# AKSA ENERJİ ÜRETİM A.Ş.
# AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2021 AND
FOR THE YEAR THEN ENDED TOGETHER
WITH INDEPENDENT AUDITOR'S REPORT

Deloitte.

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**(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)**

## INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Aksa Enerji Üretim A.Ş.

## A) Report on the Audit of the Consolidated Financial Statements

### 1) Opinion

We have audited the consolidated financial statements of Aksa Enerji Üretim 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, consolidated statement of 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 Turkish Financial Reporting Standards ("TFRS").

### 2) Basis for Opinion

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

### 3) Key Audit Matters

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

| Key Audit Matter | How the matter was addressed in the audit |
|---|---|
| Impairment of Trade Receivables from Third Parties<br><br>Group's trade receivables from third parties amounts to TL 4,561,554,468 which comprise 22% of total assets as of 31 December 2021.<br><br>Provision for expected credit losses for trade receivables from third parties is recognized for as a result of assumptions made considering the guarantees received from customers, customer's past payment performance and credibility with maturity analysis of receivables balances and legal disputes or lawsuits regarding receivables.<br><br>There are significant estimates and assumptions used in the impairment tests of trade receivables performed by the Group management. These trade receivables from third parties are material taken the consolidated financial statements as a whole, thus the measurement of the expected credit loss of trade receivables from third parties in accordance with TFRS 9 ("Financial Instruments") is determined as a key audit matter.<br><br>The related disclosure including the accounting policies for the measurement of expected credit losses of trade receivables from third parties are included in Note 2 and Note 5. | The audit procedures applied including but not limited to the following are:<br><br>• Understanding of the process of the Group's collection of trade receivables from third parties and performing the design and implementation testing of the relevant controls,<br><br>• Review of basis and arithmetical accuracy of the model that is used for Group's expected credit losses calculation,<br><br>• Testing of the receivables used in the ageing data used in the expected credit loss calculation model by sampling method and comparing collection turnover rate with previous year,<br><br>• Inquiring about the management of any disputes or proceedings related to collections and obtaining information about the proceedings from legal counsel,<br><br>• Testing collections after reporting period by sampling method,<br><br>• Testing of trade receivable balances from third parties by sending external confirmations by sampling method,<br><br>We have evaluated the adequacy of related disclosures of trade receivables from third parties in Note 2 and Note 5 in accordance with TFRS. |

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

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

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

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

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

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the standards on auditing issued by Capital Markets Board and SIA 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 the standards on auditing issued by Capital Markets Board and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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**5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)**

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

**B) Report on Other Legal and Regulatory Requirements**

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 28 February 2022.

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), nothing has come to our attention that may cause us to believe that the Group's set of accounts and financial statements prepared for the period 1 January-31 December 2021 does not comply with the TCC and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of the TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Ali Çiçekli.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Ali Çiçekli
Partner

İstanbul, 28 February 2022

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AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021
(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)

| ASSETS | *Notes* | ***Audited/ Current period*** **31 December 2021** | ***Audited/ Prior period*** **31 December 2020** |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 6 | 524,701,915 | 314,171,908 |
| Financial investments | 7 | 592,983,082 | - |
| Trade receivables | | 5,327,703,619 | 2,705,620,407 |
| *- Trade receivables from related parties* | *4* | *766,149,151* | *311,085,412* |
| *- Trade receivables from third parties* | *5* | *4,561,554,468* | *2,394,534,995* |
| Other receivables | | 100,822,731 | 76,414,447 |
| *- Other receivables from related parties* | *4* | *58,618,465* | *42,317,908* |
| *- Other receivables from third parties* | *9* | *42,204,266* | *34,096,539* |
| Derivative instruments | 7 | 3,859,495 | 2,148,922 |
| Inventories | 10 | 225,353,094 | 138,322,794 |
| Prepaid expenses | 11 | 145,128,853 | 116,007,264 |
| Current tax assets | 27 | 990,817 | 37,623,113 |
| Other current assets | 18 | 207,556,364 | 73,474,659 |
| **Total current assets** | | **7,129,099,970** | **3,463,783,514** |
| **Non-current assets** | | | |
| Financial investments | 7 | 412,408 | 412,408 |
| Other receivables | | 12,137,069 | 6,529,795 |
| *- Other receivables from third parties* | *9* | *12,137,069* | *6,529,795* |
| Property, plant and equipment | 12 | 13,037,533,258 | 5,655,050,521 |
| Right-of-use assets | 14 | 64,593,990 | 73,524,027 |
| Intangible assets | | 222,087,752 | 115,884,555 |
| *- Other intangible assets* | *13* | *222,087,752* | *115,884,555* |
| Prepaid expenses | 11 | 153,147,175 | 2,289,464 |
| Deferred tax asset | 27 | 30,526,428 | 185,220,021 |
| **Total non-current assets** | | **13,520,438,080** | **6,038,910,791** |
| **TOTAL ASSETS** | | **20,649,538,050** | **9,502,694,305** |

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

(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)

| LIABILITIES | *Notes* | ***Audited/ Current period*** **31 December 2021** | ***Audited/ Prior period*** **31 December 2020** |
|---|---|---|---|
| **Current liabilities** | | | |
| Short-term borrowings | 8 | 1,923,308,435 | 728,277,260 |
| Short-term portion of long-term borrowings | 8 | 1,225,736,522 | 1,292,953,512 |
| Payables from short-term lease transactions | 8 | 7,580,536 | 830,908 |
| *- Lease transactions from related parties* | | *117,597* | - |
| *- Lease transactions from third parties* | | *7,462,939* | *830,908* |
| Short-term portions of long-term lease transactions | | 2,797,965 | 3,396,047 |
| Other financial liabilities | | - | 11,181,406 |
| Trade payables | | 2,019,865,531 | 779,913,222 |
| *- Trade payables to related parties* | *4* | *89,599,642* | *35,657,639* |
| *- Trade payables to third parties* | *5* | *1,930,265,889* | *744,255,583* |
| Payables related to employee benefits | 17 | 18,189,037 | 8,597,007 |
| Other payables | | 351,950,634 | 197,359,546 |
| *- Other payables to third parties* | *9* | *351,950,634* | *197,359,546* |
| Derivative instruments | 7 | 83,074,399 | 60,716,151 |
| Current tax liabilities | 27 | 626,692,702 | 183,176,286 |
| Short-term provisions | | 11,369,329 | 23,855,979 |
| *- Short-term provisions for employee benefits* | *17* | *2,401,040* | *980,104* |
| *- Other short-term provisions* | *15* | *8,968,289* | *22,875,875* |
| Other current liabilities | 18 | 1,305,233 | 7,406,200 |
| **Total current liabilities** | | **6,271,870,323** | **3,297,663,524** |
| **Non-current liabilities** | | | |
| Long-term borrowings | 8 | 2,435,863,452 | 834,709,520 |
| Long-term finance lease liabilities | | 67,437,608 | 74,975,209 |
| Other payables | | 417,527,881 | 72,221,252 |
| *- Other payables to third parties* | *9* | *417,527,881* | *72,221,252* |
| Long-term provisions | | 9,588,781 | 9,346,433 |
| *- Long-term provisions for employee benefits* | *17* | *9,588,781* | *9,346,433* |
| Deferred tax liabilities | 27 | 863,041,791 | 588,434,184 |
| **Total non-current liabilities** | | **3,793,459,513** | **1,579,686,598** |
| **TOTAL LIABILITIES** | | **10,065,329,836** | **4,877,350,122** |

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

(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)

| EQUITY | *Notes* | ***Audited/ Current period*** **31 December 2021** | ***Audited/ Prior period*** **31 December 2020** |
|---|---|---|---|
| **Total equity attributable to equity holders of the parent** | | | |
| Paid-in capital | 19 | 1,226,338,236 | 613,169,118 |
| Share premiums | 19 | 10,726,734 | 247,403,635 |
| Accumulated other comprehensive income not to be reclassified in profit or loss | 19 | 3,740,067,960 | 2,196,268,403 |
| *- Gain on revaluation of property, plant and equipment* | | *3,740,064,349* | *2,196,123,264* |
| *- Gain on remeasurements of the defined benefit plans* | 19 | *3,611* | *145,139* |
| Accumulated other comprehensive income that will be reclassified in profit or loss | 19 | 1,979,389,432 | 493,973,142 |
| *- Foreign currency translation differences* | | *2,514,679,438* | *520,339,505* |
| *-Gain / (loss) of hedging reserve* | | *(535,290,006)* | *(26,366,363)* |
| Restricted reserves appropriated from profit | 19 | 82,931,556 | 68,742,954 |
| Prior years' profit | 19 | 932,614,285 | 129,592,233 |
| Net profit for the period | | 1,679,749,785 | 470,035,971 |
| **Total equity attributable to equity holders of the parent** | | **9,651,817,988** | **4,219,185,456** |
| Non-controlling interests | 19 | 932,390,226 | 406,158,727 |
| **Total equity** | | **10,584,208,214** | **4,625,344,183** |
| **TOTAL LIABILITIES AND EQUITY** | | **20,649,538,050** | **9,502,694,305** |

(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)

| Profit or loss: | *Notes* | *Audited/ current period* 1 January - 31 December 2021 | *Audited/ prior period* 1 January - 31 December 2020 |
|---|---|---|---|
| Revenue | 20 | 13,887,496,594 | 7,230,546,535 |
| Cost of sales (-) | 20 | (11,808,767,055) | (6,032,956,098) |
| **Gross profit** | | **2,078,729,539** | **1,197,590,437** |
| General administrative expenses (-) | 21 | (164,552,824) | (117,412,617) |
| Sales, marketing and distribution expenses (-) | 21 | (8,543,603) | (9,622,641) |
| Other operating income | 22 | 226,348,967 | 14,082,509 |
| Other operating expenses (-) | 22 | (72,848,950) | (42,165,376) |
| **Operating profit** | | **2,059,133,129** | **1,042,472,312** |
| Impairment in accordance with TFRS 9 | | (17,690,953) | (10,604,865) |
| Gain from investing activities | 23 | 1,984,207 | 156,404 |
| **Operating profit before finance expense** | | **2,043,426,383** | **1,032,023,851** |
| Finance income | 25 | 987,059,390 | 356,862,103 |
| Finance expenses (-) | 26 | (630,159,142) | (682,056,938) |
| **Net financial expenses** | | **356,900,248** | **(325,194,835)** |
| **Profit before tax** | | **2,400,326,631** | **706,829,016** |
| **Tax expense** | | **(565,239,976)** | **(148,824,227)** |
| - Current tax expense | 27 | (746,816,270) | (180,742,077) |
| - Deferred tax income | 27 | 181,576,294 | 31,917,850 |
| **Profit for the period** | | **1,835,086,655** | **558,004,789** |
| **Profit for the period attributable to:** | | | |
| - Non-controlling interests | 19 | 155,336,870 | 87,968,818 |
| - Owners of the Company | 28 | 1,679,749,785 | 470,035,971 |
| **Total** | | **1,835,086,655** | **558,004,789** |
| **Earnings per share** | | | |
| - Earnings per share (TL) | 28 | 1.370 | 0.383 |

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021
(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)

| **Other comprehensive income:** | ***Notes*** | ***Audited/ Current period*** **1 January - 31 December 2021** | ***Audited/ Prior period*** **1 January - 31 December 2020** |
|---|---|---|---|
| **Profit for the period** | | **1,835,086,655** | **558,004,789** |
| **Items that will not be reclassified to profit or loss** | | **2,813,088,648** | **(750,104)** |
| Increase on revaluation of property, plant and equipment | 12 | 2,813,265,558 | - |
| Loss on remeasurements of defined benefit plans | 17 | (176,910) | (750,104) |
| **Tax related to other comprehensive income not to be reclassified to profit or loss** | | **(545,622,191)** | **101,767** |
| - Deferred tax income/(expense) | 27 | (545,622,191) | 101,767 |
| **Items that will be reclassified subsequently to profit or loss** | | **1,834,889,485** | **248,440,242** |
| Foreign currency translation differences | | 2,365,234,562 | 261,770,322 |
| Loss on cash flow hedging | | (530,345,077) | (13,330,080) |
| **Tax related to other comprehensive income to be reclassified subsequently to profit or loss** | | **21,421,434** | **586,524** |
| *- Deferred tax income* | *27* | 21,421,434 | 586,524 |
| **Other comprehensive income** | | **4,123,777,376** | **248,378,429** |
| **Total comprehensive income** | | **5,958,864,031** | **806,383,218** |
| **Total comprehensive income attributable to** | | | |
| Non-controlling interests | | 526,231,499 | 77,642,876 |
| Equity holders of the parent | | 5,432,632,532 | 728,740,342 |
| **Total** | | **5,958,864,031** | **806,383,218** |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

| | | | **Accumulated other comprehensive income and expenses not to be reclassified in profit or loss** | | **Accumulated other comprehensive income and expenses that will be reclassified in profit or loss** | | **Retained earnings** | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Paid-in capital** | **Share premium** | **Gain/(loss) on remeasurements of defined benefit plans** | **Gains on revaluation of property, plant and equipment** | **Gain/(loss) of hedging reserve** | **Foreign currency translation differences** | **Restricted reserves appropriated from profit** | **Prior years' profit/(loss)** | **Net profit for the period** | **Attributable to equity holders of the parent** | **Non-controlling interests** | **Total equity** |
| **Balance as of 1 January 2020** | **613,169,118** | **247,403,635** | **793,476** | **2,262,917,793** | **(13,622,807)** | **248,243,241** | **64,980,588** | **(262,622,830)** | **329,182,900** | **3,490,445,114** | **328,515,851** | **3,818,960,965** |
| - Total comprehensive income | - | - | (648,337) | - | (12,743,556) | 272,096,264 | - | - | 470,035,971 | **728,740,342** | 77,642,876 | **806,383,218** |
| -Transfers | - | - | - | (66,794,529) | - | - | 3,762,366 | 392,215,063 | (329,182,900) | - | - | - |
| **Balance as of 31 December 2020** | **613,169,118** | **247,403,635** | **145,139** | **2,196,123,264** | **(26,366,363)** | **520,339,505** | **68,742,954** | **129,592,233** | **470,035,971** | **4,219,185,456** | **406,158,727** | **4,625,344,183** |
| **Balance as of 1 January 2021** | **613,169,118** | **247,403,635** | **145,139** | **2,196,123,264** | **(26,366,363)** | **520,339,505** | **68,742,954** | **129,592,233** | **470,035,971** | **4,219,185,456** | **406,158,727** | **4,625,344,183** |
| - Total comprehensive income | - | - | (141,528) | 2,267,607,985 | (508,923,643) | 1,994,339,933 | - | - | 1,679,749,785 | **5,432,632,532** | 526,231,499 | **5,958,864,031** |
| - Capital increase | 613,169,118 | (236,676,901) | - | - | - | - | - | (376,492,217) | - | - | - | - |
| -Transfers | - | - | - | (723,666,900) | - | - | 14,188,602 | 1,179,514,269 | (470,035,971) | - | - | - |
| **Balance as of 31 December 2021** | **1,226,338,236** | **10,726,734** | **3,611** | **3,740,064,349** | **(535,290,006)** | **2,514,679,438** | **82,931,556** | **932,614,285** | **1,679,749,785** | **9,651,817,988** | **932,390,226** | **10,584,208,214** |

(*) It has been registered that the Company's capital was increased by 100% by using internal resources to TL 1,226,338,236 within the registered capital ceiling of TL 4,750,000,000 and the amendment of article 6 of the articles of association regarding capital by the Istanbul Trade Registry on 5 October 2021.

