Cost of Capital	Average MCP After FIT-USD	Generation Volume Realized in 2021 (MWh/Yıl)	Expected Future Generation Volume (MWh/Year)
Dalaman I-V HPP	20 December 2021	DCF (*)	9.9%	71	66,481	96,212
Gökyar HPP	20 December 2021	DCF (*)	9.9%	71	19,074	26,671
Toros HPP	20 December 2021	DCF (*)	9.9%	61	94,171	183,125
LFG BBP	20 December 2021	DCF (*)	9.9%	69	1,452	1,610
Feslek HPP	20 December 2021	DCF (*)	9.9%	71	8,396	14,792
Koyulhisar HPP	20 December 2021	DCF (*)	9.9%	71	100,826	223,816
Mentaş HPP	20 December 2021	DCF (*)	9.9%	71	77,632	105,123
Bereket I-II HPP	20 December 2021	DCF (*)	9.9%	71	8,241	11,862
Göktaş HPP	20 December 2021	DCF (*)	9.9%	62	471,974	873,133
Çırakdamı HPP	20 December 2021	DCF (*)	9.9%	61	78,410	119,516
Dereli HPP	20 December 2021	DCF (*)	9.9%	61	76,646	117,961
Yalova WPP	20 December 2021	DCF (*)	9.9%	64	152,367	129,676
Söke WPP	20 December 2021	DCF (*)	9.9%	64	177,181	165,133
Kızıldere GPP	20 December 2021	DCF (*)	9.9%	71	-	-
Uşak WPP	20 December 2021	DCF (*)	9.9%	61	154,520	115,491
Akıncı HPP	20 December 2021	DCF (*)	9.9%	71	176,840	395,562
Aksu HPP	20 December 2021	DCF (*)	9.9%	61	95,977	92,809

31 December 2020

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

***discounted cash flow**

2 Basis of presentation of consolidated financial statements (continued)

2.8 Significant accounting judgments, estimates and assumptions (continued)

i) Electricity sales prices are exchanged for FIT in the period that each plant is subject to FIT prices (73 USD / MWh in HPP, 73 USD / MWh in WPP and 133 USD / MWH in BPP). Whichever price estimates are high, was created with the assumption that sales will be made at that price. FIT periods of Koyulhisar, Kızıldere, Gökyar and Mentaş power plants have expired as of 2019, 2018, 2016 and 2017 respectively.

ii) As it is predicted that the sales prices will be higher than the market clearing price during the FIT utilization period, it is foreseen that the FIT price will be used during the valuation model.

iii) After the FIT period, the market clearing price (MCP) has been calculated with two different price scenarios (the best and the worst) provided by the Group's commercial and technical teams. The average of these prices used in fair value calculation.

iv) Historical load factors based on adjusted electricity generation amounts with the assumption that these amounts that are free of one-off events reflected generation projections for the future.

B. Deferred tax assets for the carry forward tax losses

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

As of 31 December 2021, deferred tax asset amounting to TL 498,453,642 (31 December 2020: 37,575,261) is recognized upon the unused tax losses. Expiration date of unused tax losses is 31 December 2026. Aforementioned deferred tax asset, is calculated by the Group regarding the profit expectations in foreseeable future and deferred tax liabilities’ reversal in relevant periods. In case, such profit expectations not being realized or differences rising from deferred tax asset and liability are concluded in different periods than expectation, aforementioned deferred tax assets will be recorded as expense in profit and loss statements.

2.9 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.

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

2 Basis of presentation of consolidated financial statements (continued)

2.9 Cash flow hedge transactions (continued)

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 ("FIT") 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/bond 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 31 December 2021, the amount of forecasted revenue under FIT is USD 736,915,430 whereas the total notional of the outstanding USD denominated loans is USD 750,000,000. The Group designates USD 650,000,000 of this amount as part of its hedge accounting relationship, per IFRS 9 6.2.4 (c). Due to under-hedged nature of the hedged-item, the Company achieves 1:1 hedge ratio with the hedging instrument at all times by way of re-balancing, in line with IFRS 9.6.4.1.c.iii**.**
The maturity breakdown of the designated layer of the hedging instrument notional as of 31 December 2021 is provided below;

Payment Date	Principal Payment Amount
February 2025	65,000,000
August 2025	65,000,000
February 2026	65,000,000
August 2026	65,000,000
February 2027	390,000,000
Total	650,000,000

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

2 Basis of presentation of consolidated financial statements (continued)

2.9 Cash flow hedge transactions (continued)

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

- The portion of the foreign exchange gain or loss of the hedging instrument (USD denominated loans) that is determined to be an effective hedge is recognised 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 as "Finance Expenses – Foreign Exchange losses",
- The hedged item, revenue, is recognised in accordance with IFRS 15 and the settlement of the hedging instrument is realised through the repayments of the loan.
- Gains and losses deferred in OCI, remain in OCI until the cash flows associated with the hedged item occur, At the time when a forecast sale occurs, the respective amount of foreign exchange gain/loss is reclassified from OCI to profit or loss (within financial expense – "Finance Expenses – Foreign Exchange losses transferred from equity (cash flow hedge)") as a reclassification adjustment in the same periods during which the hedged expected forecasted sales affect profit or loss,
- If the cash flows are not expected to occur, then the corresponding 'previously effective' foreign exchange gain/loss in OCI are recycled immediately to consolidated statement of profit or loss as "Finance Expenses – Foreign Exchange losses transferred from equity (cash flow hedge)",

As of 31 December 2021, the hedge relationship has been measured as %97 effective, Accordingly, the foreign exchange losses incurred between the designation date and the closing date amounting to TL 3,896,919,641 has been treated as follows:

Foreign Exchange Loss relating to USD Loans	**20 March – 31 December 2021**
Recognized in OCI	TL 3,803,577,103
Recognized in profit or loss (ineffective portion)	TL 93,342,538
The amount reclassified from OCI to profit or loss as Fınance expenses – Foreign Exchange losses transferred from equity (cash flow hedge)- note 19	TL 53,341,983

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.

2.10 Significant Developments Regarding the Current Year

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

While the Group preparing the consolidated financial statements dated 31 December 2021, the Group evaluated the possible effects of the COVID-19 pandemic on the consolidated financial statements and reviewed the estimates and assumptions used in the preparation of the consolidated financial statements. In this context, possible changes in the revaluation of power plants and also possible impairments in financial and non-financial assets in the consolidated financial statements of 31 December 2021 is analysed and the necessary changes is reflected in the consolidated financial statements.

3 Segment reporting

3.1 Statement of financial position

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 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)

3 Segment reporting (continued)

3.1 Statement of financial position (continued)

31 December 2021	Hydro Power Plants	Wind Power Plants	Geothermal Power Plant	BIO Power Plant	Other (*)	Unallocated (**)	Consolidated
Segment Assets	18,077,351,085	2,251,001,000	11,730,000	1,457,794	4,964,905	2,184,852,103	22,531,356,887
Segment Liabilities	10,771,953,787	796,104,590	1,276,214	11,747,578	13,293	1,147,001,485	12,728,096,947

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)

3 Segment reporting (continued)

3.2 Statement of profit or loss

1 January - 31 December 2021	Hydro Power Plants	Wind Power Plants	Geothermal Power Plant	BIO Power Plant	Total Renewable Energy	Unallocated (*)	Consolidated
Revenues	**856,655,098**	**370,029,718**	**7,807,401**	**1,744,850**	**1,236,237,067**	**4,516,331**	**1,240,753,398**
- Revenues from Feed in Tariff (FIT)	*701,625,768*	*370,029,718*	-	*1,744,850*	*1,073,400,336*	-	*1,073,400,336*
- Other than FIT (*)	*155,029,330*	-	*7,807,401*	-	*162,836,731*	*4,516,331*	*167,353,062*
Cost of Sales (-)	**(541,101,913)**	**(186,826,049)**	**(13,095,326)**	**(2,698,335)**	**(743,721,623)**	**17,953,169**	**(725,768,454)**
Operational Expenses (-) (including Other expense and income)	**(3,813,503)**	**(636,134)**	**(24,565)**	**(110,035)**	**(4,584,237)**	**(92,979,826)**	**(97,564,063)**
Earnings Before Interest and Taxes (EBIT)	**311,739,682**	**182,567,535**	**(5,312,490)**	**(1,063,520)**	**487,931,207**	**(70,510,326)**	**417,420,881**
Add-back, Depreciation & Amortization Expenses (-)	343,080,223	93,206,460	6,798,108	1,033,788	444,118,579	10,577,960	454,696,539
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) (**)	**654,819,905**	**275,773,995**	**1,485,618**	**(29,732)**	**932,049,786**	**(59,932,366)**	**872,117,420**
Gains from Investing Activities	-	-	-	-	-	4,793,107	**4,793,107**
Finance Income	-	-	-	-	-	707,563,009	**707,563,009**
Finance Expense (-)	-	-	-	-	-	(1,144,109,805)	**(1,144,109,805)**
Tax (Expense) / Income	-	-	-	-	-	(105,958,832)	**(105,958,832)**
Depreciation & Amortization Expenses (-)	(343,080,223)	(93,206,460)	(6,798,108)	(1,033,788)	(444,118,579)	(10,577,960)	**(454,696,539)**
Net Loss for the Year							**(120,291,640)**

(*) General administration expenses mainly consist of personnel expenses, tax expenses and consultancy expenses.

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

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

3 Segment reporting (continued)

3.2 Statement of profit or loss (continued)

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

(*) 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)

4 Related party disclosures

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

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

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

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

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

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

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

4.1 Related party balances

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

	31 December 2021	31 December 2020
Gediz Elektrik Perakende A.Ş. ("Gediz EPSAŞ") (1) (*)	116,683,426	-
Aydem Elektrik Perakende A.Ş. ("Aydem EPSAŞ") (1) (*)	10,227,070	-
Yatağan Termik Enerji Üretim A.Ş. ("Yatağan") (1)	245,826	-
Çates Elektrik Üretim A.Ş. ("Çates") (1)	79,065	-
ADM Elektrik Dağıtım A.Ş. ("Adm EDAŞ") (1)	-	505,386
Other	76,473	-
	127,311,860	**505,386**

(*) Consists of receivables related to electricity trade.

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

	31 December 2021	31 December 2020
Aydem Holding A.Ş. ("Aydem Holding") (1) (**)	15,530,259	49,829,532
Entek Elektrik İnşaat A.Ş. ("Entek") (2)	-	4,885,481
	15,530,259	**54,715,013**

(**) As of 31 December 2021, it consists of receivables related to the sale of 50% shares belonging to Yalova Karacabey.

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

4 Related party disclosures (continued)

4.1 Related party balances (continued)

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

	31 December 2021	31 December 2020
Aydem Holding (1) (***)	3,004,715	873,742
GDZ Enerji Yatırımları A.Ş. ("GDZ Enerji") (1)	647,430	218,710
Adm EDAŞ (1)	240,369	-
YF Operasyonel Kiralama A.Ş. ("YF") (2)	137,806	-
Parla Solar Hücre ve Panel Üretim A.Ş. ("Parla") (1)	78,869	-
Aydem EPSAŞ (1)	-	1,038,196
Other	14,820	4,287
	4,124,009	**2,134,935**

(***) Consists of personnel services, management fees which reflected and common expense invoices related to the public offering and the consultancy service for Eurobond.

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

	31 December 2021	31 December 2020
Zeki Atilla AKALIN (2) (*)	-	5,461,801
Bereket Tedarik (1)	-	2,618,811
	-	**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 31 December 2021 and 31 December 2020 long-term other payables to related parties are as follows:

	31 December 2021	31 December 2020
Aydem EPSAŞ (1) (**)	37,092,472	64,061,421
	37,092,472	**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.

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

4 Related party disclosures (continued)

4.1 Related party balances (continued)

4.2 Related party transactions

For the year ended 31 December 2021 and 2020, income and expense transactions with related parties are as follows:

Electricity Sales and Other Sales	1 January - 31 December 2021	1 January - 31 December 2020
Gediz EPSAŞ (1) (*)	122,470,432	89,922,263
Aydem EPSAŞ (1) (*)	112,286,522	27,158,952
Aydem Enerji Yatırımları A.Ş. ("Holdco") (1) (**)	5,936,451	-
Yatağan Termik Enerji Üretim A.Ş. ("Yatağan") (1)	621,578	776,375
Entek (2)	432,205	4,889,089
Parla (1)	189,220	249,092
Diğer	598,377	1,867,658
	242,534,785	**124,863,429**

(*) Consist of sales within the bilateral agreements and imbalance revenue. Consist of imbalance revenue amounting to TL 28,782,704.
(**) Consists of legal consultancy reflection invoices within the scope of public offering.