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

| | Notes | *Audited* 1 January - 31 December 2021 | *Audited* 1 January - 31 December 2020 |
|---|---|---|---|
| **A. Cash flows from operating activities** | | **1,510,513,229** | **1,226,647,112** |
| Profit for the period | | 1,835,086,655 | 558,004,789 |
| **Adjustments to reconcile net profit to net cash** | | **1,323,518,205** | **1,012,568,988** |
| Adjustments related to depreciation and amortization expenses | 24 | 567,944,040 | 465,598,364 |
| Adjustments related to provision for employee benefits | | 2,906,983 | 4,595,006 |
| Adjustments related to interest expenses | 26 | 526,495,522 | 450,940,677 |
| Adjustments related to interest income | 25 | (218,989,302) | (142,028,021) |
| Adjustments related to expected provision losses | 5,30 | 17,690,953 | 11,604,952 |
| Adjustments related to provisions for legal cases | 15 | 2,031,498 | 18,516,903 |
| Adjustments related to impairment in inventories | | (99,625) | (861,907) |
| Adjustments related to tax income/(expense) | 27 | 565,239,976 | 148,824,227 |
| Adjustments related to derivative transactions expense / (income) | 25,26 | 31,951,757 | 15,982,363 |
| Adjustments related to loss/(gain) on disposal of property, plant and equipment | 23 | (1,878,202) | (80,805) |
| Adjustments related to unrealized currency translation differences | | (169,775,395) | 39,477,229 |
| **Adjustments related to other increase in working capital** | | **(1,510,580,846)** | **(308,043,847)** |
| Increase/(decrease) in inventories | | (86,930,675) | 189,417,785 |
| Decrease/(increase) in trade receivables from third parties | | (2,210,993,706) | (684,236,187) |
| Decrease/(increase) in trade receivables from related parties | | (455,063,739) | (101,884,806) |
| Decrease/(increase) in other operating receivables from related parties | | (16,300,557) | (38,542,009) |
| Decrease/(increase) in other operating receivables from third parties | | (13,715,001) | 106,289,467 |
| Increase/(decrease) in trade payables to third parties | | 1,186,010,306 | 161,884,570 |
| Decrease/(increase) in other operating payables to third parties | | 499,897,717 | 64,719,631 |
| Increase/(decrease) in trade payables to related parties | | 53,942,003 | 18,480,513 |
| Increase/(decrease) in other operating payables to related parties | | - | (272,784) |
| Increase/(decrease) in other liabilities related to operations | | (287,447,898) | 19,552,167 |
| Decrease/(increase) in prepaid expenses | | (179,979,296) | (43,452,194) |
| **Cash used in operations** | | **(137,510,785)** | **(35,882,818)** |
| Taxes paid | 27 | (121,114,385) | (35,188,904) |
| Employee benefits paid | 17 | (457,316) | (693,914) |
| Payments for legal cases | 15 | (15,939,084) | - |
| **B. Cash flows used in investing activities** | | **(2,747,095,115)** | **(235,838,342)** |
| Proceeds from sale of property, plant and equipment and intangible assets | | 2,127,879 | 19,227,997 |
| Cash outflow from purchases of property, plant and equipment | 12 | (2,715,880,635) | (254,327,249) |
| Cash outflow from purchases of intangible assets | 12 | (33,342,359) | (739,090) |
| **C. Cash flows generatad (used) in financing activities** | | **1,447,332,274** | **(795,668,105)** |
| Cash inflows from borrowings | 32 | 5,151,436,462 | 2,875,827,846 |
| Cash outflows from borrowings | 32 | (2,802,385,561) | (3,326,659,661) |
| Cash outflows related to debt payments arising from Lease Agreements | 32 | (6,491,609) | (11,480,377) |
| Interest paid | | (521,233,238) | (475,383,934) |
| Interest received | 25 | 218,989,302 | 142,028,021 |
| Other disposals | 7 | (592,983,082) | - |
| **Net increase/(decrease) in cash and cash equivalents before foreign currency translation differences (A+B+C)** | | **210,750,388** | **195,140,665** |
| **D. Cash and cash equivalents at the beginning of the year** | | **316,771,798** | **121,631,133** |
| **Cash and cash equivalents at the end of the year (A+B+C+D)** | | **527,522,186** | **316,771,798** |

On 31 December 2021, the Group calculated expected credit loss amounting to TL 2,821,591 on cash and cash equivalents within the scope of TFRS 9 (31 December 2020: TL 2,601,210).

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 1 Organization and operations of the Group

Aksa Enerji Üretim A.Ş. ("Aksa Enerji" or "the Company") was established on 12 March 1997 to engage in constructing, lending and operating of electricity power plant, production and sale of electricity and/or energy production capacity to the customers.

The Company has been registered in Istanbul Trade Registry Office and the shares of the Company have been traded in the Borsa İstanbul A.Ş. ("BIST") on 21 May 2010 under the name "AKSEN". As of 31 December 2021, the Company's share in actual circulation is 20.58% (31 December 2020: 20.58%).

The main shareholder of the Company is Kazancı Holding A.Ş. ("Kazancı Holding"). The Company's registered office address is Rüzgarlıbahçe Mahallesi, Özalp Çıkmazı, No:10, Kavacık-Beykoz, Istanbul / Turkey.

Aksa Enerji and its subsidiaries are collectively referred to as "the Group" in this report. As of 31 December 2021 and 31 December 2020, the details of the subsidiaries included in the consolidation are as follows:

| Name of Subsidiary and Foreign Branch | Principal activity | Place of operation | Effective share ratio of the Group (%) 31 December 2021 | Effective share ratio of the Group (%) 31 December 2020 |
|---|---|---|---|---|
| Aksa Aksen Enerji Ticareti A.Ş. ("Aksa Aksen Enerji") | Electricity trade | Turkey | 100.00 | 100.00 |
| Aksa Energy Company Ghana Limited ("Aksa Enerji Gana") | Electricity production | Ghana | 75.00 | 75.00 |
| Aksa Enerji Üretim A.Ş.-Y.Ş. ("Aksa Enerji – Y.Ş.") | Electricity production | TRNC | 100.00 | 100.00 |
| Aksa Ghana B.V. | Holding company | Netherlands | 100.00 | 100.00 |
| Aksa Uzbekistan Investment B.V. (*) | Holding company | Netherlands | 100.00 | 100.00 |
| Aksa Uzbekistan Bukhara B.V. | Holding company | Netherlands | 100.00 | - |
| Aksa Global Investment B.V. ("Aksa Global B.V.") | Holding company | Netherlands | 100.00 | 100.00 |
| Aksa Göynük Enerji Üretim A.Ş. ("Aksa Göynük Enerji") | Electricity production | Turkey | 99.99 | 99.99 |
| Aksa Madagascar B.V. | Holding company | Netherlands | 100.00 | 100.00 |
| Aksa Madagascar SAU | Electricity production | Madagascar | 100.00 | 100.00 |
| Aksa Mali S.A. | Electricity production | Mali | 100.00 | 100.00 |
| Aksaf Power Ltd. ("Aksaf Power") | Electricity production | Mauritius | 100.00 | 100.00 |
| İdil İki Enerji Sanayi ve Ticaret A.Ş. ("İdil İki Enerji") | Electricity production | Turkey | 99.99 | 99.99 |
| Overseas Power Ltd. ("Overseas Power") | Supply trade | Mauritius | 100.00 | 100.00 |
| Rasa Enerji Üretim A.Ş. ("Rasa Enerji") | Electricity production | Turkey | 99.99 | 99.99 |
| Aksa Energy Company Congo ("Aksa Enerji Kongo) (**) | Electricity production | Congo | 100.00 | 100.00 |
| Aksa Energy Cameroon ("Aksa Enerji Kamerun") (**) | Electricity production | Cameroon | 75.00 | 75.00 |
| Aksa Energy Tashkent FE LLC("Aksa Enerji Tashkent") (**) | Electricity production | Uzbekistan | 100.00 | 100.00 |
| Aksa Energy Bukhara FE LLC ("Aksa Bukhara") (**) | Electricity production | Uzbekistan | 100.00 | - |

(*) Aksa Indonesia BV company changed its title in 2020 and continues its activities as Aksa Uzbekistan Investment BV.
(**) The relevant companies are in the investment period; as of 31 December 2021, electricity generation has not started.

As of 31 December 2021, the number of employees of the Group is 1,030 (31 Decemeber 2020: 841).

**Aksa Aksen Enerji:**

Aksa Aksen Enerji was founded on 8 July 2015 as a 100.00% subsidiary of Aksa Energy for the purpose of engage in electrical energy trading activities.

## 1 Organization and operations of the Group *(continued)*

**Aksa Energy Ghana:**

Aksa Energy Ghana was founded on 15 July 2015 by the Aksa Enerji in accordance with the electricity production and sale agreement signed with the Government of Ghana Republic. As of the reporting date, unit of power plant with a capacity 192.5 MW of the fuel oil power plant with a total 370 MW capacity was temporarily approved and it started its operations on 10 April 2017. The installed power of the power plant has increased from 192.5 MW to 35 MW with a reserve capacity of total 280 MW as of 1 August 2017. As of 19 November 2018, the installed capacity of Ghana Fuel Oil Power Plant has increased from 280 MW to 370 MW and thus the guaranteed capacity has been increased from 223.5 MW to 332 MW. Aksa Energy Ghana, sells all of the electricity generated during the agreement to the Ghana Electricity Authority (ECG) on a tariff basis determined in terms of US Dollars ("USD").

**Aksa Enerji – Cyprus ("Aksa Enerji Y.Ş.")**

On 10 June 2009, Aksa Enerji- Y.Ş. made an electricity sale agreement with Electricity Distribution Company of Turkish Northern Cyprus ("KIB-TEK") by providing service through lending the power plant constituting of diesel generator groups established in Kalecik-TRNC. The contract period is 15+3 years and extended until 2027 on 1 April 2009. Kıbrıs Türk Elektrik Kurumu commits to purchase all of the electricity produced during the contract period on a tariff basis determined in terms of US Dollars.

The installed power of the Cyprus Kalecik Power Plant has increased to 153 MW with the transfer of two units from the power plants with diesel engines having the same characteristics as the fuel oil power plant in Famagusta, whose license has been revoked in Turkey, to the Cyprus Kalecik Power Plant.

**Aksa Energy Company Cameroon Plc**

Aksa Energy Company Cameroon Plc was established in 2019 as the holding company of Aksa Energy Cameroon.

**Aksa Uzbekistan Investment B.V.:**

Aksa Indonesia B.V. has changed its trade name as Aksa Uzbekistan Investment B.V. Aksa Uzbekistan Investment B.V. is the partner of Aksa Energy Tashkent LLC Company.

**Aksa Ghana B.V.:**

On 24 November 2016, Aksa Ghana B.V. was established in Holland as a holding Company of Aksa Energy Ghana.

**Aksa Global B.V.:**

On 24 November 2016, Aksa Global was established in Holland to coordinate the foreign investments as a holding Company. Aksa Ghana B.V., Aksa Madagascar B.V., Aksa Uzbekistan Investment B.V. and Aksa Energy Company Cameroon Plc are affiliated companies of Aksa Global B.V.

**Aksa Göynük Enerji:**

Aksa Göynük Enerji has a royalty agreement with General Directorate of Turkish Coal for the use of coal in Bolu-Göynük reservoir and Aksa Enerji has a licence for the utilisation of this coal in its power plant with 270 MW capacity.

On 28 October 2011, Aksa Enerji acquired 99.99% of all shares of Aksa Göynük Enerji from Kazancı Holding, the ultimate parent company. The main operations of Aksa Göynük Enerji are constructing, lending and operating of electricity power plant, production and sale of electricity and all kind of exploration and production of natural gas and petroleum resources and mining. First unit of the power plant with 135 MW has started its operations as of 15 July 2015 and second unit of the power plant with 135 MW has started its operations as of 29 January 2016.

**Aksa Madagascar B.V:**

On 19 October 2016, Aksa Madagascar B.V. was established as a holding company of Aksaf Power.

## 1 Organization and operations of the Group *(continued)*

**Aksa Mali S.A.:**

On 6 February 2017, Aksa Mali SA was established for operating and maintenance coordination of Mali plant. With the guaranteed purchase agreement, the first engines of the fuel oil power plant, which sells electricity to the country on a tariff in Euros, were commissioned on 4 August 2017, and the power plant started its commercial activities with an installed power of 10 MW. The remaining 30 MW part of the power plant with a total installed power of 40 MW was put into operation on 28 September 2017. On 28 September 2017, the remaining 30 MW portion of 40 MW installed powered plant in total has been put in use. As of 27 January 2021, in accordance with the agreement signed between EDM anad Aksa Enerji Üretim A.Ş, and its 100% subsidiary Aksa Mali SA, on top of existing power plant, Aksa Enerji Üretim A.Ş. will initiate a power plant with an installed capacity of 20 MW as of November 2021. Thus, the installed power of the Financial Power Plant increased from 40 MW to 60 MW. The guaranteed capacity cost increased from 30 MW to 50 MW. The generation equivalent to 50 MW of installed power will be purchased by EDM for 3 years, in exchange for a guaranteed capacity fee in Euros.

**Aksaf Power:**

Aksa Enerji established Aksaf Power with participation by Aksa Enerji and a local partner with an ownership interest of 58.35% and 41.65%, respectively, in Mauritius for the purpose of constructing a Heavy Fuel Oil ("HFO") power plant with a capacity of 120 MW in Republic of Madagascar and guarantee sale of the electricity produced for 20 years. Aksaf Power started the construction of power plant upon receipt of the advances and guarantees in accordance with the agreement with Jiro Sy Rano Malagasy ("Jirama"), a public company in Republic of Madagascar providing water and electricity services in this country. On 22 October 2019, Aksa Energy acquired the entire company by purchasing 41.65% of the shares belonging to the local partner.

The first engines of the power plant with an installed power of 25 MW, whose construction started in the last quarter of 2016, were put in use on 10 July 2017, earlier than the planned period and on 4 August 2017, installed power of power plant has increased to 50 MW. In the guaranteed electricity sales agreement, the tariff was determined in USD, and the field, fuel supply, all licenses and permissions related to the project were provided by Jirama.

**İdil İki Enerji:**

İdil İki Enerji, which was purchased from Bilkent Group by Koni İnşaat A.Ş, a related party in 2001, has the İdil fuel oil power plant with a capacity of 24 MW, located in Şırnak The power plant was established in 2001 and started electricity generation in the same year. On 5 June 2010, 99.99% of its shares were taken over by Aksa Energy from Koni İnşaat A.Ş. The license was canceled by the Company on 7 February 2017.

**Rasa Enerji:**

Rasa Enerji was established in 2000 for production and distribution of electricity and its 99.99% shares have been acquired by Aksa Enerji on 5 June 2010 from one of the related parties of Koni İnşaat. Şanlıurfa Natural Gas Power Plant started to generate electricity in August 2011 with an installed capacity of 129 MW and the investment to transform the plant into a combined cycle engine driven technology was completed on 8 October 2012. As of 18 November 2015, the installed capacity of Şanlıurfa Natural Gas Power Plant is increased to 147 MW with an increase of 18 MW.

**Aksa Enerji Kongo:**

It was established in 2019 to develop projects in the Republic of Congo.

**Aksa Enerji Kamerun:**

It was established in 2019 to develop projects in Cameroon.

**Overseas Power:**

Overseas Power was established on 18 November 2016 in Mauritius in order to carry out the procurement of raw materials and goods mainly related to the activities of Aksaf Power.

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 1 Organization and operations of the Group *(continued)*

**Aksa Energy Tashkent :**

Aksa Energy has established a company named Aksa Energy Tashkent LLC located in Uzbekistan which is 100% owned by Aksa Energy, in order to establish two natural gas combined cycle power plant with an installed capacity of 470 MW (Tashkent A: 240 MW, Tashkent B: 230 MW), respectively 240 and 230 in Uzbekistan and and sale of the energy generated in plant based on a guaranteed capacity payment for a duration of 25 years. As of 14 January 2022, commercial production started gradually at the Tashkent A power plant with an installed power of 240 MW.

**Aksa Energy Bukhara :**

Aksa Energy has established a company named Aksa Energy Bukhara FE LLC located in Uzbekistan which is 100% owned by Aksa Energy, in order to establish a natural gas combined cycle power plant with an installed capacity of 270 MW in Uzbekistan and sale of the energy generated in the plant based on a guaranteed capacity payment for a duration of 25 years. As of 14 January 2022, commercial production started gradually at the Bukhara power plant with an installed power of 270 MW.

As of 31 December 2021, **electricity production licenses** held by the Group are as follows:

| Licence Owner | Region/country | Type of facility | Date of licence | Licence Duration | The installed capacity (MWh) |
|---|---|---|---|---|---|
| Aksa Enerji | KKTC | Fuel oil | 1 April 2009 | 15+3 years | 153 |
| Aksa Enerji | Antalya | Natural gas | 13 November 2007 | 30 years | 900 |
| Aksa Göynük Enerji | Bolu | Thermal | 25 June 2008 | 30 years | 270 |
| Aksa Enerji Gana | Ghana | Fuel Oil | 1 November 2017 | 6,5 years | 370 |
| Aksa Mali S.A | Mali | Fuel Oil | 28 September 2017 | 3+3 years | 60 |
| Aksaf Power | Madagascar | Fuel Oil | 5 September 2017 | 20 years | 66 |
| Rasa Enerji | Şanlıurfa | Natural gas | 12 May 2011 | 49 years | 147 |
| Aksa Energy Bukhara | Bukhara | Natural gas | 20 January 2021 | 25 years | 270 |
| Aksa Energy Tashkent | Tashkent | Natural gas | 24 October 2020 | 25 years | 470 |
| **Total** | | | | | **2.706** |

| Licence Owner | Region | Name of Facility | Type of facility | Date of Licence | Licence Duration | Type of licence | The capacity of the plant (MWe) |
|---|---|---|---|---|---|---|---|
| Societe Jiro Sy Rano Malagasy (Jirama) | Madagaskar | CTA-2 | Fuel oil | 8 January 2019 | 5 years | Maintenance& Operating | 24 |

## 2 Basis of preparation of the financial statements

### 2.1 Basis of Preparation

#### a) Preparation of Financial Statements

Statement of Compliance to TFRS

The accompanying financial statements have been prepared in accordance with the provisions of the Capital Markets Board (“CMB”) “Communiqué on Principles Regarding Financial Reporting in the Capital Market” No:14.1 published in the Official Gazette No: 28676 of 13 June 2013 and pursuant to Article 5 of the Communiqué, the financial statements are based on Turkish Financial Reporting Standards (“TFRS”) and exhibits and interpretations associated which were enacted by the Public Oversight Accounting and Auditing Standards Authority (“POA”).