Purchase of Electricity and Services	1 January - 31 December 2021	1 January - 31 December 2020
Aydem EPSAŞ (1) (*)	40,335,976	32,777,883
Aydem Holding (1) (**)	29,584,856	38,396,097
GDZ Enerji (1) (***)	4,770,159	2,410,903
Parla Solar Hucre ve Panel Üretım A.Ş. (Parla) (1)	3,420,606	8,919
Adm EDAŞ (1)	2,955,519	4,985,988
Entek (2)	1,174,256	832
Yeni Filo A.Ş.(2)	829,765	1,385,735
Holdco (1)	755,405	-
Diğer	133,112	364,967
	83,959,653	**80,331,324**

(*) The group consists of imbalance cost, electricty bill and head office rent expenses. Consist of imbalance cost amounting to TL 37,030,596.
(**) The amount consists of management fee charged by Aydem Holding. Management fee aroused from the restructuring and law consultancy given by Aydem Holding.
(***) Consists of automobile rental expense invoices and IT reflection invoices.

Finance Income	1 January - 31 December 2021	1 January - 31 December 2020
Aydem Holding (1) (*)	5,622,730	371,049
Parla Solar Hücre ve Panel Üretim A.Ş. ("Parla Solar") (1)	-	331,631
Diğer	14,816	29,268
	5,637,546	**731,948**

(*) Includes the effects of foreign exchange denominated receivables resulting from the sale of shares of Karacabey.

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

4 Related party disclosures (continued)

4.2 Related party transactions (continued)

Finance Expenses	1 January - 31 December 2021	1 January - 31 December 2020
Aydem EPSAŞ (1) (*)	6,126,203	-
Gediz EPSAŞ (1) (**)	2,457,207	734,148
Parla (1)	-	253,737
Other	15,784	-
	8,599,195	**987,885**

(*) Consists of foreign exchange differences arising from electricity trade.
(**) Consists of foreign exchange differences arising from the IT Consulting service received.

The executive management team of the Group is comprised of general manager and directors. For the year ended 31 December 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 - 31 December 2021	1 January - 31 December 2020
Benefits to key management personnel	7,839,861	4,631,449
	7,839,861	**4,631,449**

5 Trade receivables and payables

Short term trade receivables

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

	31 December 2021	31 December 2020
Trade Receivables due from Related Parties (Note 4)	127,311,860	505,386
Trade Receivables due from Third Parties	26,934,695	59,207,100
	154,246,555	**59,712,486**
Less: Allowances for Doubtful Trade Receivables	(6,410,754)	(4,776,282)
	147,835,801	**54,936,204**

As of 31 December 2021, the average term of trade receivables is approximately 20-30 days (2020: 20-30 days)

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

	31 December 2021	31 December 2020
Trade Receivables related to Electricity Sales (*)	133,771,113	13,154,790
Income Accruals related to Electricity Sales (**)	14,064,688	41,781,414
Doubtful Trade Receivables	6,410,754	4,776,282
Allowances for Doubtful Trade Receivables (-)	(6,410,754)	(4,776,282)
	147,835,801	**54,936,204**

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

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

5 Trade receivables and payables (continued)

Short term trade receivables (continued)

The movement of provisions for doubtful receivables for the period ended 31 December 2021 and 31 December 2020 are as follows:

Provisions for Doubtful Trade Receivable	2021	2020
Opening Balance	4,776,282	4,715,147
Current Provision	1,680,210	112,671
Provisions No Longer Required	(45,738)	(51,536)
Closing Balance	**6,410,754**	**4,776,282**

Current provision and provisions no longer required are explained in Note 18.
The Group's exposure to credit risk is explained in Note 23.

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

		Neither past due nor impaired				Past due but not impaired	Total past due but not impaired
	Total		>30 days	30-60 days	60-90 days	>90 days	
31 December 2021	147,835,801	145,004,215	749,203	170,025	360,539	1,551,819	2,831,586
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 31 December 2021 and 31 December 2020, the Group's short-term trade payables are as follows:

	31 December 2021	31 December 2020
Trade Payables due from Related Parties (Note 4)	4,124,009	2,134,935
Trade Payables from Third Parties	64,023,907	47,509,424
	68,147,916	**49,644,359**

As of 31 December 2021, the average payment term of trade payables due to third parties is approximately 30-90 days (2020: 30-90 days)

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

	31 December 2021	31 December 2020
Trade Payables	54,690,827	37,947,884
Expense Accruals	9,329,223	9,557,352
Other Trade Payables	3,857	4,188
	64,023,907	**47,509,424**

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

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

6 Other receivables and payables

Other short-term receivables

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

	31 December 2021	31 December 2020
Other Receivables due from Related Parties (Note 4)	15,530,259	54,715,013
Other Receivables due from Third Parties	7,415,786	40,546,775
	22,946,045	**95,261,788**

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

	31 December 2021	31 December 2020
Receivables from Tax Administration	6,513,821	12,772,312
Deposits & Guarantees Given	717,904	93,935
Other Receivables	184,061	152,058
Receivables arising from sale of subsidiaries	-	6,573,207
Income Accruals related to Insurance Compensations (*)	-	20,955,263
	7,415,786	**40,546,775**

(*) 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 31 December 2021 and 31 December 2020, other long term receivables from third parties consist of the following items:

	31 December 2021	31 December 2020
Other Receivables due from Third Parties	2,740,754	2,009,915
	2,740,754	**2,009,915**

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

6 Other receivables and payables (continued)

Other short-term payables

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

	31 December 2021	31 December 2020
Other Payables due to Related Parties (Note 4)	-	8,080,612
Other Payables due to Third Parties	600,562	70,198,028
	600,562	**78,278,640**

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

	31 December 2021	31 December 2020
Short-Term Payables to Privatization Administration	-	68,891,350
Deposits and Guarantees Taken	-	245,620
Other	600,562	1,061,058
	600,562	**70,198,028**

7 Inventories

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

	31 December 2021	31 December 2020
Spare Parts (*)	8,556,333	8,349,581
Advances Given	1,778,367	176,800
	10,334,700	**8,526,381**

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

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

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

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

8 Property, plant and equipments and right of use assets

8.1 Property, plant and equipments

The ending 31 December 2021 and 31 December 2020, movements of property, plant and equipment are as follows:

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

	Land	Power Plants(*)	Construction in Progress (**)	Advances Given for 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	90,329,918	93,748,514	160,945,092	4,011,500	349,075,024
Disposals	-	(5,113,327)	(1,814,849)	-	(633,358)	(7,561,534)
Transfers	-	4,377	(678,325)	-	659,954	(13,994)
Revealuation fund	-	12,448,593,894	-	-	-	12,448,593,894
Cost or Valuation as of 31 December 2021	**13,023,687**	**27,629,016,119**	**214,362,885**	**160,945,092**	**28,667,515**	**28,046,015,298**
Accumulated Depreciation as of 1 January 2021	-	**(3,430,267,259)**	-	-	**(13,095,275)**	**(3,443,362,534)**
Additions	-	(437,504,293)	-	-	(3,221,571)	(440,725,864)
Disposals	-	3,302,425	-	-	507,529	3,809,954
Revealuation fund	-	(3,716,274,865)	-	-	-	(3,716,274,865)
Accumulated Depreciation as of 31 December 2021	-	**(7,580,743,992)**	-	-	**(15,809,317)**	**(7,596,553,309)**
Net book value as of 31 December 2021	**13,023,687**	**20,048,272,127**	**214,362,885**	**160,945,092**	**12,858,198**	**20,449,461,989**

(*) 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.
(**) Consists of raw material purchases for hybrid projects designed to diversify resources, ensure production continuity and increase capacity utilization rates and efficiency by using more than one energy in the same network infrastructure in power plants.
(***) Consists of advances given to suppliers for investments.

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

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

8.1 Property, plant and equipments (continued)

As of 31 December 2021, there are pledges and mortgages on property, plant and equipments of the Group amounting to USD 1,248,750,000 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 437,504,293 (31 December 2020: TL 340,793,745) has been reflected to cost of sales and amounting to TL 3,221,571 (31 December 2020: TL 2,389,546) 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.

8.2 Right of uses

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

As of 31 December 2021, movements in right of use assets during the period are as follows:

Cost as of 1 January 2021	**21,244,253**
Additions	14,006,882
Cost as of 31 December 2021	**35,251,135**
Accumulated Depreciation as of 1 January 2021	**(8,551,882)**
Additions	(5,816,481)
Disposals	6,919,767
Accumulated Depreciation as of 31 December 2021	**(7,448,596)**
Net Book Value as of 31 December 2021	**27,802,539**

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

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

9. 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)

9. Other intangible assets (continued)

As of 31 December 2021 and 31 December 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	2,980,762	-	-	2,980,762
Transfers	13,994	-	-	13,994
Cost as of 31 December 2021	**6,205,988**	**324,100,000**	**3,992,066**	**334,298,054**
Accumulated Depreciation as of 1 January 2021	**(717,449)**	**(24,217,962)**	**(2,213,440)**	**(27,148,851)**
Additions	(1,203,335)	(6,614,286)	(336,573)	(8,154,194)
Accumulated Depreciation as of 31 December 2021	**(1,920,784)**	**(30,832,248)**	**(2,550,013)**	**(35,303,045)**
Net book value as of 31 December 2021	**4,285,204**	**293,267,752**	**1,442,053**	**298,995,009**

	Licences	Operating rights	Softwares	Total
Cost as of 1 January 2020	**2,640,114**	**324,100,000**	**5,651,829**	**332,391,943**
Additions	2,120,438	-	364,017	2,484,455
Transfers	(1,549,320)	-	(2,023,780)	(3,573,100)
Cost as of 31 December 2020	**3,211,232**	**324,100,000**	**3,992,066**	**331,303,298**
Accumulated Depreciation as of 1 January 2020	**(1,684,727)**	**(17,603,676)**	**(3,776,830)**	**(23,065,233)**
Additions	(530,659)	(6,614,286)	(261,427)	(7,406,372)
Çevrim farkı	1,497,937	-	1,824,817	3,322,754
Accumulated Depreciation as of 31 December 2020	**(717,449)**	**(24,217,962)**	**(2,213,440)**	**(27,148,851)**
Net book value as of 31 December 2020	**2,493,783**	**299,882,038**	**1,778,626**	**304,154,447**

Amortization expense of intangible assets amounting to TL 6,614,286 (31 December 2020: TL 6,614,286) has been reflected to cost of sales, amortization expense of intangible assets amounting to TL 1,539,908 (31 December 2020: TL 792,086) has been reflected to general administrative expenses.

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

10 Provisions, contingent assets and liabilities

10.1 Short-term provisions

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

	31 December 2021	31 December 2020
Provision for Litigations	14,137,022	13,064,328
Short-term Provisions for Employee Benefits	6,506,072	3,188,285
	20,643,094	**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	1,072,694	1,133,144
Closing Balance	**14,137,022**	**13,064,328**

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	398,052	412,383
Closing Balance	**3,586,337**	**3,188,285**

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

10 Provisions, contingent assets and liabilities (continued)

10.2 Contingent liabilities

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

		31 December 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
	US Dollars	16,644,588,750	5,358,565,000
B.Guarantees given on behalf of the fully consolidated companies	TL	-	-
C.Total amount of CPM's given to other 3rd parties for the purpose of carrying out their ordinary commercial activities	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		**16,644,588,750**	**8,530,568,251**

(*) Administrative fines and other administrative sanctions for all structures, with the decision of the Dalaman, Ortaca and Köyceğiz Municipal Committees, for alleged violation of the reconstruction legislation due to the absence of a building permit for Dalaman HEPP 1-2-3-4-5 and Gökyar HEPPs. Since these administrative actions are against the law and HEPPs are public investments, they are exempt from construction permits. For this reason, lawsuits have been filed by the Company to the Administrative Courts for the cancellation of the transactions. The court granted a stay of execution in the lawsuits filed. As a result of the trial process, the court decided to accept 44 cases. The court decided to cancel the administrative sanctions. Continuing lawsuits regarding te same issues are not expected to create a risk or any liability and cause cash outflows to the Company.

On 26 June 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. As of 2 August 2021, all loans were closed with the issuance of bonds, and the collateral/pledge/mortgages given under the name of Company loan agreements were abolished. On 2 December 2021, within the scope of the Eurobond, movable pledge was established on the Company's movable assets to form the guarantee of the bond issuance.

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 21 January 2021, and it was decided to proceed with the investigation phase of the case. The date for the first hearing has been set as 1 April 2021. At the lawsuit dated 24 June 2021, The court was decided to examine the commercial books and records of the parties with the participation of expert experts on 6 September 2021 that issue a report as a result of the examination, and the next lawsuit date was determined as 2 June 2022. Even if the lawsuit is concluded against Yatağan, the management of the company does not think that it will bear any liability or make any payments due to being the guarantor of the Company.

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

10 Provisions, contingent assets and liabilities (continued)

10.3 Letters of guarantees received and guarantees given

		31 December 2021	31 December 2020
	Currency	**TL Equivalent**	**TL Equivalent**
Letters of Guarantees given (*)	TL	78,101,819	139,858,365
Letters of Guarantees given (*)	US Dollars	-	4,080,290
Total		**78,101,819**	**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.