In addition, the financial statements are presented in accordance with the formats determined in the "Announcement on TFRS Taxonomy" published by the POA on 15 April 2019 and the Financial Statement Examples and User Guide published by the CMB.

The financial statements have been prepared on the historical cost basis except for lands, building, machinery and derivative financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The consolidated financial statements of the Group as of 31 December 2021 were approved by the Company's Board of Directors on 28 February 2022. The Company's General Assembly and the relevant regulatory bodies have the right to request the change of the consolidated financial statements after the publication.

#### b) Adjustment of Financial Statements in Hyperinflationary Periods

In accordance with the decision numbered 11/367 and dated 17 March 2005 issued by CMB, for companies that operate in Turkey and prepare their financial statements applying Turkish Financial Reporting Standards, it is decided not to apply inflation accounting from 1 January 2005. Accordingly, as of 1 January 2005, No:29 “Financial reporting in Hyperinflationary Economies” (“TAS 29”) was not applied.

As per the announcement published by the Public Oversight, Accounting and Auditing Standards Authority (“POA”) on 20 January 2022, since the cumulative change in the general purchasing power of the last three years has been 74.41% according to the Consumer Price Index (“CPI”) rates, it has been stated that entities applying the Turkish Financial Reporting Standards (“TFRS”) are not required to make any restatements in their financial statements for 2021 within the scope of TAS 29 “Financial Reporting in High Inflation Economies”. In the accompanying financial statements, no inflation adjustment has been made in accordance with TAS 29.

#### c) Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis adjusted for the effects of inflation that lasted by 31 December 2004, except for the following:

- derivative financial instruments,
- financial investments,
- land, land improvements, buildings and plant, machinery and equipment in property, plant and equipment are measured at fair value.

## 2 Basis of preparation of the financial statements *(continued)*

### 2.1 Basis of Preparation (continued)

### d) Functional and presentation currency

The financial statements of each business of the Group are presented in the currency of the main economic environment in which they operate (the functional currency). The financial position and operating results of each business are expressed in TL, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

The functional currencies of the Group companies are summarized in the table below.

| Company | Functional currency |
|---|---|
| Aksa Enerji – Y.Ş. | USD |
| Rasa Enerji | TL |
| İdil İki Enerji | TL |
| Aksa Göynük Enerji | TL |
| Aksa Aksen Enerji | TL |
| Aksa Enerji Ghana | USD |
| Aksa Ghana B.V. | USD |
| Aksa Global B.V. | USD |
| Aksa Uzbekistan Investment B.V. | USD |
| Aksa Uzbekistan Buhara B.V. | USD |
| Aksa Madagascar B.V. | USD |
| Aksa Mali S.A. | EUR |
| Aksaf Power | USD |
| Overseas Power | USD |
| Aksa Bukhara | USD |
| Aksa Enerji Tashkent | USD |
| Aksa Enerji Congo | USD |
| Aksa Madagascar SAU | USD |
| Aksa Enerji Cameroon | USD |

Functional currencies are used to a significant extent in, or have a significant impact on the operations of the related Group entities and reflect the economic substance of the underlying events and circumstances relevant to these entities. All currencies other than the currencies selected for measuring items in the consolidated financial statements are treated as foreign currencies. Accordingly, transactions and balances not already measured in the functional currencies have been re-measured to the related functional currencies.

## 2 Basis of preparation of the financial statements *(continued)*

### 2.1. Basis of Preparation *(continued)*

### e) Basis of consolidation

#### *(i) Business combinations*

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from involvement with the entity and has the ability to affect those returns through it power over the entity. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

#### *(ii) Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls a business when exposure, or rights, to variable returns due to its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

The Group measures any non-controlling interests in the acquiree at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

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. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 2 Basis of preparation of the financial statements *(continued)*

### 2.1. Basis of Preparation *(continued)*

**e) Basis of consolidation** (continued)

***(iii) Loss of control***

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any NCI and other components of equity related to the subsidiary. Any resulting gain or loss arising on the loss of control is recognized in profit or loss. Any interest retained in the former subsidiary, then such interest is measured at fair value at the date when control is lost.

***(iv) Transactions eliminated on consolidation***

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment. Carrying value of shares owned by the Group and dividends arising from these shares has been eliminated in equity and profit or loss accounts.

**f) Foreign currency**

***Foreign currency transactions***

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising hedge instruments recognized in other comprehensive income.

The EUR/TL, USD/TL, GHS/USD and TL/USD as of the end of the reporting periods are as follows:

| | 31 December 2021 | 31 December 2020 |
|---|---:|---:|
| EUR / TL | 15.0867 | 9.0079 |
| USD / TL | 13.3290 | 7.3405 |
| GHS / USD | 5.9931 | 0.1745 |
| TL / USD | 0.0750 | 0.1362 |

## 2 Basis of preparation of the financial statements *(continued)*

### 2.1 Basis of Preparation *(continued)*

**f) Foreign currency** (continued)

***Foreign operations***

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to TL at exchange rates at the reporting date. The income and expenses of foreign operations are translated to TL at average exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation difference in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportion of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operations is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income, and presented within equity in the foreign currency translation difference.

### 2.2 Standards issued but not yet effective and not early adopted

a) <u>Amendments that are mandatorily effective from 2021</u>

**Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 *Interest Rate Benchmark Reform - Phase 2***

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 are all effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

The Group assessed that the adoption of this amendment does not have any material effect on the Group's consolidated financial statements.

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 2 Basis of preparation of the financial statements *(continued)*

### 2.2 Standards issued but not yet effective and not early adopted *(continued)*

b) New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

| | |
|---|---|
| TFRS 17 | *Insurance Contracts* |
| Amendments to TAS 1 | *Classification of Liabilities as Current or Non-Current* |
| Amendments to TFRS 3 | *Reference to the Conceptual Framework* |
| Amendments to TAS 16 | *Property, Plant and Equipment – Proceeds before Intended Use* |
| Amendments to TAS 37 | *Onerous Contracts – Cost of Fulfilling a Contract* |
| Annual Improvements to TFRS Standards 2018-2020 | *Amendments to TFRS 1, TFRS 9 and TAS 41* |
| Amendments to TFRS 4 | *Extension of the Temporary Exemption from Applying TFRS 9* |
| Amendments to TFRS 16 | *COVID-19 Related Rent Concessions beyond 30 June 2021* |
| Amendments to TAS 1 | *Disclosure of Accounting Policies* |
| Amendments to TAS 8 | *Definition of Accounting Estimates* |
| Amendments to TAS 12 | *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* |

**TFRS 17 *Insurance Contracts***

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 Insurance Contracts as of 1 January 2023.

**Amendments to TAS 1 *Classification of Liabilities as Current or Non-Current***

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

**Amendments to TFRS 3 *Reference to the Conceptual Framework***

The amendments update an outdated reference to the Conceptual Framework in TFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

## 2 Basis of preparation of the financial statements *(continued)*

### 2.2 Standards issued but not yet effective and not early adopted *(continued)*

b) New and revised TFRSs in issue but not yet effective *(continued)*

**Amendments to TAS 16 *Property, plant and equipment - Proceeds before Intended Use***

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

**Amendments to TAS 37 *Onerous Contracts – Cost of Fulfilling a Contract***

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The amendments published today are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

**Annual Improvements to TFRS Standards 2018-2020 Cycle**

Amendments to TFRS 1 *First time adoption of Turkish Financial Reporting Standards*

The amendment permits a subsidiary that applies paragraph D16(a) of TFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to TFRSs.

Amendments to TFRS 9 *Financial Instruments*

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Amendments to TAS 41 *Agriculture*

The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in TFRS 13.

The amendments to TFRS 1, TFRS 9, and TAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

**Amendments to TFRS 4 *Extension of the Temporary Exemption from Applying TFRS 9***

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 Insurance Contracts from applying TFRS 9 Financial Instruments, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023.

## 2 Basis of preparation of the financial statements *(continued)*

### 2.2 Standards issued but not yet effective and not early adopted *(continued)*

b) New and revised TFRSs in issue but not yet effective *(continued)*

**Amendments to TFRS 16 *COVID-19 Related Rent Concessions beyond 30 June 2021***

Public Oversight Accounting and Auditing Standards Authority ("POA") has published *COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendment to TFRS 16)* that extends, by one year, the June 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. Since lessors continue to grant COVID-19 related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the POA decided to extend the time period over which the practical expedient is available for use.

The new amendment is effective for lessees for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted.

**Amendments to TAS 1 *Disclosure of Accounting Policies***

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

**Amendments to TAS 8 *Definition of Accounting Estimates***

With this amendment, the definition of "a change in accounting estimates" has been replaced with the definition of "an accounting estimate", sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

**Amendments to TAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

## 2 Basis of preparation of the financial statements *(continued)*

## 2.3 Summary of significant accounting policies

The accounting policies applied in the consolidated financial statements of the Group are the same as the accounting policies applied in the consolidated financial statements prepared as of 31 December 2020 and for the year then ended.

### a) Revenue

General model for revenue recognition

The Group includes the revenue generated by the sale of the electricity produced by the official authorities and in the market, in the financial statements. An asset is transferred when or when control of an asset is transferred to the the customer.

The Group recognizes revenue in its consolidated financial statements within the scope of 5-step model given below:

(a) Identify the contract(s) with a customer
(b) Identify the performance obligations in the contract
(c) Determine the transaction price
(d) Allocate the transaction price to the performance obligations in the contract
(e) Recognition of revenue when each performance obligation is satisfied.

When a contract is only legally enforceable, collectible, rights and payment terms for goods and services are identifiable, the contract is considered to be in accordance with TFRS 15 if the terms of the contract have been met, the contract has been approved by the parties and the parties have fulfilled all the obligations under which they are committed.

At the beginning of the contract, the Group evaluates the goods or services committed on the contract with the customer and defines each commitment given to be transferred to the customer as a performance obligation. The Group also determines, at the inception of the contract, whether it has fulfilled each performance obligation over time or at a particular moment in time.

The Group considers the terms of the contract and business practices to determine the transaction price. The transaction price is the amount that the Group expects to earn in return for the transfer of goods or services to the customer, excluding the amounts collected on behalf of third parties (e.g. certain sales taxes). While making the assessment, it is considered whether the contract includes elements of variable amounts and whether it contains a significant financing component.

In accordance with TFRS 15 "Revenue from contracts with customers", the Group's performance obligations consist of wholesale electricity sales and ancillary services related to electricity sales. The electricity sold is transmitted to the customer over transmission lines and the customer consumes the Group's benefit from performance simultaneously. Revenue from electricity sales and ancillary services related to electricity sales are recognized at the moment of delivery.

### b) Financial instruments

*i) Recognition and initial measurement*

The Group's trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

## 2 Basis of presentation of the financial statements *(continued)*

## 2.3 Summary of significant accounting policies *(continued))*

### b) Financial instruments *(continued)*

*ii) Classification and subsequent measurement*

According to TFRS 9, when a financial asset is recognized for the first time; it is classified as measured at amortized cost; measured at fair value through other comprehensive income – investments in debt instruments; measured at fair value through other comprehensive income – investments in equity instruments or measured at fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- the purpose of the business model may be to manage daily liquidity needs, to maintain a certain interest yield, or to match the maturity of financial assets with the maturity of the debts funding those assets;
- the business model and how the performance of financial assets held under the business model is reported to Group management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, value, timing and cause of sales made in previous periods and future sales prospects.

Transfers of financial assets to third parties in transactions that are not eligible for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of its assets in its financial statements.

## 2 Basis of presentation of the financial statements *(continued)*

### 2.3 Summary of significant accounting policies *(continued)*

#### b) Financial instruments *(continued)*

ii) *Classification and subsequent measurement (continued)*

*Financial assets- Assessment whether contractual cash flows are solely payments of principal and interest:*

Principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are "solely payments of principal and interest", the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Since the principal is the present value of expected cash flows, trade receivables and other receivables meet the "solely payments of principal and interest criteria". It is managed in accordance with the business model based on collection of these receivables.

## 2 Basis of presentation of the financial statements *(continued)*

### 2.3 Summary of significant accounting policies *(continued)*

**b) Financial instruments** *(continued)*

ii) *Classification and subsequent measurement (continued)*

The following accounting policies apply to subsequent measurement of financial assets.

| | |
|---|---|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. |
| Equity instruments at FVOCI | These assets are measured at fair value in subsequent periods. Dividends are recognized in profit or loss unless it is expressly intended to recover part of the investment cost. Other net gains and losses are recognized in other comprehensive income and cannot be reclassified to profit or loss. |
| Financial assets at amortized cost | These assets are subsequently measured at amortized cost using the effective interest method.<br>The amortized cost is reduced by impairment losses.<br>Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss. |

<u>*Financial liabilities*</u>

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. The Group does not have any financial liabilities at FVTPL except for derivatives and issued debt instruments.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Non-derivative financial liabilities are initially recognized on the transaction date when the Group becomes a party to the contractual terms of the financial instrument.

Non-derivative financial liabilities are comprised of loans, other financial liabilities, trade payables and other payables.

Such financial liabilities were recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities were measured at amortized cost using the effective interest method.

## 2 Basis of presentation of the financial statements *(continued)*

### 2.3 Summary of significant accounting policies *(continued)*

**b) Financial instruments** *(continued)*

*iii. Derecognition*

*Financial assets*

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group continues to recognize the financial asset in the statement of financial position if it retains substantially all the risks and benefits arising from the ownership of a financial asset.

*Financial liabilities*

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

*iv. Offsetting of financial assets and liabilities*

The Group offsets its financial assets and liabilities and presents the net amount in its financial statements only when it has a legal right to offset and it intends to settle the transaction on a net basis or to realize the asset and settle the liability simultaneously.

*v. Derivative financial instrument and hedge accounting*

The Group uses derivative financial instruments for the purpose of hedging foreign currency and interest risk rate. Embedded derivative instruments are separated from the host contract and recognized separately when the underlying contract is not a financial asset and met certain criteria.

Derivatives are initially recognized at fair value. Subsequent to initial recognition of derivative instruments, changes in fair value are recognized in profit or loss.

The Group defines certain derivatives as hedging instruments in order to maintain the variability in the cash flows related to the high probability of realization arising from the changes in exchange rates and interest rates.

At the beginning of the hedge relationship, the Group makes a certification regarding the risk management purpose and strategy that causes the hedging relationship and the operation of the enterprise.

The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in the cash flows of the hedged item and the hedging means are expected to offset each other.

## 2 Basis of presentation of the financial statements *(continued)*

### 2.3 Summary of significant accounting policies *(continued)*

#### b) Financial instruments *(continued)*

*Financial liabilities (continued)*

*Cash flow hedges*

If a derivative instrument is designed as a cash flow hedge hedging instrument, the effective portion of the change in the fair value of the derivative instrument is recognized in other comprehensive income and presented under equity in the hedging reserve. The ineffective portion of the change in the fair value of the derivative is recognized directly in profit or loss. The effective portion of the change in the fair value of the derivative instrument determined on the present value basis from the beginning of the hedging relationship recognized in other comprehensive income is limited to the cumulative effect of the change in the fair value of the hedging instrument.

In the cash flow hedge relationship, the group defines only the change in the spot item of the forward contract as a means of hedging.

The change in the fair value of forward value of forward foreign exchange purchase contracts is recognized as hedging reserve as a hedging cost in equity as a hedging cost.

In the event that a non-financial asset or liability is subsequently recognized in the financial statements, the amount accumulated in the hedging fund and the cost of hedging are included directly in the initial cost of the non-financial asset or liability.

For all other hedge transactions, the hedging reserve and the hedging cost are classified in profit or loss in the hedging reserve in the period or periods when the estimated future cash flows are affected by profit or loss.

The hedge accounting is discontinued in case the hedging relationship (or part of it) no longer meets the required criteria, the hedging instrument is expired or sold, terminated or used. In case of discontinuation of cash flow hedge accounting, the retained amount in the hedging fund shall continue to be classified under equity until the hedged estimate of the non-financial item is recorded; hedging cost is included directly in the initial cost of the non-financial item or, for other cash flow hedges, the cost of the hedge is reclassified to profit or loss in the period or periods in which the estimated future cash flows hedged affect profit or loss.

If the expected future cash flows are no longer expected to materialize, the amount accumulated in the hedge fund and the cost of that fund are immediately classified in profit or loss.

*vi. Non-derivative financial asstes*

*Financial instruments*

The Group recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- bank balances for which credit risk has not increased significantly since initial recognition (i.e. the risk of default over the expected life of the financial instrument).

The Group applied lifetime ECL for calculation of loss allowances for trade receivables.

## 2 Basis of presentation of the financial statements *(continued)*

### 2.3 Summary of significant accounting policies *(continued)*

**b) Financial instruments** *(continued)*

*Financial liabilities (continued)*

*Cash flow hedges (continued)*

*vi. Non-derivative financial asstes (continued)*

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

**c) Impairments of assets**

*Measurement of ECL*

ECLs are a probability-weighted estimate of credit losses. In other words, it is the credit losses that are measured on the present value of all the cash deficits (for example, the difference between the cash inflows to the entity and the cash flows expected by the entity to be collected based on the contract).

The cash deficit is the difference between the cash flows to be incurred and the cash flows expected to be received by the entity. As the amount and timing of payments are considered in anticipated credit losses, a credit loss occurs even if the entity expects to receive the full payment in the contract with the maturity specified in the contract. Expected credit loss are discounted over the effective interest rate of the financial asset.

*Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial re-organization; or
- the disappearance of an active market for a security because of financial difficulties.

*Presentation of impairment*

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

*Write-off*

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

## 2 Basis of presentation of the financial statements *(continued)*

## 2.3 Summary of significant accounting policies *(continued)*

### c) Impairments of assets (continued)

*Write-off (continued)*

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where trade receivables, other receivables, other assets and contract assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

*Non-financial assets*

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that cannot be tested separately are grouped into the smallest units that generate cash inflows from sustainable operations or cash-generating units ("CGU") independently of other assets and asset groups. Goodwill arising in a business combination is allocated for impairment testing to CGUs that are expected to benefit from the synergies of the merger.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

If the carrying amount of CGU of an asset exceeds its recoverable amount, an impairment charge is recognized.

Impairment losses are recognized in profit or loss. Impairments recognized in prior periods are reassessed in each reporting period if there is a decrease in impairment or there are indications that the impairment is not valid. The impairment is reversed if there is a change in the estimates used in determining the recoverable amount.

If the impairment of non-financial assets was not recorded in the previous periods, they are reversed to a extent not exceeding the book value to be determined for the asset after deducting depreciation or amortization.

### d) Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

The cost of inventories includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. The cost of inventories is calculated using the weighted average method.

## 2 Basis of presentation of the financial statements *(continued)*

## 2.3 Summary of significant accounting policies *(continued)*

### e) Related parties

Parties are considered related to the Group if;

(a) A person or a close member of that person's family is related to a reporting entity if that person:
   (i) has control or joint control over the reporting entity;
   (ii) has significant influence over the reporting entity; or
   (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:
   (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
   (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
   (iii) Both entities are joint ventures of the same third party, one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
   (iv) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the Company. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
   (v) The entity is controlled or jointly controlled by a person identified in (a).
   (vi) 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).

### f) Property, plant and equipment

***(i) Recognition and mesasurement***

Property, plant and equipment except for land, land improvements, buldings and plant, machinery and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The Group has opted for the option of measuring the land, land improvements, buldings and plant, machinery and equipment in the property, plant and equipment by revaluation method in accordance with TAS 16 "Property, Plant and Equipment". The revalued amount is the fair value at the revaluation date less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. The increase resulting from the revaluation of the land, land improvements, buildings and plant machinery and equipment is recognized after netting the deferred tax effect on the revaluation reserve in equity. Decreases resulting from the valuation of the revalued lands, land improvements, buildings and plant machinery and equipment are also reflected as an expense, if any, exceeding the revaluation reserve amount due to the previous valuation.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the net proceeds from disposal with the carrying amount of property and equipment, and are recognized net within "income from investing activities" or "expenses from investing activities" in profit or loss.

## 2 Basis of presentation of the financial statements *(continued)*

### 2.3 Summary of significant accounting policies *(continued)*

**f) Property, plant and equipment** *(continued)*

***(i) Recognition and measurement*** *(continued)*

During the production phase of the mine, the material removed when stripping in the production phase, often it will be a combination of ore and waste. Removal of material with a low ratio of ore to waste may produce some usable material, which can be used to produce inventory. This removal might also provide access to deeper levels of material that have a higher ratio of ore to waste that will be mined in future periods. The Group recognize stripping activity asset when it is probable that the future economic benefit associated with the stripping activity will flow to the Group, identify the component of the ore body for which access has been improved; and the costs relating to the stripping activity associated with that component can be measured reliably. The Group shall allocate the production stripping costs between the inventory produced and the stripping activity asset by using an allocation basis that is based on mineral content of the ore extracted compared with expected mineral content to be extracted, for a given quantity of ore produced.

Since some incidental operations may take place at the same time as the production stripping activity, but which are not necessary for the production stripping activity to continue as planned, these incidental operations are not be included in the cost of the stripping activity asset.

***(ii) Subsequent costs***

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

***(iii) Depreciation***

Items of property, plant and equipment are depreciated from the date that they are available for use, or in respect of self-constructed assets, from the date that the asset is completed and ready for use. Depreciation is calculated on a straight-line basis over their estimated useful life. Depreciation is generally recognized in profit or loss unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated. On the other hand, the value increase amounts on the related fixed assets are transferred to the prior year's profit and loss.

Depreciation expense for the period of revalued lands, land improvements, buildings and plant machinery and equipment is recognized in profit or loss. When the revalued lands, land improvements, buildings and plant machinery and equipment are sold or withdrawn from service, the remaining balance in the revaluation reserve is transferred directly to the prior years' losses. On the other hand, some of the increase in value is transferred to retained earnings as the asset is used by the entity.

After initial recognition, the stripping asset is followed at cost less depreciation and impairment losses in the same way as the current asset of which it is a part. The stripping asset is depreciated systematically according to the production amount method over the expected useful life of the defined part of the ore deposit that is easier to access as a result of the stripping.

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 2 Basis of presentation of the financial statements *(continued)*

## 2.3 Summary of significant accounting policies *(continued)*

### f) Property, plant and equipment *(continued)*

***(iii) Depreciation*** *(continued)*

The estimated useful lives for the current and comparative periods are as follows:

| | Years |
|---|---|
| Buildings | 10 - 50 |
| Machinery and equipment | 3 - 40 |
| Furniture and fixtures | 5 -15 |
| Vehicles | 5 - 8 |
| Land improvements | 5 |
| Leasehold improvements | 5 |

Power generation plants depreciated over shorter of license term and their useful lives. The Group depreciates its power generation plants in different useful lives in accordance to their different useful lives.

| | Years |
|---|---|
| Fuel oil power plants | 4 - 22 |
| Natural gas power plants | 33-40 |
| Coal plants | 43 |

Overhaul costs related to power generation plants have different useful lives, then they are accounted as separate items of power generation plants.

Depreciation methods and useful lives are reviewed at each reporting date and adjusted when necessary.

### g) Intangible assets

***(i) Recognition and measurement***

***Other intangible assets***

Other intangible assets that are acquired by the Group which have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. In case of impairment, the book value of the intangible assets is reduced to the recoverable amount.

***(ii) Subsequent expenditures***

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

***(iii) Amortization***

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives of licenses for the current and comparative periods are between 2 and 49 years. Amortization methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

## 2 Basis of presentation of the financial statements *(continued)*

## 2.3 Summary of significant accounting policies *(continued)*

### h) Leases

**The Group as a lessee**

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

## 2 Basis of presentation of the financial statements *(continued)*

## 2.3 Summary of significant accounting policies *(continued)*

### i) Leases *(continued)*

**<u>The Group as a lessee</u>** *(continued)*

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under TAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies TAS 36 standard to determine whether the right-of-use assets are impaired or not, and recognized all the determined impairment losses as specified in the 'Property, Plant and Equipment' policy.

As a practical expedient, TFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

**<u>The Group as lessor</u>**

The Group, as a lessor, signs lease agreements for some of its investment properties. The Group also leases equipment and equipment manufactured by the Group to retailers for the presentation of footwear products, customer customization and testing.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

The Group applies the derecognition and impairment requirements in TFRS 9 to the net lease investment. The Group regularly reviews the estimated uncommitted residual values used in the calculation of the gross lease investment and in case of a decrease in the estimated uncommitted residual value, the Group revises the distribution of income over the lease term and reflects the reductions in the accrued amounts directly to the financial statements.

When a contract includes lease and non-lease components, the Group applies TFRS 15 to allocate the consideration under the contract to each component.

## 2 Basis of preparation of the financial statements *(continued)*

## 2.3 Summary of significant accounting policies *(continued)*

### i) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

### j) Employee benefits

#### *(i) Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. According to the current Labor Law in Turkey is obliged to pay for any reason claimed by the employee if the ending, but unused annual leave belonging fee gross salary at the date when the contract expires and contractual other interests him or rights to their owners over the total. The unused vacation liability is the undiscounted total liability amount that all employees deserve but which are not yet used as of the reporting date. Liabilities arising from unused vacation rights are accrued in the period in which they are entitled.

#### *(ii) Other long-term employee benefits*

In accordance with the existing labor law in Turkey, the Group entities in Turkey are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire, are called up for military service or die. The provision for employment termination benefits represents the present value of the estimated future probable obligation of the Group in the event of the retirement of its employees on a 30-day basis. The provision for employment termination benefits has been calculated as if all employees will be subject to such a payment and is reflected in the consolidated financial statements on an accrual basis. Severance pay provision has been calculated according to the severance pay ceiling announced by the Government. As of 31 December 2021, the maximum severance pay is TL 8,284.51 (31 December 2020: TL 7,117.17). The management of the Group used some assumptions (detailed in Note 17) in the calculation of the retirement pay provision. The Group recognizes actuarial differences in other comprehensive income.

### k) Contingent liability and contingent assets

It is defined as a current asset or liability that will result in an outflow or inflow of resources that result from past events and whose performance includes economic benefits. 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 probable, contingent liability is recognized in the consolidated financial statements. A contingent asset is disclosed, when the possibility of an inflow of economic benefits to the entity is probable. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

### l) Income from investment activities and expenses from investment activities

Income from investment activities include profit on subsidiary sales, revenues from sales of fixed assets and scrap. Expenses from investment activities include expenses and losses on sales of fixed assets and subsidiaries.

## 2 Basis of preparation of the financial statements *(continued)*

## 2.3 Summary of significant accounting policies *(continued)*

### m) Finance income and finance costs

Financing income include interest income on bank deposit that forms part of the cycle used for financing purposes, interest income from funds made, foreign exchange income on financial assets and liabilities (other than trade receivables and payables) and interest and maturity earnings received from related parties consisting of derivative instruments and recognized in profit or loss.

Financial expenses include interest expenses on bank loans, foreign exchange losses on financial assets and liabilities (other than trade receivables and payables), losses on derivative instruments recorded in profit or loss, and interest and interest expense paid to related parties. Borrowing costs that cannot be directly associated with the acquisition, construction or production of an asset are accounted for in consolidated profit or loss using the effective interest rate.

Exchange rate income and expenses on financial assets and liabilities (other than trade receivables and payables) are reported separately in finance income or finance expenses according to the net position of the currency difference movements. Exchange rate difference and rediscount income on trade receivables and debts are reported in other income from operating activities, exchange rate difference and rediscount expenses are reported in other expenses from operating activities.

### n) Earnings/(loss) per share

Earnings/(loss) per share disclosed in the consolidated statement of profit or loss and other comprehensive income are determined by dividing net earnings/(loss) or total comprehensive income/(expense) by the weighted average number of shares that have been outstanding during the related period.

Income as per share stated in the income statement is calculated by dividing the net profit by the weighted average of the share certification available in the market during the whole year. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. Such "bonus share" distributions are treated as issued shares in earnings per share calculations. Accordingly, the weighted average number of shares used in these calculations has been calculated by taking into account the retrospective effects of the aforementioned share distributions.

### o) Tax

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

### *(i) Current tax*

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

It is calculated by taking into consideration the tax rates which are in effect as of the end of the reporting period or which are close to the registration date.

Current tax assets and liabilities can only be offset when certain conditions are met. Tax legislation in Turkey does not allow the parent and subsidiaries to file consolidated tax returns. Therefore, the tax provision reflected in the consolidated financial statements has been calculated on a separate basis.

## 2 Basis of preparation of the financial statements *(continued)*

## 2.3 Summary of significant accounting policies *(continued)*

**o) Tax** *(continued)*

***(ii) Deferred tax***

Deferred tax is calculated over the temporary differences between the book values of assets and liabilities in the financial statements and the values used in the tax base. Deferred tax is not recognized for temporary differences in the following cases:

- Temporary differences in the initial recognition of assets or liabilities resulting from a transaction that is not a business combination and does not affect either accounting profit or taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and jointly controlled entities that are not likely to reverse in the foreseeable future and for which the Group has control over the reversal time, and
- Taxable temporary differences during the initial recognition of goodwill.

Deferred tax assets are recognized if it is probable that taxable profits will be sufficient to offset unused tax losses, tax benefits and deductible temporary differences in the future. Taxable profit is determined according to the business plans of each subsidiary in the Group. Deferred tax assets are reviewed at each reporting date and if it is probable that taxable profits will be generated in the future, deferred tax assets that have not been previously recognized are recognized, limited to these amounts.

The Group measures deferred tax liabilities and deferred tax assets in a manner consistent with the tax consequences of its expectations at the end of the reporting period regarding how its assets will recover or pay their liabilities.

The Company and its subsidiaries within the scope of consolidation have reflected their deferred tax assets and liabilities in their financial statements by netting, but no offsetting has been made on a consolidated basis. Deferred tax is calculated over the tax rates expected to be valid in the period in which the assets are created or liabilities are fulfilled.

***(iii) Tax risk***

While determining the period tax expense and deferred tax expense amounts, the Group considers uncertain tax positions and whether there is any additional tax and interest liability to be paid. In the event that new information emerges that will change the Group's professional opinion about the adequacy of the current tax liability, this change in the tax liability will affect the tax expense for the period in which this situation is determined.

**p) Segment reporting**

Operating segment is a part of the operating activities that the Group can generate revenues and expenditures from, and the operating results are regularly reviewed by the Group's chief operating decision maker in order to make decisions regarding the resources to be allocated to the segment and to evaluate the performance of the segment, and for which separate financial information is available.

Explanations on the operating segments for the periods ending on 31 December 2021 and 31 December 2020 are presented in Note 3.

## 2 Basis of preparation of the financial statements *(continued)*

## 2.3 Summary of significant accounting policies *(continued)*

### r) Capital

*Ordinary shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### s) Statement of cash flow

In the statement of cash flow, cash flows for the period are classified and reported on the basis of principal, investment and financing activities.

## 2.4 Significant accounting judgments, estimates and assumptions

*Other matters that significantly affect the financial statements or that are required to be disclosed for the financial statements to be clear, interpretable and understandable*

The necessary actions have been taken by the Group management to minimize the possible effects of COVID-19, which affects the whole world, on the Group's activities and financial status. Due to the COVID-19 epidemic, partial disruptions were experienced due to curfews in the countries where the Group operates, in parallel with the developments/slowdowns in the sector and in the general economic activity. Meanwhile, the Group has taken action to minimize the increase in investment expenditures and operational expenses and the cash strategy was revised to strengthen the liquidity position. The decrease in the restrictions aimed at preventing the spread of the epidemic had a positive effect on the Group's activities due to the increase in demand in the market.

While preparing the consolidated financial statements as of 31 December 2021, the Group has evaluated the possible effects of the COVID-19 pandemic on the financial statements and reviewed the estimates and assumptions used in the preparation of the consolidated financial statements. While preparing its financial statements as of 31 December 2021, the Group has evaluated the possible effects of the COVID-19 outbreak on the important estimates and assumptions used in the preparation of the financial statements and does not think that it has a significant impact. The Group Management takes the necessary precautions to keep the negative effects under control and to live at a minimum level. This approach, which was preferred for the period of 31 December 2021, will be reviewed in the following reporting periods, taking into account the impact of the epidemic and future expectations.

The nature of the Group's risks arising from financial instruments, risk management policies and risk level are also presented in Note 30.

*Useful lives of property, plant and equipment*

Items of property, plant and equipment are depreciated from the date that they are available for use, or in respect of self-constructed assets, from the date that the asset is completed and ready for use. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Depreciation is generally recognized in profit or loss unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

After initial recognition, the stripping work asset is followed at cost less depreciation and impairment losses in the same way as the current asset of which it is a part. The stripping operation asset is depreciated systematically according to the production amount method over the expected useful life of the defined part of the ore deposit that is easier to access as a result of the stripping operation.