		31 December 2021	31 December 2020
	Currency	**TL Equivalent**	**TL Equivalent**
Letters of Guarantees received (**)	TL	9,976,174	9,816,338
Letters of Guarantees received (**)	EURO	701,079	146,378
Letters of Guarantees received (***)	US Dollars	186,339,420	565,219
Total		**197,016,673**	**10,527,935**

(**) The guarantees received are the guarantees taken against the risk of not providing the services to be obtained from the suppliers.
(***) The letters of guarantee received from Aydem EPSAŞ and Gediz EPSAŞ due to electricity trade.

10.4 Long term provisions

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

	31 December 2021	31 December 2020
Provisions for Retirement Pay Liability	11,543,311	8,122,907
	11,543,311	**8,122,907**

Provisions for Retirement Pay Liability	2021	2020
Opening Balance	8,122,907	8,521,011
Service Cost	1,966,056	2,064,466
Interest Cost	1,738,302	1,150,336
Retirement Payments Paid	(366,530)	(134,743)
Actuarial Loss / (Gain)	82,576	(3,478,163)
Closing Balance	**11,543,311**	**8,122,907**

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

10 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 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	**31 December 2020**
Expected interest in the coming years %	21.4	13.5
Expected inflation in the coming years %	17	9.5
Discount rate %	3.76	3.65

11 Liabilities for employee benefits

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

	31 December 2021	**31 December 2020**
Social Security Withholdings Payable	1,362,799	1,766,566
	1,362,799	**1,766,566**

12 Other current, non-current assets and other liabilities

As of 31 December 2021 and 31 December 2020, other current assets are as follows:

	31 December 2021	**31 December 2020**
Short-term Prepaid Expenses	22,768,765	14,057,070
Advances Given for Services	8,167,478	6,445,520
Job Advances	100,453	56,856
Advances to Personnel	27,130	32,982
Shorrt-term Deferred Value Added Tax ("VAT")	1,287	895
Current Tax Asset	-	474,765
	31,065,113	**21,068,088**

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

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

As of 31 December 2021 and 31 December 2020, other non-current assets are as follows:

	31 December 2021	31 December 2020
Long -term Deferred VAT	10,925,788	10,899,236
Advances Given	952,350	3,065,308
	11,878,138	**13,964,544**

As of 31 December 2021 and 31 December 2020, other liabilities are as follows:

	31 December 2021	31 December 2020
Overdue Deferred or Installed Taxes and Other Payables	10,824,343	-
Taxes and funds payable	6,440,398	11,154,856
Advances Taken	-	2,880,400
Other	59,364	27,811
	17,324,105	**14,063,067**

13 Share capital

Paid-in capital

The capital structure of the Group as of 31 December 2021 and 31 December 2020 are as follows:

As of 31 December 2021, the Group's paid-in capital is divided into 705,000,000 shares (31 December 2020: 700,000,000 shares), each with a nominal value of TL 1. The ultimate shareholder of the Group is Aydem Holding Anonim Şirketi, whose controlling individual shareholder is Ceyhan Saldanlı.

	31 December 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%**

13 Share capital (continued)

Legal reserves

According to the Turkish Commercial Code ("TCC"), legal reserves are comprised of first and second legal reserves. The first legal reserves are generated by annual appropriations amounting to 5 percent of income disclosed in the Company's statutory accounts until it reaches 20 percent of paid-in share capital. If the dividend distribution is made in accordance with Dividend Distribution Communiqué II-19.1, a further 1/10 of dividend distributions, in excess of 5 percent of paid-in capital is to be appropriated to increase second legal reserves. If the dividend distribution is made in accordance with statutory records, a further 1/11 of dividend distributions, in excess of 5 percent of paid-in capitals are to be appropriated to increase second legal reserves. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50 percent of paid-in capital. At 31 December 2021, legal reserves of the Group amounted to TL 1,523,866 (31 December 2020: TL 1,523,866).

Dividend distribution

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

Share premium

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

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

14 Revenue

Details of revenue for the year ended 31 December 2021 and 2020 is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Revenues from Electricity Sales	1,240,753,398	1,340,375,223
- Revenues from Feed in Tariff (FIT)	*1,073,400,336*	*1,191,367,265*
- Other than FIT	*167,353,062*	*149,007,958*
	1,240,753,398	**1,340,375,223**

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

15 Cost of sales

Details of the cost of sales for the year ended 31 December 2021 and 2020 is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Cost of Energy Sales and Generation	(725,768,454)	(573,533,609)
- Cost of Energy Sales and Generation	*(281,649,875)*	*(226,839,094)*
- Depreciation and Amortization Expenses	*(444,118,579)*	*(346,694,515)*
	(725,768,454)	**(573,533,609)**

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

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

16 General and administrative expenses

The details of general administrative expenses for the year ended 31 December 2021 and 2020 is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Personnel Expenses	(38,187,541)	(30,995,858)
Administrative Expenses (*)	(26,192,669)	(38,396,097)
Depreciation and Amortization Expenses	(10,577,960)	(9,268,654)
Promotion and Trade Expenses (**)	(7,248,728)	(943,616)
Consultancy Expenses	(4,753,773)	(17,953,164)
Tax, Duties and Fees Expenses	(3,796,424)	(799,257)
Maintenance and Repair Expenses	(2,065,298)	(3,244,251)
Insurance Charges	(1,189,072)	(924,966)
Legal Counselling Expenses	(1,022,413)	(473,181)
License and Dues Expenses	(297,777)	(310,264)
Rent Expenses	(33,600)	(1,276,478)
Other	(4,642,662)	(10,580,648)
	(100,007,917)	**(115,166,434)**

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

(**) Consist of promotion and advertising service fees received within the scope of the public offering.