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 2 Basis of preparation of the financial statements *(continued)*

### 2.4 Significant accounting judgements, estimates and assumptions *(continued)*

*Useful life of plant, property and equipment (continued)*

The estimated useful lives for the current and comparative periods are as follows:

| | Year |
|---|---|
| Buildings | 10 - 50 |
| Plant, machinery and equipment | 3 - 40 |
| Furnitures and fixtures | 5 -15 |
| Vehicles | 5 - 8 |
| Land improvements | 5 |
| Leasehold improvements | 5 |

Power generation plants depreciated over shorter of license term and their useful lives. The Group depreciates its power generation plants in different useful lives in accordance to their different useful lives.

| | Year |
|---|---|
| Fuel oil power plants | 4-22 |
| Natural gas power plants | 33-40 |
| Coal plants | 43 |

Overhaul costs related to power generation plants have different useful lives, then they are accounted as separate items of power generation plants.

Depreciation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

Calculation of loss allowance

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

### 2.5 Comparative information and restatement of prior periods' consolidated financial statements

The consolidated financial statements of the Group are prepared in comparison with the prior period in order to allow the determination of financial position and performance trends. In order to comply with the presentation of the current period consolidated financial statements, comparative information is reclassified when deemed necessary and significant differences are disclosed.

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 3 Operating segments

The Group's authority to take decisions is the Board of Directors.

The geographical information presented below analyzes the Group's revenue, profit before interest, tax, depreciation and amortization (EBITDA), assets and liabilities, taking into account the country where the Group is located and the African region. In the presentation of this information, segment revenue and EBITDA are presented according to the geographical location of the customers, and the segment assets and liabilities are presented according to the geographical location.

| | 1 January – 31 December 2021 | | | |
|---|---|---|---|---|
| | **Turkey (*)** | **Africa** | **Uzbekistan** | **Total** |
| Total segment income | 12,114,103,979 | 1,773,392,615 | - | **13,887,496,594** |
| Profit before interest, tax, depreciation and amortization (EBITDA) | 1,203,297,710 | 1,420,289,242 | (14,200,736) | **2,609,386,216** |

| | 1 January – 31 December 2020 | | | |
|---|---|---|---|---|
| | **Turkey (*)** | **Africa** | **Uzbekistan** | **Total** |
| Total segment income | 5,772,391,255 | 1,458,155,280 | - | **7,230,546,535** |
| Profit before interest, tax, depreciation and amortization (EBITDA) | 506,721,786 | 990,744,025 | - | **1,497,465,811** |

| | 1 January – 31 December 2021 | | | |
|---|---|---|---|---|
| | **Turkey (*)** | **Africa** | **Uzbekistan** | **Total** |
| Reconciliation of EBITDA with profit before taxes: | 1,203,297,710 | 1,420,289,242 | (14,200,736) | **2,609,386,216** |
| Depreciation and amortization | (149,526,052) | (418,417,988) | - | **(567,944,040)** |
| Finance income/(expenses), net | 294,138,200 | 62,762,048 | - | **356,900,248** |
| **Profit before tax** | **1,349,894,065** | **1,064,633,302** | **(14,200,736)** | **2,400,326,631** |

| | 1 January – 31 December 2020 | | | |
|---|---|---|---|---|
| | **Turkey (*)** | **Africa** | **Uzbekistan** | **Total** |
| Reconciliation of EBITDA with profit before taxes: | 506,721,786 | 990,744,025 | - | **1,497,465,811** |
| Depreciation and amortisation | (162,520,695) | (303,077,669) | - | **(465,598,364)** |
| Financing income/(expenses), net | (292,985,196) | (32,209,639) | - | **(325,194,835)** |
| Income from investing activities, net | 75,867 | 80,537 | - | **156,404** |
| **Profit before tax** | **51,291,762** | **655,537,254** | - | **706,829,016** |

(*) TRNC are shown in Turkey.

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 3 Operating Segments (continued)

| | 31 December 2021 | | | |
|---|---|---|---|---|
| | **Turkey (*)** | **Africa** | **Uzbekistan** | **Total** |
| Segment assets | 8,970,008,981 | 6,323,315,493 | 5,356,213,576 | **20,649,538,050** |
| Segment liabilities | 6,749,142,203 | 2,213,331,198 | 1,102,856,435 | **10,065,329,836** |
| | **31 December 2020** | | | |
| | **Turkey (*)** | **Africa** | **Uzbekistan** | **Total** |
| Segment assets | 5,959,878,216 | 3,542,816,089 | - | **9,502,694,305** |
| Segment liabilities | 3,835,636,531 | 1,041,713,591 | - | **4,877,350,122** |

(*) TRNC are shown in Turkey.

## 4 Related party disclosures

### (a) Related party balances

Short-term receivables from related parties as of 31 December 2021 and 31 December 2020 are as follows:

| | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| **Short-term receivables** | **Trade** | **Non-trade** | **Trade** | **Non-trade** |
| Short-term receivables | 766,149,151 | 58,618,465 | 311,085,412 | 42,317,908 |
| **Total** | **766,149,151** | **58,618,465** | **311,085,412** | **42,317,908** |

### i) Receivables from related parties:

| | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| | **Trade** | **Non-trade** | **Trade** | **Non-trade** |
| Aksa Elektrik Satış A.Ş. | 640,841,446 | 58,618,465 | 250,470,646 | 42,317,908 |
| Fırat Elektrik Perakende Satış A.Ş. | 75,890,670 | - | 22,072,262 | - |
| Koni İnşaat Sanayi A.Ş. | 19,561,673 | - | 20,886,486 | - |
| Aksa Doğalgaz Toptan Satış A.Ş. | 16,844,095 | - | 4,986,827 | - |
| Flamingo Bioyakit Üretim ve Sanayi A.Ş. | 4,482,079 | - | 1,282,697 | - |
| Çoruh Elektrik Perakende Satış A.Ş. | 230,030 | - | 8,064,709 | - |
| Other | 8,299,158 | - | 3,321,785 | - |
| **Total** | **766,149,151** | **58,618,465** | **311,085,412** | **42,317,908** |

For all receivables from related parties, the interest rate is calculated by taking into account the borrowing interest rate.

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 4 Related party disclosures *(continued)*

### (a) Related party balances *(continued)*

#### i) Payables to related parties:

Short-term payables to related parties as of 31 December 2021 and 31 December 2020 are as follows:

| | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| **Short-term payables** | **Trade** | **Non-trade** | **Trade** | **Non-trade** |
| Short-term payables | 89,599,642 | - | 35,657,639 | - |
| **Total payables** | **89,599,642** | **-** | **35,657,639** | **-** |

| | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| | **Trade** | **Non-trade** | **Trade** | **Non-trade** |
| Aksa Şanlıurfa Doğalgaz Dağıtım AŞ. | 33,011,316 | - | - | - |
| Çoruh Elektrik Perakende Satış A.Ş. | 11,454,578 | - | - | - |
| Atk Sigorta Aracılık Hiz.A.Ş. | 10,562,372 | - | 10,308,746 | - |
| Rasa Endüstriyel Radyatörler San. A.Ş. | 9,643,737 | - | - | - |
| Kazancı Holding A.Ş. | 3,469,131 | - | 1,347,985 | - |
| Aksa Elektrik Satış A.Ş. | 2,612,715 | - | 208,971 | - |
| Aksa Jeneratör Sanayi A.Ş. | 1,634,130 | - | 6,603 | - |
| Koni İnşaat Sanayi A.Ş. | 180,629 | - | 30,722 | - |
| Aksa Satış ve Pazarlama A.Ş. | - | - | 23,732,705 | - |
| Other | 17,031,034 | - | 21,907 | - |
| **Total** | **89,599,642** | **-** | **35,657,639** | **-** |

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 4 Related party disclosures *(continued)*

### (b) Related party transactions

### i) Purchases and sales from/to related parties:

**1 January - 31 December 2021**

| | Electricity Sales | Electricity Purchases | Natural Gas Purchases | Interest Income | Interest Expense | Rent Expenses | General Administrative Expenses | Reflection of Common Expenses | Material Purchases | Material Sales | Other (Expense) / Income, Net |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Aksa Ankara Makina Sat. ve Servis A.Ş. | - | - | - | - | - | - | - | - | - | - | (16,683) |
| Aksa Doğal Gaz Toptan Satış A.Ş. | - | - | 177,775,023 | 1,942,463 | - | - | - | - | - | - | - |
| Aksa Doğal Gaz Dağıtım A.Ş. | - | - | - | 5,621,556 | - | | - | - | - | - | - |
| Aksa Elektrik Satış A.Ş. | 889,085,132 | 257,798,768 | - | 61,218,488 | - | - | - | - | - | - | - |
| Aksa Jeneratör Sanayi A.Ş. | - | - | - | 109,609 | 329,402 | - | 18,346 | - | - | - | (16,500) |
| Aksa Power Generation (Dubai) | - | - | - | - | - | - | - | - | - | 13,518,493 | - |
| Aksa Satış ve Pazarlama A.Ş. | - | - | - | - | 172,403 | - | - | - | - | - | (37,540) |
| Aksa Şanlıurfa Doğal Gaz Dağıtım A.Ş. | - | - | 113,548,691 | - | 48,084 | - | - | - | - | - | - |
| Aksa Turizm İşletmeleri A.Ş. | - | - | - | 3,125 | 1,761 | - | - | - | - | 75,510 | - |
| Çoruh Elektrik Perakende Satış A.Ş. | 43,643,072 | 14,265,384 | - | 1,529,333 | 894,215 | - | - | - | - | - | - |
| Fırat Elektrik Perakende Satış A.Ş. | 42,959,806 | 27,866,427 | - | 9,299,079 | 97,276 | - | - | - | - | - | - |
| Kazanci Holding A.Ş. | - | - | - | 67,487,428 | 857,151 | - | - | 25,812,211 | - | - | - |
| Flamingo Enerji Üretim A.Ş. | - | - | - | 152,613 | - | - | - | - | - | - | - |
| Flamingo Bioyakıt Üretim Sanayi A.Ş. | - | - | - | 509,478 | - | - | - | - | - | - | - |
| Koni İnşaat Sanayi A.Ş. | 2,698 | - | - | 5,174,589 | 41,908 | 6,546,706 | 11,239 | - | - | 106,661 | - |
| | **975,690,708** | **299,930,579** | **291,323,714** | **153,047,761** | **2,442,200** | **6,546,706** | **29,585** | **25,812,211** | **-** | **13,700,664** | **(70,723)** |

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 4 Related party disclosures *(continued)*

### (b) Related party transactions (continued)

### i) Purchases and sales from/to related parties: (continued)

**1 January - 31 December 2020**

| | Electricity Sales | Electricity Purchases | Natural Gas Purchases | Interest Income | Interest Expense | Rent Expenses | General Administrative Expenses | Reflection of Common Expenses | Material Purchases | Material Sales | Other (Expense) / Income, Net |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Aksa Elektrik Satış A.Ş | 263,786,973 | 51,101,324 | - | 30,769,732 | 3,729 | - | 5,200 | - | - | - | - |
| ATK Sigorta Aracılık Hizmetleri A.Ş. | - | 1,829 | - | - | - | - | 26,972 | - | 135 | - | (674,537) |
| Aksa Doğal Gaz Toptan Satış A.Ş. | - | - | 228,056,879 | 1,077 | 2,828 | - | - | - | - | - | (2,641,356) |
| Kazancı Holding A.Ş. | - | - | - | 44,958,790 | 474,965 | - | 673,929 | 13,296,537 | - | - | (220) |
| Koni İnşaat Sanayi A.Ş. | 1,018 | - | - | 1,775,979 | 21,852 | 3,751,171 | 1,396,446 | 86,252 | - | 81,833 | 85,564 |
| Aksa Jeneratör Sanayi A.Ş. | - | - | - | 4,250,854 | 52,779 | - | 5,556 | 1,097 | 1,692 | - | (551,512) |
| Renk Transmisyon Sanayi A.Ş. | - | - | - | - | 4,662 | - | - | - | 394,079 | - | (56,380) |
| Flamingo Enerji Üretim A.Ş. | - | - | - | 134,876 | - | - | - | - | - | - | - |
| Flamingo Bioyakıt Üretim Sanayi A.Ş. | - | - | - | 191,204 | - | - | - | - | - | - | - |
| Aksa Jeneratör Sanayi A.Ş. | - | - | - | - | - | - | - | - | 4,839 | - | (4) |
| Aksa Power Generation (Dubai) | - | - | - | - | - | - | - | - | - | - | (346,347) |
| Aksa Ankara Makine Sat. ve Servis A.Ş. | - | 2,385 | - | - | - | - | - | - | - | - | (42,764) |
| Çoruh Elektrik Perakende Satış A.Ş. | 137,255,870 | 7,617,862 | - | - | 2,739,273 | - | - | - | - | - | - |
| Fırat Elektrik Perakende Satış A.Ş. | 105,565,948 | 13,259,113 | - | 936,167 | 1,467,039 | - | - | - | - | - | - |
| Aksa Generators Ghana LTD. | 34,970 | - | - | - | - | - | - | - | 32,237 | 133,345 | (589,699) |
| Aksa Satış ve Pazarlama A.Ş. | - | - | - | - | 1,666 | - | - | - | 72,860 | - | (22,455) |
| Aksa Şanlıurfa Doğal Gaz Dağıtım A.Ş. | 310 | - | 11,934,126 | - | 94,035 | - | - | - | - | 5,000 | - |
| Çoruh Elektrik Dağitim A.Ş. | 83,350 | 89,750 | - | 19,904 | - | - | - | - | - | 262,100 | - |
| Elektrik Altyapi Hizmetleri A.Ş. | - | - | - | - | 3,507 | - | - | - | - | - | - |
| Aksa Turizm İşletmeleri A.Ş. | - | - | - | - | - | - | 17,537 | - | - | - | (1,198) |
| | **506,728,439** | **72,072,263** | **239,991,005** | **83,038,583** | **4,866,335** | **3,751,171** | **2,125,640** | **13,383,886** | **505,842** | **482,278** | **(4,840,908)** |

### ii) Guarantees and other liabilities given by the related parties in favor of the Group:

The total amount of guarantees given by the partners and related parties in favor of the Group within the framework of the general loan agreements made against the loans used by the Group is TL 26,832,754,001 as of 31 December 2021 (31 December 2020: TL 13,952,026,500),

### iii) Total salaries and benefits provided to key management personnel:

The Company's key management personnel consists of the members of the Board of Directors. Benefits provided to key management include benefits such as salary, bonus, health insurance and transportation. The total amount of benefits provided to key mangement during the period is amounted to TL 3,669,153 (31 December 2020: TL 1,650,000).

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 5 Trade receivables and payables

### (a) Short-term trade receivables

As of 31 December 2021 and 31 December 2020, trade receivables from third parties consist of the following items:

| **Current trade receivables** | **31 December 2021** | **31 December 2020** |
|---|---|---|
| Trade receivables | 4,635,473,728 | 2,424,480,022 |
| Provision of expected credit losses (-) | (73,919,260) | (29,945,027) |
| **Total trade receivables from third parties** | **4,561,554,468** | **2,394,534,995** |

Details on credit risk, currency risk and impairment of the Group's short-term trade receivables are explained in Note 30.

Movement of expected credit loss as of 31 December as follows:

| | **31 December 2021** | **31 December 2020** |
|---|---|---|
| Balance as at 1 January | 29,945,027 | 16,569,801 |
| Provision made during the period | 17,470,572 | 9,163,072 |
| Foreign currency translation differences | 26,503,661 | 4,212,154 |
| **31 December balance** | **73,919,260** | **29,945,027** |

### (b) Short-term trade payables

As of 31 December 2021 and 31 December 2020, trade payables to third parties consist of the following items:

| **Short-term trade payables** | **31 December 2021** | **31 December 2020** |
|---|---|---|
| Trade payables | 1,930,265,889 | 744,255,583 |
| **Total trade payables to third parties** | **1,930,265,889** | **744,255,583** |

The foreign currency and liquidity risk regarding the short-term trade payables of the Group is explained in Note 30.

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 6 Cash and cash equivalents

At 31 December 2021 and 31 December 2020, cash and cash equivalents comprise the following:

| | **31 December 2021** | **31 December 2020** |
|---|---|---|
| Cash on hand | 1,393,676 | 606,541 |
| Cash at banks | 523,308,239 | 313,565,367 |
| - Demand deposits | *270,462,945* | *39,228,508* |
| - Time deposits (*) | *252,843,974* | *274,335,539* |
| - Blocked cash | *1,320* | *1,320* |
| **Total** | **524,701,915** | **314,171,908** |
| Restricted cash amount | (1,320) | (1,320) |
| **Cash and cash equivalents in the statement of cash flows** | **524,700,595** | **314,170,588** |

(*) As of 31 December 2021, the Group has
- TL 20,800,000 million with 17% interest rate and a maturity of 3 January 2022, TL 70,700,000 million with a 15% interest rate and a maturity of 3 January 2022, TL 30,400,000 million with a 15% interest rate and a maturity of 3 January 2022,
- The Group has time deposits in USD time deposits in return for TL 133,290,000 with a maturity of 3 January 2022 and a 0.5% interest rate (As of 31 December 2020, the Group has TL 3,400,000 with a maturity of 4 January 2021 with an interest rate of 15.62% and there are USD time deposits in return for TL 273,213,410 with an interest rate of 0.67 with a maturity of 4 January 2021.)

Credit, currency, interest rate risks and sensitivity analyzes for the Group's cash and cash equivalents are disclosed in Note 30.

## 7 Financial investments

### (a) Financial assets

| **Short-term financial investments** | **31 December 2021** | **31 December 2020** |
|---|---|---|
| Blocked bank deposits (*) | 592,983,082 | - |
| **Total** | **592,983,082** | **-** |

(*) The balance consist of bank loans in relation to Uzbekistan investment. Related balance will be used in 2022.

| **Long-term financial assets** | **Acquisition%** | **31 December 2021** | **31 December 2020** |
|---|---|---|---|
| Enerji Piyasaları İşletme A.Ş. (*) | 0.67 | 412,408 | 412,408 |
| **Total** | | **412,408** | **412,408** |

(*) As of 20 November 2014, 412,408 Group C shares have been purchased by the Group in order to participate in the capital of Enerji Pazarları İşletme A.Ş.

According to TFRS 9, since cost is a reflection of the fair value estimation, financial investments are presented at their cost value.

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 7 Financial investments *(continued)*

### (b) Derivative financial assets and liabilities

Derivative financial instruments are accounted for as derivative financial instruments in the consolidated financial statements, unless they are designed in the hedging relationship required for hedge accounting. Hedging transactions that fulfill the Group's hedge accounting requirements are classified as hedging derivative financial instruments.

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

| | **31 December 2021** | | **31 December 2020** | |
|---|---|---|---|---|
| | **Nominal Value** | | **Nominal value** | |
| **Short-term derivative financial instruments** | **Assets** | **Liabilities** | **Assets** | **Liabilities** |
| Cash flow hedges | - | 83,074,399 | - | 30,358,076 |
| Held for trading | 3,859,495 | - | 2,148,922 | 30,358,075 |
| **Total** | **3,859,495** | **83,074,399** | **2,148,922** | **60,716,151** |

All derivative financial instruments with net receivables (positive fair value), including options purchased, are reported as derivative financial assets, and all derivative financial instruments with net liabilities (negative fair value) are reported as derivative financial liabilities.

The Group's credit and currency risks related to derivative financial instruments are explained in Note 30.

## 8 Financial liabilities

| **Short-term** | **31 December 2021** | **31 December 2020** |
|---|---|---|
| Short-term bank borrowings | 1,923,308,435 | 728,277,260 |
| Short-term portion of long-term bank borrowings | 1,225,736,522 | 1,292,953,512 |
| **Total Current Borrowings** | **3,149,044,957** | **2,021,230,772** |
| | | |
| **Long-term** | | |
| Long-term bank borrowings | 2,435,863,452 | 834,709,520 |
| **Total Borrowings** | **5,584,908,409** | **2,855,940,292** |

Collateral information of financial borrowings is given in Note 16.

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 8 Financial liabilities *(continued)*

The maturities and terms for the open borrowings as of 31 December 2021 and 31 December 2020 are as follows:

| Currency | Interest rate | 31 December 2021 |
|---|---|---|
| TL | 7.50% - 22% | 1,777,418,627 |
| USD | 3.6% - 8% | 3,807,489,785 |
| **Total** | | **5,584,908,409** |

| Currency | Interest rate | 31 December 2020 |
|---|---|---|
| TL | 7.50% - 20.50% | 1,931,765,729 |
| USD | Libor 6M +6.35% -8.35% | 911,057,249 |
| EUR | Euribor 6M+1.95% | 13,117,314 |
| **Total** | | **2,855,940,292** |

| | **31 December 2021** | | |
|---|---|---|---|
| **Maturity** | **Currency** | **Currency amount** | **TL Amount** |
| Less than 1 year | USD | 103,745,604 | 1,382,825,149 |
| | TL | 1,766,219,808 | 1,766,219,808 |
| 1-2 Years | USD | 59,184,520 | 788,870,461 |
| | TL | 11,198,818 | 11,198,818 |
| 2-3 Years | USD | 52,839,345 | 704,295,632 |
| 3-4 Years | USD | 35,702,229 | 475,875,009 |
| 4-5 Years | USD | 21,154,032 | 281,962,086 |
| +5 Years | USD | 13,028,843 | 173,661,446 |
| **Total** | | | **5,584,908,409** |

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 8 Financial liabilities *(continued)*

**31 December 2020**

| Maturity | Currency | Currency amount | TL Amount |
|---|---|---|---|
| Less than 1 year | USD | 104,663,974 | 768,285,902 |
| | Euro | 1,456,201 | 13,117,314 |
| | TL | 1,239,827,556 | 1,239,827,556 |
| 1-2 Years | USD | 27,980,708 | 205,392,390 |
| | Avro | 214,024,170 | 214,024,170 |
| | TL | 24,453,680 | 179,502,235 |
| 2-3 Years | USD | 9,592,701 | 9,592,701 |
| | TL | 21,264,144 | 156,089,449 |
| 3-4 Years | USD | 9,550,926 | 70,108,575 |
| **Total** | | | **2,855,940,292** |

Other financial liabilities as of 31 December 2021 and 31 December 2020 are as follows:

| Other short-term financial liabilities | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Factoring liabilities | - | 11,181,406 |
| **Total** | **-** | **11,181,406** |

Details of the liquidity and exchange rate risk regarding the borrowings of the Group are explained in Note 30.

The details of payables from leases are as follows:

The Group's lease obligations represent the present value of the future payables of the power plant land, vehicle and building leased from third parties during the useful life of the asset.

As of 31 December 2021 and 31 December 2020, the TL equivalent values and the repayment schedule of financial lease payables as of the balance sheet date are as follows:

| Currency | Interest Type | Agreement Date | Interest Rate | 31 December 2021 |
|---|---|---|---|---|
| TL | Fixed | 25 March 2038 | 21.90%-22.80% | 72,999,415 |
| USD | Fixed | 19 October 2039 | 1.77%-5.34% | 4,098,987 |
| EUR | Fixed | 17 February 2022 | 3.43%-4.06% | 717,707 |
| **Total** | | | | **77,816,109** |

| Currency | Interest Type | Agreement Date | Interest Rate | 31 December 2020 |
|---|---|---|---|---|
| TL | Fixed | 1 March 2038 | 13.55%-29.40% | 73,898,863 |
| USD | Fixed | 19 October 2039 | 3.24%-8,53% | 4,685,964 |
| EUR | Fixed | 17 February 2022 | 3.81%-5.70% | 617,337 |
| **Total** | | | | **79,202,164** |

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 9 Other receivables and payables

### (a) Other short-term receivables

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

| Other short-term receivables | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Receivables from subsidiary sales (*) | 39,883,787 | 29,900,499 |
| Deposits and guarantees given | 848,141 | 1,404,117 |
| Other | 1,472,138 | 2,791,923 |
| **Total** | **42,204,266** | **34,096,539** |

(*) Consists of receivables from Borusan EnBW Enerji Yatirimlar ve Üretim A.Ş due to the sale of Alenka Enerji.

The details of the credit and currency risk related to the Group's other short-term receivables are disclosed in Note 30.

### (b) Other long-term receivables

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

| Other long-term receivables | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Deposits and guarantees given | 5,469,765 | 2,012,491 |
| Other | 6,667,304 | 4,517,304 |
| **Total** | **12,137,069** | **6,529,795** |

The details of the credit and currency risk related to the Group's other long-term receivables are disclosed in Note 30.

### (c) Other short-term and long-term liabilities

As of 31 December 2021 and 31 December 2020, other payables to unrelated parties consist of the following items:

| Other short-term payables | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Tax, duty, fee (*) | 267,404,982 | 143,258,756 |
| VAT payable | 28,786,998 | 18,762,058 |
| Deposits and guarantees received | 9,279,511 | 7,736,744 |
| Other (**) | 46,479,143 | 27,601,988 |
| **Total** | **351,950,634** | **197,359,546** |

(*) These are corporate tax payments in installments for foreign subsidiaries.
(**) Aksa Madagascar BV, which is wholly owned by Aksa Energy, Madagascar 58.35% owned by Aksa Madagascar BV, 41.65% owned by our foreign partner AF Power Ltd. has acquired 416.5 shares with a nominal value of 1 (one) USD each, for USD 15,000,000. USD 5,000,000 of this amount was paid on the date of the transfer, and the remaining balance will be paid until 31 December 2022, with a quarterly payment of USD 833,333.

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 9 Other receivables and payables *(continued)*

| **Other long-term payables** | **31 December 2021** | **31 December 2020** |
|---|---|---|
| Tax, duty, fee(*) | 417,527,881 | 47,752,919 |
| Other debts (**) | - | 24,468,333 |
| **Total** | **417,527,881** | **72,221,252** |

(*) These are corporate tax payments in installments for foreign subsidiaries.
(**) Aksa Madagascar BV, which is wholly owned by Aksa Energy, Madagascar 58.35% owned by Aksa Madagascar BV, 41.65% owned by our foreign partner AF Power Ltd. has acquired 416.5 shares with a nominal value of 1 (one) USD each, for USD 15,000,000. USD 5,000,000 of this amount was paid on the date of the transfer, and the remaining balance will be paid until 31 December 2022, with a quarterly payment of USD 833,333.

Currency and liquidity risk related to the Group's other short-term payables are explained in Note 30.

## 10 Inventories

As of 31 December 2021 and 31 December 2020, the inventories are as follows:

| | **31 December 2021** | **31 December 2020** |
|---|---|---|
| Raw materials | 221,961,722 | 123,069,211 |
| Work-in-progress | 3,832,797 | 15,794,633 |
| Provision for impairment on inventories (-) | (441,425) | (541,050) |
| **Total** | **225,353,094** | **138,322,794** |

As of 31 December 2021, the Group's inventories mainly consist of fuel oil, oil, fuel and operating materials and there is no pledge, annotation or guarantee given on the inventories.

Whether or not there is a decrease in the value of the inventories is determined over the net realizable value of the stocks that have not moved for a long time as a result of the aging studies.

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 11 Prepaid expenses and deferred income

### (a) Prepaid expenses – short-term

| Short-term prepaid expenses | 31 December 2021 | 31 December 2020 |
|---|---|---|
| First item material purchase advances given | 108,935,084 | 91,775,806 |
| Prepaid insurance expenses | 19,312,593 | 16,130,210 |
| Other prepaid expenses | 16,881,176 | 8,101,248 |
| **Total** | **145,128,853** | **116,007,264** |

### (b) Prepaid expenses – long-term

| Long-term prepaid expenses | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Fixed asset advances given(*) | 152,528,342 | 882,980 |
| Prepaid letter of guarantee commissions | 618,833 | 1,406,484 |
| **Total** | **153,147,175** | **2,289,464** |

(*) There are advances given in accordance with maintenance contracts.

## 12 Property, plant and equipment

Property, plant and equipment as at 31 December 2021 and 31 December 2020 as follows:

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Property, plant and equipment | 12,974,483,954 | 5,599,044,159 |
| Mining assets | 63,049,304 | 56,006,362 |
| **Total** | **13,037,533,258** | **5,655,050,521** |

## 12 Property, plant and equipment *(continued)*

### a) Other property, plant and equipment

| | Lands | Land improvements | Buildings | Plant, machinery and equipment | Vehicles | Furniture and fixtures | Leasehold improvements | Construction in progress | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | |
| **Opening balance as of 1 January 2021** | **93,035,084** | **13,789,949** | **138,052,423** | **7,642,506,570** | **9,081,109** | **19,925,150** | **26,815,088** | **289,852,050** | **8,233,057,423** |
| Additions | 624,097 | 3,485,435 | 274,691 | 1,977,968,553 | 3,328,880 | 2,235,778 | 27,996 | 706,864,022 | 2,694,809,452 |
| Disposals | - | - | - | - | (281,320) | - | - | - | (281,320) |
| Revaluation increase | 40,645,624 | - | 18,401,892 | 2,754,218,042 | - | - | - | - | 2,813,265,558 |
| Transfers | - | - | - | 804,685,862 | - | (374,517) | - | (804,311,345) | - |
| Foreign currency translation differences | - | 5,776,835 | 82,134,199 | 3,605,356,368 | 7,910,647 | 7,241,486 | - | 66,438,953 | 3,774,858,488 |
| **Closing balance as of 31 December 2021** | **134,304,805** | **23,052,219** | **238,863,205** | **16,784,735,395** | **20,039,316** | **29,027,897** | **26,843,084** | **258,843,680** | **17,515,709,601** |
| **Accumulated depreciation** | | | | | | | | | |
| **Opening balance as of 1 January 2021** | - | **3,854,976** | **50,090,357** | **2,550,392,664** | **4,861,483** | **16,936,453** | **7,877,331** | - | **2,634,013,264** |
| Period depreciation | - | 1,237,893 | 13,668,309 | 516,794,888 | 962,649 | 2,025,252 | 1,214,832 | - | 535,903,823 |
| Disposals | - | - | - | - | (112,328) | - | - | - | (112,328) |
| Foreign currency translation differences | - | 1,582,207 | 43,331,399 | 1,316,121,185 | 4,141,958 | 6,244,139 | - | - | 1,371,420,888 |
| **Closing balance as of 31 December 2021** | - | **6,675,076** | **107,090,065** | **4,383,308,737** | **9,853,762** | **25,205,844** | **9,092,163** | - | **4,541,225,647** |
| **Net book value** | **134,304,805** | **16,377,143** | **131,773,140** | **12,401,426,658** | **10,185,554** | **3,822,053** | **17,750,921** | **258,843,680** | **12,974,483,954** |

The lands, land improvements, buildings, plant, machinery and equipment and investments in progress owned by the Group are shown with their revaluation amount, which is the fair value less accumulated depreciation at the revaluation date. As of 31 December 2021, the fair value of the lands and land improvements, buildings and plant machinery and equipment owned by the Group has been determined by a valuation company independent of the Group. The fair value of the lands and land improvements, buildings and plant machinery and equipment has been determined according to the cost method. A value increase of TL 2,813,265,558 has been determined for the related lands, land improvements, buildings, plant machinery and equipment, and investments in progress. The net book values of the valued assets have been brought to their revalued amounts and the resulting additional value has been recorded as TL 2,267,607,985 by netting the deferred tax effect on the revaluation increase fund in the equity. As of the reporting date, the fair value level of the relevant lands, land improvements, buildings and plant, machinery and equipment is shown in Note 31.

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 12 Property, plant and equipment *(continued)*

### a) Other property, plant and equipment *(continued)*

| | Lands | Land improvements | Buildings | Plant, machinery and equipment | Vehicles | Furniture and fixtures | Leasehold improvements | Construction in progress | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | |
| **Opening balance as of 1 January 2020** | **90,951,776** | **8,559,932** | **117,630,717** | **7,027,288,865** | **7,421,782** | **16,357,642** | **26,815,088** | **160,937,044** | **7,455,962,846** |
| Additions | 2,083,308 | 4,534,619 | 20,421,706 | 573,200,872 | 1,858,786 | 3,364,336 | - | 214,633,758 | 820,097,385 |
| Disposals | - | - | - | - | (199,459) | - | - | - | (199,459) |
| Foreign currency translation differences | - | 695,398 | - | 42,016,833 | - | 203,172 | - | (85,718,752) | (42,803,349) |
| **Closing balance as of 31 December 2020** | **93,035,084** | **13,789,949** | **138,052,423** | **7,642,506,570** | **9,081,109** | **19,925,150** | **26,815,088** | **289,852,050** | **8,233,057,423** |
| **Accumulated depreciation** | **-** | **2,899,113** | **32,214,490** | **1,929,664,937** | **3,134,271** | **14,704,316** | **5,130,043** | **-** | **1,987,747,170** |
| **Opening balance as of 1 January 2020** | - | 711,675 | 9,167,858 | 415,039,369 | 907,686 | 1,066,610 | 2,747,288 | - | 429,640,486 |
| Period depreciation | - | - | - | (19,459,419) | (48,842) | - | - | - | (19,508,261) |
| Foreign currency translation differences | - | 244,188 | 8,708,009 | 225,147,777 | 868,368 | 1,165,527 | - | - | 236,133,869 |
| **Closing balance as of 31 December 2020** | **-** | **3,854,976** | **50,090,357** | **2,550,392,664** | **4,861,483** | **16,936,453** | **7,877,331** | **-** | **2,634,013,264** |
| **Net book value** | **93,035,084** | **9,934,973** | **87,962,066** | **5,092,113,906** | **4,219,626** | **2,988,697** | **18,937,757** | **289,852,050** | **5,599,044,159** |

## 12 Property, plant and equipment *(continued)*

### a) Other property, plant and equipment *(continued)*

As of 31 December 2021 and 31 December 2020, the details of the expenditures classified under the construction in progress item of the projects under construction are as follows:

| Project | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Ghana Investment | - | 209,245,929 |
| Uzbekistan Investment | - | 18,962,685 |
| Other (*) | 258,843,680 | 61,643,436 |
| **Total** | **258,843,680** | **289,852,050** |

(*) It consists of construction in progress in Africa.