17 Expenses by nature

The details of expenses incurred for the year ended 31 December 2021 and 2020 is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Depreciation and Amortization Expenses	(454,696,539)	(355,963,169)
Costs of Energy Sales and Generation	(196,791,109)	(165,267,321)
Personnel Expenses	(95,242,652)	(68,320,010)
Consulting Expenses	(7,758,169)	(20,087,910)
Other	(71,287,902)	(79,146,217)
	(825,776,371)	**(688,784,627)**

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

18 Other operating income and other operating expenses

Details of other operating income for the year ended 31 December 2021 and 2020 is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Compensation from Insurances (*)	6,382,219	38,480,813
Provisions for No Longer Required Trade Receivables (Note 5)	45,738	51,536
Other	3,795,201	2,765,411
	10,223,158	**41,297,760**

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

Details of other operating expenses for the year ended 31 December 2021 and 2020 is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Donations and Social Grants (*)	(4,483,663)	(3,039,000)
Expenses Related to Allowance for Trade Receivables (Note 5)	(1,680,210)	(112,671)
Litigation Provisions Expenses (Note 10)	(1,072,694)	(1,133,144)
Compensation Expenses	-	(2,550,164)
Other	(542,737)	(2,811,446)
	(7,779,304)	**(9,646,425)**

(*) Company has participated in the "Fire and Flood Disaster Aid Campaign" initiated by Disaster And Emergency Management Presidency ("AFAD") to meet the needs of the victims of the fire and flood disasters that occurred during the year. A donation of 4,000,000 TL was made on 10 September 2021. The company donated 4,000,000 TL on 10 September 2021.

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

19 Financial income and expense

The details of finance income for the year ended 31 December 2021 and 2020 is as follows :

	1 January - 31 December 2021	1 January - 31 Aralık 2020
Foreign Exchange Income arising from Financing Activities	668,798,280	60,533,850
Rediscount Income	26,667,609	-
Foreign Exchange Income arising from Operating Activities	6,080,448	-
Interest Income	5,529,908	2,290,073
Interest Income from Related Parties	226,946	432,579
Other	259,818	351,960
	707,563,009	**63,608,462**

The details of financial expenses for the year ended 31 December 2021 and 2020 is as follows :

	1 January - 31 December 2021	1 January - 31 Aralık 2020
Foreign Exchange Losses arising from Financing Activities	(587,403,240)	(1,039,221,641)
Bond Interest Expenses	(241,773,295)	-
Loan Interest Expenses	(240,982,358)	(387,111,052)
Foreign Exchange Losses transferred from Equity (Cash Flow Hedge)	(53,341,983)	-
Bank Comission and Other Expenses	(15,047,342)	(14,256,485)
Right of Use Obligations Interest Expenses (Note 22)	(5,561,587)	(2,884,757)
Rediscount Expenses	-	(8,102,072)
Foreign Exchange Losses arising from Operating Activities	-	(4,094,261)
	(1,144,109,805)	**(1,455,670,268)**

20 Gains & Losses from Investing Activities

The details of gains and losses from investing activities for the year ended 31 December 2021 and 2020 is as follows :

	1 January - 31 December 2021	1 January - 31 Aralık 2020
Gains on Sales of Tangible Fixed Assets	2,925,496	3,534,160
Gains on Scrap Sales	1,867,611	1,524,322
Gains on Sales of Associate (Note 25)	-	4,934,079
	4,793,107	**9,992,561**

21 Taxation on income

Corporation Tax

The Group is subject to corporation tax applicable in Turkey. The corporate tax rate is generally 25%. Corporate tax rate to be accrued on the taxable corporate income is determined by adding the expenses that cannot be deducted from the tax base in the determination of the commercial income and deducting gains from the tax, non-taxable income and other discounts (previous year losses, if any, and investment discounts used, if preferred).

In Turkey, provisional tax is calculated and accrued on a quarterly basis. The provisional tax rate that should be calculated on corporate earnings during the taxation phase of 2021 corporate earnings as of temporary tax periods is 25% (31 December 2020: 20%). However, in accordance with the Provisional Article 10 added to the Corporate Tax Law, the 25% corporate tax rate will be applied as 23% for the 2022 taxation period and 20% for the corporate earnings of the 2023 and later taxation periods. Losses can be carried forward for a maximum of 5 years to be deducted from the taxable profit that will occur in the coming years. However, the losses cannot be deducted retrospectively from previous years' profits.

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

Deferred Tax

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

Income withholding tax

In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding is 15% as of 31 December 2021. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Transfer pricing arrangements

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

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

21 Taxation on income (continued)

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

Transfer pricing regulations

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

Current period tax asset

The tax assets for the years ended 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	**31 Aralık 2020**
Current Period Tax Related Assets	-	474,765
	-	**474,765**

Tax expense

The income tax for the years ended 31 December 2021 and 31 December 2020 are as follows:

	1 January - 31 December 2021	**1 January - 31 Aralık 2020**
Current year corporate tax expense (-)	(17,581,616)	-
Deferred tax (expense) / income	(88,377,216)	148,689,708
	(105,958,832)	**148,689,708**

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

21 Taxation on income (continued)

Reconciliation of effective tax rate

As of 31 December 2021 and 31 December 2020, the reported tax provision is different from the amount calculated using the statutory tax rate on profit before tax. The reconciliation of tax expense / income is as follows:

	1 January - 31 December 2021	**1 January - 31 Aralık 2020**
Period loss	(120,291,640)	(557,431,333)
Tax (expense) / income	(105,958,832)	148,689,708
Income / (Loss) before tax	(14,332,808)	(706,121,041)
With the company's legal tax rate calculated tax	3,583,202	155,346,629
Nonallowable charges	(105,444,194)	(4,447,702)
Deferred Tax Assets on Tax Losses Carry Forwards accounted in the current year	-	10,517,317
Effect of Tax Rate Change (*)	(6,014,582)	(10,860,970)
Tax Exemptions on Sale of Marketable Securities	-	389,342
Tax base increase effect	(3,516,323)	-
Other	5,433,065	(2,254,908)
Current tax (expenses) / income	**(105,958,832)**	**148,689,708**

(*) The effect arises from the use of 20% rate in deferred tax calculation for long-term temporary differences.