### b) Mining assets

As of 31 December 2021 and 31 December 2020, mining assets consist of mine site development and deferred mining costs.

| **Cost:** | **31 December 2021** | **31 December 2020** |
|---|---|---|
| Deferred stripping costs | 115,799,383 | 94,728,199 |
| Mining development assets | 5,477,772 | 5,477,772 |
| | **121,277,155** | **100,205,971** |
| **Accumulated amortization:** | | |
| Deferred stripping costs | 57,995,518 | 43,967,276 |
| Mining development assets | 232,333 | 232,333 |
| | **58,227,851** | **44,199,609** |
| **Net book value** | **63,049,304** | **56,006,362** |

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 13 Intangible Assets

Movement tables of intangible assets as of 31 December 2021 and 31 December 2020 are summarized as follows:

| **Cost** | **Rights** | **Other** | **Total** |
|---|---|---|---|
| **Balance as at 1 January 2021** | **131,577,883** | **841,612** | **132,419,495** |
| Additions | 33,142,511 | 199,848 | 33,342,359 |
| Foreign currency translation differences | 87,094,898 | - | 87,094,898 |
| Disposal | (26,599) | (85,164) | (111,763) |
| **Balance as at 31 December 2021** | **251,788,693** | **956,296** | **252,744,989** |
| **Amortization** | | | |
| **Balance as of 1 January 2021** | **15,869,750** | **665,190** | **16,534,940** |
| Amortization for the period | 4,596,431 | 84,123 | 4,680,554 |
| Foreign currency translation differences | 9,472,821 | - | 9,472,821 |
| Disposal | - | (31,078) | (31,078) |
| **Balance as of 31 December 2021** | **29,939,002** | **718,235** | **30,657,237** |
| **Net book value** | **221,849,691** | **238,061** | **222,087,752** |

| **Cost** | **Rights** | **Other** | **Total** |
|---|---|---|---|
| **Balance as of 1 January 2020** | **109,760,029** | **726,610** | **110,486,639** |
| Additions | 624,088 | 115,002 | 739,090 |
| Foreign currency translation differences | 21,193,766 | - | 21,193,766 |
| **Balance as of 31 December 2020** | **131,577,883** | **841,612** | **132,419,495** |
| **Amortization** | | | |
| **Balance as of 1 January 2020** | **10,404,174** | **621,097** | **11,025,271** |
| Amortization for the period | 2,886,521 | 44,093 | 2,930,614 |
| Foreign currency translation differences | 2,579,055 | - | 2,579,055 |
| **Balance as of 31 December 2020** | **15,869,750** | **665,190** | **16,534,940** |
| **Net book value** | **115,708,133** | **176,422** | **115,884,555** |

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 14 Right-of-use assets

| | Land of Power Plants | Buildings | Vehicles | Total |
|---|---|---|---|---|
| **Balance as of 1 January 2021** | **70,174,997** | **1,175,094** | **2,173,936** | **73,524,027** |
| Additions | 768,665 | 154,731 | - | 923,396 |
| Changes in leases | (6,336,989) | 11,885,167 | 1,644,756 | 7,192,934 |
| Disposals | (2,791,962) | (218,814) | - | (3,010,776) |
| Amortization and depreciation for the period | (4,392,428) | (6,564,788) | (2,374,205) | (13,331,421) |
| **Balance as of 31 December 2021** | **57,422,283** | **5,943,676** | **1,228,031** | **64,593,990** |

| | Land of Power Plants | Buildings | Vehicles | Total |
|---|---|---|---|---|
| **Balance as of 1 January 2020** | **46,989,961** | **1,161,619** | **554,643** | **48,706,223** |
| Additions | 33,740,848 | 4,531,560 | 4,358,704 | 42,631,112 |
| Disposals | (319,685) | (250,532) | (713,276) | (1,283,493) |
| Amortization and depreciation for the period | (10,236,727) | (4,267,553) | (2,026,135) | (16,529,815) |
| **Balance as of 31 December 2020** | **70,174,997** | **1,175,094** | **2,173,936** | **73,524,027** |

The Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets andlease liabilities representing its obligation to make lease payments.

## 15 Provisions, contingent assets and liabilities

### Short-term provisions

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

| Short-term provisions | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Litigation | 8,968,289 | 22,875,875 |
| **Total** | **8,968,289** | **22,875,875** |

The movement of provisions for the years ended 31 December is as follows:

| | Litigations |
|---|---|
| 1 January 2020 opening | 4,358,972 |
| Current year provision (Note 21) | 18,516,903 |
| **31 December 2020 closing** | **22.875.875** |
| 1 January 2021 opening | 22,875,875 |
| Payments | (15,939,084) |
| Current year provision (Note 21) | 2,031,498 |
| **31 December 2021 closing** | **8,968,289** |

Litigation provisions consist of reemployment lawsuits and expropriation lawsuits.

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 16 Commitments

### (a) Collateral / Pledge / Mortgage ("GPM")

As of 31 December 2021 and 2020, the Group's guarantees, pledge and mortgage (GPM) position is disclosed as follows:

| Guarantees, Pledges and Mortgages Given by the Group (GPM) | 31 December 2021 | 31 December 2020 |
|---|---|---|
| A. GPM given for companies own legal personality | 2,598,914,607 | 2,161,287,700 |
| B. GPM given in behalf of fully consolidated companies | 8,516,942,358 | 6,628,392,413 |
| C. GPM given for continuation of its economic activities on behalf of third parties | - | - |
| D. Total amount of other GPM's | - | - |
| i. Total amount of GPM's given on behalf of majority shareholder | - | - |
| ii. Total amount of GPM's given on behalf of other Group companies which are not in scope of B and C | - | - |
| iii. Total amount of GPM's given on behalf of third parties which are not in scope of C | - | - |
| **Total GPM** | **11,115,856,965** | **8,789,680,113** |

As of 31 December 2021 and 31 December 2020, the details of the letters of guarantee given by the Group are as follows:

| 31 December 2021 | TL | USD | EUR | CHF | TL Equivalent |
|---|---|---|---|---|---|
| Republic of Turkey Energy Market Regulatory Authority | 86,548,000 | - | - | - | **86,548,000** |
| Turkey Electricity Transmission Company (TEIAS) | 15,892,458 | - | 400,000 | - | **21,765,378** |
| Turkish Coal Enterprises Institution(TKI) | 8,868,793 | - | - | - | **8,868,793** |
| Botaş–Petroleum Pipeline Corporation | 665,042 | - | - | - | **665,042** |
| Enforcement Offices | 3,669,192 | - | - | - | **3,669,192** |
| Electricity Distribution Companies | 154,635,676 | 11,484,824 | - | - | **307,716,900** |
| Saving Deposit Insurance Fund (TMSF) | 86,000,000 | - | - | - | **86,000,000** |
| Other | 27,204,115 | 6,330,000 | 1,133,000 | - | **128,669,916** |
| **Total** | **383,483,276** | **17,814,824** | **1,533,000** | - | **644,064,981** |

| 31 December 2020 | TL | USD | EUR | CHF | TL Equivalent |
|---|---|---|---|---|---|
| Republic of Turkey Energy Market Regulatory Authority | 35,458,000 | - | - | - | **35,458,000** |
| Turkey Electricity Transmission Company (TEIAS) | 20,340,525 | - | 400,000 | - | **23,943,685** |
| Turkish Coal Enterprises Institution(TKI) | 7,497,253 | - | - | - | **7,497,253** |
| Botaş–Petroleum Pipeline Corporation | 665,042 | - | - | - | **665,042** |
| Enforcement Offices | 1,307,490 | - | - | - | **1,307,490** |
| Electricity Distribution Companies | 191,494,053 | 6,525,463 | - | - | **239,394,214** |
| Saving Deposit Insurance Fund (TMSF) | 8,770,056 | 3,000,000 | 1,896,000 | 800,000 | **54,497,814** |
| **Total** | **265,532,419** | **9,525,463** | **2,296,000** | **800,000** | **362,763,498** |

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 16 Commitments *(continued)*

### (b) Guarantees received

The details of the letters of guarantee received by the Group as of 31 December 2021 and 31 December 2020 are as follows:

| Type of Guarantees | TL | USD | EUR | 31 December 2021 TL Equivalent |
|---|---|---|---|---|
| Letter of guarantee | 288,843,559 | 537,000 | 9,175,850 | 1,024,198,333 |
| Notes taken for colleterals | 20,690,375 | 10,360,106 | 903,471 | 47,627,343 |
| Cheques taken for colleterals | 25,633,508 | 1,034,174 | 1,112,269 | 44,291,068 |
| Mortgage | 635,397 | - | 71,900 | 700,000 |
| **Total** | **335,802,839** | **11,931,280** | **11,263,490** | **1,116,816,744** |

| Type of Guarantees | TL | USD | EUR | 31 December 2020 TL Equivalent |
|---|---|---|---|---|
| Letter of guarantee | 152,658,902 | 75,900,224 | - | 709,804,496 |
| Notes taken for colleterals | 26,268,905 | 1,034,174 | 1,184,169 | 44,527,135 |
| Cheques taken for colleterals | 8,400,000 | 28,000 | 3,456,000 | 39,736,836 |
| Mortgage | 700,000 | - | - | 700,000 |
| **Total** | **188,027,807** | **76,962,398** | **4,640,169** | **794,768,467** |

## 17 Employee benefits

### (a) Provision for unused vacation

Short-term provisions for employee benefits consist of provision for unused vacation. For the accounting period ending on 31 December 2021, provision for unused vacation amounting to TL 2,401,040 (31 December 2020: TL 980,104) was recognized.

The amount of provision for unused vacation is calculated by multiplying the remaining leave days with the daily wage. Current period provision expenses are recognized in cost of sales and general administrative expenses accounts in the consolidated financial statements.

### (b) Provision for employment termination benefits

According to the Turkish Labor Law, the Group is obliged to pay severance pay to each employee who completes at least one year of service and retires after 25 years of working life (aged 58 for women, 60 for men), terminated, called for military service or passed away.

Provision for employment termination benefits to be paid as of 31 December 2021 is subject to a monthly ceiling of TL 8,284.51 (31 December 2020: TL 7,717.17).

Provision for employment termination benefits is not legally subject to any funding. Provision for employment termination benefits is calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. TAS 19 *Employee Benefits* requires the company's liabilities to be developed using actuarial valuation methods within the scope of defined benefit plans. Accordingly, the actuarial assumptions used in the calculation of total liabilities are as follows:

The main assumption is that the maximum liability amount for each year of service will increase in line with inflation. Therefore, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. Therefore, provisions in the accompanying financial statements as of 31 December 2021 are calculated by estimating the present value of the future probable obligation arising from the retirement of the employees. Provisions at the relevant balance sheet dates are calculated using the real discount rate, which is approximately 3.71% (31 December 2020: 3.67%), based on the assumptions of annual 17.15% inflation and 21.50% interest rate. Voluntary dismissal rates are 19.65% for those working for 0 - 15 years and 0% for 15 years or more. The maximum amount of TL 10,848.59 effective from 1 January 2022 has been taken into account in the calculation of the provision for employment termination benefits (1 January 2021: TL 7,638.96).

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 17 Employee benefits *(continued)*

### (b) Provision for employment termination benefits *(continued)*

The important estimates used in the calculation of the severance pay liability are the discount rate and the probability of voluntary dismissal.

- In case the discount rate is 1% higher / (lower), severance pay liability will decrease / (increase) by TL 508,425 / (TL 620,977).
- Keeping the other assumptions constant, if the probability of leaving the job voluntarily is 1% lower / (higher), the severance pay liability will (decrease) / increase by (TL 180,347) / TL 201,192.

The movements in the provision for severance pay for the accounting period ending on 31 December are as follows:

| | 2021 | 2020 |
|---|---|---|
| **1 January opening** | 9,346,433 | 4,715,939 |
| Service cost | 1,275,792 | 4,324,417 |
| Payments (-) | (143,952) | (622,673) |
| Actuarial loss | 176,910 | 750,104 |
| Translation Difference(*) | (1,066,402) | 178,646 |
| **31 December closing** | **9,588,781** | **9,346,433** |

(*) As of 2020, severance pay is reserved for employees at our power plants operating in Africa.

### (c) Payables related to employee benefits

As of 31 December 2021 and 31 December 2020, payables within the scope of employee benefits are as follows:

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Payables to personnel | 14,391,508 | 6,437,983 |
| Social security deductions payable | 3,797,529 | 2,159,024 |
| **Total** | **18,189,037** | **8,597,007** |

## 18 Other assets and liabilities

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

| **Other current assets** | **31 December 2021** | **31 December 2020** |
|---|---|---|
| Transferred Value Added Tax ("VAT") | 182,451,477 | 67,790,175 |
| Other | 25,104,887 | 5,684,484 |
| **Total** | **207,556,364** | **73,474,659** |

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

| **Other short-term liabilities** | **31 December 2021** | **31 December 2020** |
|---|---|---|
| Advances received | 1,208,529 | 6,267,400 |
| Other | 96,704 | 1,138,800 |
| **Total** | **1,305,233** | **7,406,200** |

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 19 Share capital, reserves and other equity items

### (a) Issued capital

The Company switched to the registered capital system with the permission of CMB dated 16.04.2010 and numbered 10/330, and the registered capital ceiling is TL 4,750,000,000 (31 December 2020: TL 4,750,000,000). The registered capital ceiling permission granted by the Capital Markets Board is valid for the years 2021-2025 (5 years).

It has been registered that the Company's capital was increased by 100% by using internal resources to TL 1,226,338,236 within the registered capital ceiling of TL 4,750,000,000 and the amendment of article 6 of the articles of association regarding capital by the Istanbul Trade Registry on 5 October 2021.

As of 31 December 2021, the Company's issued capital is TL 1,226,338,236 (31 December 2020: TL 613,169,118), Issued capital consists of 1,226,338,236 shares, each with a nominal value of TL 1 (31 December 2020: 613,169,118 shares).

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

| | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| **Shareholder** | **Share rate (%)** | **Amount** | **Share rate (%)** | **Amount** |
| Kazancı Holding | 79.415 | 973,901,660 | 79.415 | 486,950,830 |
| Public share (*) | 20.582 | 252,398,076 | 20.582 | 126,199,038 |
| Other | 0.003 | 38,500 | 0.003 | 19,250 |
| **Total** | **100.00** | **1,226,338,236** | **100.00** | **613,169,118** |

(*) The shares acquired by Kazancı Holding from the shares under the publicly traded item in 2012, 2013 and 2018 are presented in the publicly traded item shares in the table above. Together with the shares purchased by Kazancı Holding among the publicly traded shares, its shareholding portion in our partnership is 79.415%. As of 31 December 2021, these shares are 9,917,924 (31 December 2020: 4,958,962).

The details of the shares on a group basis as of 31 December 2021 are as follows:

| | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| **Group** | **Share rate (%)** | **Amount** | **Share rate (%)** | **Amount** |
| A Group (Registered share) | 47.93 | 587,792,440 | 47.93 | 293,896,220 |
| B Group (Bearer share) | 52.07 | 638,545,796 | 52.07 | 319,272,898 |
| **Issued Capital** | **100.00** | **1,226,338,236** | **100.00** | **613,169,118** |

TL 262,316,000 of the bearer B group shares are traded on BIST.

## 19 Share capital, reserves and other equity items *(continued)*

### (a) Issued capital *(continued)*

On 2 August 2016, under the leadership of Garanti Bank and İşbank, a new loan agreement amounting to a total of USD 800 million was signed between T.R. Ziraat Bankası A.Ş., Türkiye Halk Bankası A.Ş., Türkiye Vakıflar Bankası T.A.O., Odea Bank A.Ş. and Türkiye Sınai Kalkınma Bankası A.Ş. and Kazancı Holding and Aksa Doğal Gaz Dağıtım A.Ş. As a guarantee for this loan, Aksa Energy shares, representing a total of 78.6% of Aksa Energy shares owned by Kazancı Holding, were pledged to İşbank, the Collateral Representative, by Kazancı Holding.