Deferred tax assets and liabilities

The movement of deferred tax liability is as follows:

Deferred Tax Movement	**1 January - 31 December 2021**	**1 January - 31 December 2020**
At the Beginning of the Period	1,400,332,535	1,042,019,285
Recognized in Other Comprehensive Income	996,400,265	507,002,958
Recognised in Profit or Loss	88,377,216	(148,689,708)
End of Period Closing Balance	**2,485,110,016**	**1,400,332,535**

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

21 Taxation on income (continued)

As of 31 December 2021 and 31 December 2020, the breakdown of deferred tax liabilities is as follows:

Deferred Tax (Liability)/Asset	**31 December 2021**	**31 December 2020**
Provisions for Retirement Pay Liability	1,706,529	1,624,581
Provision for Litigation	2,827,405	2,612,866
Rediscount on Payables	(5,850,820)	(517,298)
Amortized Cost Adjustment for Financial Borrowings	25,322,874	8,691,123
Property, Plant and Equipment and Intangible Assets	11,356,991	(19,328,986)
Increase / (Decrease) in Value of Tangible Assets	(3,533,417,713)	(1,786,953,908)
Effect of Capitalized Borrowing Costs in Profit or Loss Statement	505,142,043	351,868,287
Deferred Tax Asset from Carry Forward Tax Losses	498,453,642	37,575,261
Effect of Capital Increase	689,625	-
Provision for Premium	583,947	-
Other	8,075,461	4,095,539
	(2,485,110,016)	**(1,400,332,535)**

The breakdown of the parts of the Group and its subsidiaries for which deferred tax assets are created from carried forward tax losses is as follows:

	31 December 2021	**31 December 2020**
Expire in 2024	26,293,295	-
Expire in 2025	59,159,030	187,876,305
Expire in 2026	2,406,815,885	-
	2,492,268,210	**187,876,305**

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

22 Financial liabilities

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

	31 December 2021	31 December 2020
Short-term Bank Loans	-	742,297,806
Current portion of issued debt instruments (*)	763,819,958	-
Total Short-term Financial Liabilities	**763,819,958**	**742,297,806**
Long-term Bank Loans	-	4,186,643,526
Long term issued debt instruments (*)	9,292,574,451	-
Total Long-term Financial Liabilities	**9,292,574,451**	**4,186,643,526**
Total Financial Liabilities	**10,056,394,409**	**4,928,941,332**

(*) The Group on the Irish Stock Exchange issued 750,000,000 USD with a maturity of 5.5 years, coupon payments every 6 months, principal and coupon payments at maturity, annual fixed interest rate of 7.75%, on 2 August 2021. With the amount obtained through the bond issuance, the entire loan debt of the Company to the banks has been repaid, and the remaining amount is going to be used within the next 3 years in line with the target of doubling the Company's installed power.

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

	31 December 2021	31 December 2020
To be paid within 3 months	392,990,197	-
To be paid within a 3-12 months	370,829,761	742,297,806
To be paid in 1-2 year	702,353,541	541,422,089
To be paid in 2-3 year	647,493,336	366,375,926
To be paid in 3-4 year	2,078,232,941	764,931,680
To be paid in 4-5 year	1,797,992,769	558,572,710
To be paid over 5 year	4,066,501,864	1,955,341,121
	10,056,394,409	**4,928,941,332**

The repayments of the lease liabilities according to their original maturities as of 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
To be paid within a year	4,734,769	5,163,541
To be paid in 1-2 years	4,734,769	4,713,541
To be paid over 2 years	20,408,725	6,055,674
	29,878,263	**15,932,756**

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

22 Financial liabilities (continued)

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

			31 December 2021	
Currency	**Interest Rate**	**Maturity for the latest payment**	**Short-term**	**Long-term**
US Dollars	7.75%	2027	763,819,958	9,292,574,451
			763,819,958	**9,292,574,451**

			31 December 2020	
Currency	**Average Effective Annual Interest Rate Range**	**Maturity Range for the latest payment**	**Short-term**	**Long-term**
US Dollars	3 Months Libor + 5.25%, 6 Months Libor + 4.5% - 7.25%	2029-2030	713,677,877	4,125,359,468
EUR	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	14,006,882	6,438,353
Accretion of interest	5,561,587	2,884,757
Payments	(6,072,962)	(5,142,455)
Lease Liabilities - Closing	**29,878,263**	**16,382,756**
Current	4,734,769	5,163,541
Non-current	25,143,494	11,219,215
Total Lease Liabilities	**29,878,263**	**16,382,756**

The movement of financial liabilities for the period ended 31 December 2021 and 2020 is as follows:

	2021	2020
1 January	**4,928,941,332**	**4,363,999,234**
Cash inflow	6,245,487,625	77,784,000
Repayment of financial liabilites	(5,707,089,212)	(540,411,221)
Interest accrual	485,893,571	387,111,052
Interest paid	(240,982,358)	(398,763,374)
Exchange rate differences accounted in profit or loss	593,908,331	1,039,221,641
Exchange rate differences subjected to cash flow hedge, accounted in OCI	3,750,235,120	-
31 December	**10,056,394,409**	**4,928,941,332**

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

23 Nature and level of risks arising from financial instruments

Financial instruments and financial risk management

The Group may be exposed to the following risks depending on the use of financial instruments:
• Credit risk
• Liquidity risk
• Market risk
• Operational risk

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

Credit risk

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

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

The maximum credit risk the Group is exposed to as of 31 December 2021 and 31 December 2020 are as follows:

31 December 2021	Receivables				
	Trade Receivables		Other Receivables		
	Related Parties	Other Parties	Related Parties	Other Parties	Cash and Cash Equivalents
Maximum Exposure to Credit Risk as of Reporting Date (A+B+C+D+E)	127,311,860	20,523,941	15,530,259	10,156,540	1,525,592,118
- Secured part of the maximum credit risk exposures via collateral etc.	-	-	-	-	-
A. Net Book Value of Financial Assets those are neither overdue nor Impaired	127,311,860	17,692,355	15,530,259	10,156,540	1,525,592,118
B. Net BookValue of Assets that are Overdue but not Impaired	-	2,831,586	-	-	-
C. Net Book Value of Impaired Financial Assets	-	-	-	-	-
- Overdue (Gross Carrying Amount)	-	6,410,754	-	-	-
- Impairment Amount (-)	-	(6,410,754)	-	-	-
- 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)

23 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)

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

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial liabilities in the future. The Group's liquidity risk is managed by providing sufficient financing facilities from various financial institutions in a way that does not harm or damage the Group's reputation in order to fund the current and future debt requirements under normal conditions or in crisis situations.

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

31 December 2021	Book Value	Contractual cash outflow	0-3 Months	3-12 Months	1-5 Years	> 5 Years
Non-derivative Financial Liabilities						
Financial Liabilities	10,056,394,409	13,929,887,981	395,982,371	389,526,136	6,910,031,296	6,234,348,178
Financial Lease Liabilities (IFRS 16)	29,878,263	134,503,698	5,647,315	2,498,521	6,144,457	120,213,405
Other Long Term Payables to Related Parties	37,092,472	174,329,348	-	-	-	174,329,348
Trade Payables to Related Parties	4,124,009	4,124,009	4,124,009	-	-	-
Trade Payables to Third Parties	64,023,907	64,023,907	11,524,303	52,499,604	-	-
Total	**10,191,513,060**	**14,306,868,943**	**417,277,998**	**444,524,261**	**6,916,175,753**	**6,528,890,931**

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)

23 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 debt instruments due to power plant investments. The Group also realizes significant USD indexed sales within the scope of the Feed-in Tariff.

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

			31 December 2021
			Original Amounts
	Total TL Equivalent	**US Dollars**	**EUR**
Assets			
Cash and Cash Equivalents	1,521,432,522	114,092,615	45,872
Trade Receivables from Third Parties	333	19	5
Other Receivables from Related Parties	15,530,258	1,165,148	-
Other Receivables from Third Parties	122,805,314	9,196,299	15,102
Total Assets	**1,659,768,427**	**124,454,082**	**60,979**
Liabilities			
Short-term and Long-term Financial Liabilities	(10,056,394,409)	(754,474,785)	-
Short-term Trade Payables to Third Parties	(19,289,712)	(866,421)	(513,113)
Short-term Other Payables to Third Parties	(256,890)	(19,273)	-
Short-term Trade Payables to Related Parties	(20,076)	-	(1,331)
Total Liabilities	**(10,075,961,087)**	**(755,360,479)**	**(514,444)**
Foreign Currency Liability Position	**(8,416,192,660)**	**(630,906,398)**	**(453,465)**
Amounts subject to cash flow hedge accounting (*)	**8,663,850,000**	**650,000,000**	**-**
Net foreign currency position after cash flow hedge	**247,657,340**	**19,093,602**	**(453,465)**

(*) Please refer to Note 2.9.

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

			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)**

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.

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

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

Exchange rate sensitivity analysis table		
31 December 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	(840,935,137)	840,935,137
2- TL hedged portion (-)	866,385,000	(866,385,000)
3- TL net effect (1 + 2)	**25,449,863**	**(25,449,863)**
If the TL gains / loses 10% against the Euro	-	-
4- TL net assets / liabilities	(684,129)	684,129
5- TL hedged portion (-)	-	-
6- Net effect of TL (4 + 5)	**(684,129)**	**684,129**
Total (3 + 6)	**24,765,734**	**(24,765,734)**

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)

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

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

	31 December 2021	**31 December 2020**
Total financial liabilities	10,056,394,409	4,928,941,332
Cash and Cash Equivalents	(1,525,592,118)	(145,525,078)
Net Financial Liabilities	8,530,802,291	4,783,416,254
Equity	9,803,259,940	5,892,851,994
Net Financial Liabilities / Equity Ratio	**87.02%**	**81.17%**

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.

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

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

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

24 Cash and Cash Equivalents

	31 December 2021	31 December 2020
Cash	-	-
Cash at Banks	1,525,592,118	145,525,078
- Demand Deposits	*75,775,023*	*19,600,621*
- Time Deposits	*1,449,817,095*	*125,924,457*
	1,525,592,118	**145,525,078**

As of 31 December 2021, the interest rate of the Group's term TL denominated time deposits amounting is between 12% to 15.41% (31 December 2020: between 12% to 17.31%); US Dollars denominated time deposits amounting interest rate is between 0.10% to 1.80% (31 December 2020: between 0.15% to 1%).

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

25 Earnings per share

The calculation of basic and diluted Earnings per share for the year ended 31 December 2021; was based on the profit / (loss) attributable to ordinary shareholders of TL (120,291,640) (31 December 2020: TL (557,431,333)) and a weighted average number of ordinary shares outstanding of 703,383,978 (year ended 31 December 2020: 700,000,000), as follows:

	31 December 2021	31 December 2020
Numerator:		
Income / (Loss) for the period attributable to owners of the Company	(120,291,640)	(557,431,333)
Denominator:		
Weighted average number of shares	703,383,978	700,000,000
Basic and diluted profit /(loss) per share (full TL)	**(0.17)**	**(0.80)**

2021	Number of shares	Time weighting (days)	Weighted average
Outstanding ordinary shares as of 1 January 2021 (Par Value: TL 1)	700,000,000	117	81,900,000,000
29 April 2021: Capital Increase	5,000,000		
29 April to 31 December 2021 (Par Value: TL 1)	705,000,000	245	172,725,000,000
Weighted average for the period		**365/365**	**703,383,978**

2020	Number of shares	Time weighting (days)	Weighted average
Outstanding ordinary shares as of 1 January 2020 (Par Value: TL 1)	700,000,000		
1 January to 31 December 2020 (Par Value: TL 1)	700,000,000	365	700,000,000
Weighted average for the period		**365/365**	**700,000,000**

26 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

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

27 Independent audit fees and other fees related services received from independent audit firm

The fees related to the services received by the Group from the independent auditor/independent audit firm are presented below:

	1 January - 31 December 2021	1 January - 31 December 2020
Independent Audit Fees related to reporting period (*)	1,794,161	1,353,369
Fees related to other assurance services	14,000	12,000
	1,808,161	**1,365,369**

(*) Includes special independent audit fees related to Eurobond and Initial Public Offerings.

28 Events after the reporting period

-According to EMRA's Board decision dated 30/12/2021 on 7 January 2022; Within the scope of converting the license granted for the Uşak WPP project to a multi-source generation facility, the installation of a SPP with an installed power of 82.15 MWm was approved as an auxiliary resource.

-According to EMRA's Board decision dated 23/12/2021 on 7 January 2022; Within the scope of transforming the license granted for the Yalova WPP project into a multi-source generation facility, the installation of a SPP with an installed power of 18.8765 MWm was approved as an auxiliary resource.

-On 23 September 2021 and 09 November 2021, it has been announced that the bid submitted by Aydem Renewables, in the tender for the privatization of Akköprü HPP owned by Electricity Generation Company, has been the highest bid and that the tender decision was approved by the Competition Authority. However it has been declared to Aydem Renewables on 19 January 2022 that the tender has been cancelled by the President's Decision and this decision was notified to our Company on 24 January 2022.

- The Company, within the framework of Article 22 of the Capital Markets Law and Communiqué on Repurchased Shares of the Capital Markets Board (II-22.1) and the announcements of the Capital Markets Board dated 21 July 2016, 25 July 2016 and 23 March 2020, It is considered that the share price of the Company does not reflect the actual performance of the Company's activities, in order to protect the shareholders and to contribute to the formation of the share price in a stable and appropriate manner; 20,000,000 shares with a nominal value of TL 20,000,000 were subject to buy-back on 14 February 2022.

- On 16 February 2022, International credit rating agency which is namely Fitch Ratings announced that it has affirmed the long-term (LT IDR) rating of Aydem Renewable Energy as "B+" and revised its rating outlook from "Stable" to "Negative".