### (b) Share premium

The difference between the nominal value of each share and the selling price is recognized as the share premium in equity. As of 31 December 2021, the Group's total shares are TL 10,726,734 (31 December 2020: TL 247,403,635),

### (c) Loss on remeasurement of defined benefit plans:

It consists of actuarial gains and losses recognized as other comprehensive income as a result of the adoption of TAS 19 (2011) standard. As of 31 December 2021, the Group's Defined Benefit Plans Remeasurement Losses are TL 3,611 (31 December 2020: TL 145,139).

### (d) Hedging reserve:

The hedging reserve consists of the effective portion of the accumulated net change in the fair value of the cash flow hedging instrument related to the transaction subject to hedging, which has not yet been realized. As of 31 December 2021, the Group's hedging losses are TL 535,290,006 (31 December 2020: TL 26,366,363).

### (e) Foreign currency translation differences:

Foreign currency translation differences consist of all foreign currency exchange differences arising from the translation of the foreign currency based financial statements of the Group's operations abroad into TL, the functional currency of the Company. As of 31 December 2021, the Group's foreign currency translation differences are TL 2,501,579,542 (31 December 2020: TL 520,339,505).

### (f) Valuation increase of property, plant and equipment:

Valuation increases of property, plant and equipment consist of revaluation differences in land, buildings, land improvements and plant, machinery and equipment. As of 31 December 2021, the Group's property, plant and equipment valuation increases are TL 3,740,064,349 (31 December 2020: TL 2,196,123,264).

## 19 Share capital, reserves and other equity items *(continued)*

**(g) Restricted reserves appropriated from profit:**

***i) Legal reserves:***

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's historical paid-in share capital. The second legal reserve is appropriated at the rate of 1/10 of all cash dividend distributions exceeding 5% of the company's capital in cases where profit distribution is made according to CMB regulations, and in cases where dividends are distributed according to legal records, it is appropriated at the rate of 1/11 per annum of all cash distributions in excess of 5% of the historical paid-in share capital. The legal reserves are not available for distribution unless they exceed 50% of the historical paid-in share capital but may be used to offset losses in the event that historical general reserve is exhausted. As of 31 December 2021, the Group's total legal reserves are TL 82,931,556 (31 December 2020: TL 68,742,954).

***ii) Dividend:***

It has been decided that the profit distribution will be realized within the framework of the principles in the "Dividend Communiqué" Serial: II-19.1 of the CMB, the provisions in the articles of association of the partnerships and the profit distribution policies disclosed to the public by the companies. In addition, in the aforementioned Communiqué, companies that are obliged to prepare consolidated financial statements are required to calculate the net distributable profit amount, as long as it can be covered from the resources in their legal records, by taking into account the net profit for the period in their consolidated financial statements that they will prepare and publicly disclose in accordance with the Communiqué Serial: II-14.1.

**(h) Non-controlling interest:**

The parts of the net assets of the subsidiaries, which correspond to the shares not in the direct and/or indirect control of the parent company, are classified under the "Non-controlling interests" item under equity in the consolidated statement of financial position. As of 31 December 2021 and 31 December 2020, the amounts classified under the line item "Non-controlling interests" in the consolidated statement of financial position are positive TL 932,390,226 and positive TL 406,158,727, respectively.

In addition, the parts of the net assets of the subsidiaries, which correspond to the shares not in the direct and/or indirect control of the parent company, are classified under the "Non-controlling interests" item in the consolidated statement of profit or loss and other comprehensive income. As of the period ended 31 December 2021 and 31 December 2020, the profit and loss of non-controlling interests out of the total comprehensive income is TL 155,336,870 and TL 87,968,818, respectively, within the item "Non-controlling interests".

**(i) Prior years' profit:**

Accumulated profits/losses other than net profit for the period are offset in this item. Extraordinary reserves that are in the nature of accumulated profit/loss are also considered as retained earnings and presented in this item. As of 31 December 2021, the Group's prior years' profit is TL 932,614,285 (31 December 2020: prior years' profit is TL 129,592,233).

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 20 Revenue

Revenue for period year ended on 1 January- 31 December is as follows:

| | **1 January-<br>31 December 2021** | **1 January-<br>31 December 2020** |
|---|---|---|
| Domestic sales | 12,114,103,979 | 5,772,391,255 |
| Foreign sales | 1,773,392,615 | 1,458,155,280 |
| **Net sales income** | **13,887,496,594** | **7,230,546,535** |
| Cost of sales (-) | (11,808,767,055) | (6,032,956,098) |
| **Total** | **2,078,729,539** | **1,197,590,437** |

The details of the Group's sales income and gross profit are as follows:

| | **1 January-<br>31 December 2021** | **1 January-<br>31 December 2020** |
|---|---|---|
| **Revenue – Amount** | | |
| Electricity | 13,885,730,890 | 7,222,478,926 |
| Other | 1,765,704 | 8,067,609 |
| **Total** | **13,887,496,594** | **7,230,546,535** |
| **Gross profit** | | |
| Electricity | 2,078,465,242 | 1,196,254,205 |
| Other | 264,297 | 1,336,232 |
| **Total** | **2,078,729,539** | **1,197,590,437** |

## 21 Genel administrative expenses, sales, marketing and distribution expenses

General administrative expenses, sales, marketing and distribution expenses for the years ended 1 January - 31 December are as follows:

| | **1 January-<br>31 December 2021** | **1 January-<br>31 December 2020** |
|---|---|---|
| General administrative expenses | 164,552,824 | 117,412,617 |
| Sales, marketing and distribution expenses | 8,543,603 | 9,622,641 |
| **Total** | **173,096,427** | **127,035,258** |

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 21 Genel administrative expenses, sales, marketing and distribution expenses *(continued)*

Administrative expenses for the years ended 1 January - 31 December are as follows:

| | 1 January – 31 December 2021 | 1 January - 31 December 2021 |
|---|---|---|
| Personnel expenses | 49,222,069 | 31,241,696 |
| Consultancy and legal expenses | 41,286,579 | 33,029,045 |
| Holding expense share | 25,812,211 | 13,383,886 |
| Travelling, vehicle and transportation expenses | 23,617,052 | 12,179,398 |
| Insurance expenses | 2,045,182 | 1,316,913 |
| Litigation provision expenses (Note 15) | 2,031,498 | 18,516,903 |
| License and enterprise software expenses | 1.566.666 | 891,336 |
| Electricity, water, gas expenses | 995,360 | 311,320 |
| Contribution expenses | 852,891 | 323,762 |
| Communication expenses | 486,189 | 454,986 |
| Depreciation expenses | 458,290 | 159,616 |
| Taxes, duties, fees | 290,456 | 93,269 |
| Representation, hospitality expenses | 150,204 | 124,401 |
| Other | 15,738,177 | 5,386,086 |
| **Total** | **164,552,824** | **117,412,617** |

Sales, marketing and distribution expenses for the years ended 31 December are as follows:

| | 1 January – 31 December 2021 | 1 January – 31 December 2020 |
|---|---|---|
| Advertising expenses | 81,603 | 7,500,000 |
| Freight and export expenses | 5,482,735 | 77,656 |
| Other | 2,979,265 | 2,044,985 |
| **Total** | **8,543,603** | **9,622,641** |

## 22 Other income and expenses from operating activities

Other income from operating activities for the years ended 1 January – 31 December is as follows:

| Other income from operating activities | 1 January- 31 December 2021 | 1 January- 31 December 2020 |
|---|---|---|
| Foreign exchange income from commercial monetary transactions | 192,617,142 | 10,044,049 |
| Other income(*) | 33,731,625 | 4,038,460 |
| **Total** | **226,348,967** | **14,082,509** |

(*) There are insurance indemnities and provisions for canceled lawsuits.

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 22 Other income and expenses from operating activities *(continued)*

Other expenses and losses from operating activities for the years ended 1 January - 31 December are as follows:

| **Other expenses from operating activities** | **1 January-31 December 2021** | **1 January-31 December 2020** |
|---|---|---|
| Foreign exchange expenses from commercial monetary transactions | 18,844,824 | 1,010,213 |
| Donations and aids | 3,370,582 | 6,619,013 |
| Commission expenses | - | 2,018,334 |
| Other (*) | 50,633,544 | 32,517,816 |
| **Total** | **72,848,950** | **42,165,376** |

(*) The balances included in other expenses include tax installments and other impairment provisions paid in foreign power plants during the period.

## 23 Income from investing activities

Income from investment activities for the years ended 1 January – 31 December is as follows:

| **Income from investing activities** | **1 January-31 December 2021** | **1 January-31 December 2020** |
|---|---|---|
| Profit on sale of fixed assets | 1,878,202 | 80,805 |
| Income from subsidiary shares (Note 30) | 106,005 | 75,599 |
| **Total** | **1,984,207** | **156,404** |

## 24 Expenses by nature

Expenses classified on the basis of type for the years ended 1 January - 31 December are as follows:

| **Depreciation and amortization expenses** | **1 January - 31 December 2021** | **1 January - 31 December 2020** |
|---|---|---|
| Cost of sales | 567,485,750 | 465,438,748 |
| General administrative expenses | 458,290 | 159,616 |
| **Total** | **567,944,040** | **465,598,364** |

| **Personnel expenses** | **1 January - 31 December 2021** | **1 January - 31 December 2020** |
|---|---|---|
| Cost of sales | 97,789,555 | 81,788,751 |
| General administrative expenses | 44,415,788 | 31,241,696 |
| **Total** | **142,205,343** | **113,030,447** |

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 24 Expenses by nature *(continued)*

*Fees for Services Received from Independent Audit Firms*

Based on the Board Decision of the Public Oversight, Accounting and Auditing Standards Authority "POA" published in the Official Gazette, the fees related to the services that the Group received from the independent auditor/independent audit firm as of the reporting period are as follows:

| **Audit fees** | **1 January-31 December 2021** | **1 January-31 December 2020** |
|---|---|---|
| Independent audit service fee | 2,010,615 | 764,896 |
| Other assurance services fee | 12,000 | 12,000 |
| **Total** | **2,022,615** | **776,896** |

## 25 Finance income

Finance income for the years ended 1 January – 31 December is as follows:

| **Finance income** | **1 January-31 December 2021** | **1 January – 31 December 2020** |
|---|---|---|
| Interest income | 218,989,302 | 142,028,021 |
| Foreign exchange income (*) | 760,823,969 | 153,786,445 |
| Derivative transaction income | 7,246,119 | 61,047,637 |
| **Total** | **987,059,390** | **356,862,103** |

(*) Foreign exchange gains and expenses are presented on a company basis in subsidiaries which are connected to consolidation.

## 26 Finance expenses

Finance expenses for the years ended 1 January - 31 December are as follows:

| **Finance expenses** | **1 January-31 December 2021** | **1 January-31 December 2020** |
|---|---|---|
| Interest and delay interest expenses | 526,495,522 | 450,940,677 |
| Foreign currency difference expense (*) | 36,877,644 | 162,591,215 |
| Derivative transaction expenses | 39,197,876 | 44,208,855 |
| Other | 27,588,100 | 24,316,191 |
| **Total** | **630,159,142** | **682,056,938** |

(*) Foreign exchange gains and expenses are presented on a company basis in subsidiaries which are connected to consolidation.

## 27 Taxation

*Turkey*

*Corporate tax*

The Group is subject to corporate tax valid in Turkey. Necessary provisions have been made in the accompanying financial statements for the estimated tax liabilities of the Group regarding the current period operating results. In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes shown in the consolidated financial statements reflects the total amount of taxes calculated on each entity that are included in the consolidation.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and other incentives (prior year's losses if any and investment incentives used if preferred) utilized.

The effective tax rate in 2021 is 25% (23% for 2022 and 20% in the following periods) (2020: 22%).

The Law numbered 7061 on "Amendment of Certain Taxes and Laws and Other Acts" was published on the Official Gazette dated 5 December 2017 and numbered 30261. Article 5 entitled "Exceptions" of the Corporate Tax Law has been amended in Article 89 of the Law. In accordance with (a) clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50%. This regulation has been effective from 5 December 2017.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. However, tax losses cannot be carried back.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue reassessments based on their findings.

*Income tax withholding*

There is a withholding tax obligation on dividend distributions, and this withholding obligation is accrued in the period when the dividend payment is made. A business or a corporate taxpayer who earns revenue through permanent representative in Turkey and dividend payments to non-resident institutions other than those made in Turkey are subject to withholding at the rate of 15%. In the application of the withholding rates regarding the dividend distributions made to non-resident companies and real persons, the withholding rates included in the related Double Taxation Agreements are also taken into consideration. Allocation of prior years' profits to the capital is not considered as profit distribution, therefore it is not subject to withholding tax.

*Transfer pricing regulations*

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a tax payer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

## 27 Taxation *(continued)*

*Tax applications for foreign subsidiaries of the Group*

*Turkish Republic Of Northern Cyprus ("TRNC")*

The applicable corporate tax rate in TRNC is 23.5% (31 December 2020: 23.5%).

*Republic of Ghana*

The applicable corporate tax rate in Republic of Ghana is 25% (31 December 2020: 25%).

*Netherlands*

Corporate income tax is levied at the rate of 20% (31 December 2020: 20%) on the worldwide income of resident companies, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes for the year 2020. A unilateral decree for the avoidance of double taxation provides relief for resident companies from Dutch tax on income, such as foreign business profits derived through a permanent establishment abroad, if no tax treaty applies. There is an additional dividend tax of 5% computed only on the amounts of dividend distribution at the time of such payments.

Under Dutch tax legislation, tax losses can be carried forward to be offset against future taxable income for up to nine years. Financial losses can be offset against retained earnings for up to one year. Entities must file their tax returns within siz months following the close of the tax year to which they relate, unless the company applies for an extension (normally an additional nine months). Tax inspection authorities, starting from the beginning of the year following the submission of the tax return, can examine the previous year's tax returns and the accounting records that are the basis for them and make a reassessment as a result of their findings for five years.

*Republic of Mauritius*

There is no corporate tax in Mauritius (31 December 2020: None)

*Republic of Mali*

The applicable corporate tax rate in Mali is 25% (31 December 2020: 25%).

*Madagascar*

The applicable corporate tax rate in Madagascar is 20% (31 December 2020: 20%).

*Uzbekistan*

Corporate income tax is levied at the rate of 15% (31 December 2020: 15%) on the worldwide income of resident companies, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes for the year 2021. A unilateral decree for the avoidance of double taxation provides relief for resident companies from Dutch tax on income, such as foreign business profits derived through a permanent establishment abroad, if no tax treaty applies. There is an additional dividend tax of 10% computed only on the amounts of dividend distribution at the time of such payments.

Under the Uzbekistan taxation system, tax losses can be carried forward to be offset against future taxable income for limitlessly. Entities must file their tax returns within two months following the close of the tax year to which they relate, unless the company applies for an extension (normally an additional nine months). Tax inspection authorities, starting from the beginning of the year following the submission of the tax return, can examine the previous year's tax returns and the accounting records that are the basis for them and make a reassessment as a result of their findings.

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 27 Taxation *(continued)*

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Corporate tax payable | 746,816,270 | 180,742,077 |
| Prepaid corporate tax | (121,114,385) | (35,188,904) |
| **Total tax liability, (asset), net** | **625,701,885** | **145,553,173** |

**Deferred tax assets and liabilities**

Deferred tax is calculated over the temporary differences between the carrying values of assets and liabilities in the financial statements and the values used in the tax base, except for the goodwill not subject to tax deduction and the differences in the assets and liabilities that are recognized for the first time and are not subject to accounting and tax.

As of 31 December 2021 and 31 December 2020, deferred tax assets and deferred tax liabilities consist of the following:

| | 31 December 2021<br>Asset / (Liability) | 31 December 2020<br>Asset / (Liability) |
|---|---|---|
| Net difference between carrying values of property, plant and equipment and intangible assets and tax base | (882,750,364) | (425,484,289) |
| Unused carryforward tax losses | 3,119,572 | 4,665,471 |
| Adjustments according to TFRS 9 | 19,110,550 | 7,553,389 |
| Provision for impairment on inventory | 108,754 | 117,627 |
| Provision for employment termination benefit | 2,419,288 | 1,894,773 |
| Provision for unused vacation | 124,958 | 201,086 |
| Provision for legal cases | 1,164,767 | 1,515,708 |
| Derivative transactions | 24,300,080 | 4,020,007 |
| Adjustment related to interest discount for bank loans | 4,621,434 | (1,091,519) |
| Other | (4,734,268) | 3,393,584 |
| | **(832,515,363)** | **(403,214,163)** |
| Deferred tax asset | 30,526,428 | 185,220,021 |
| Deferred tax liabilities | (863,041,791) | (588,434,184) |
| **Net deferred tax asset/(liabilities)** | **(832,515,363)** | **(403,214,163)** |

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 27 Taxation *(continued)*

The movement of deferred tax during 2021 and 2020 is as follows:

| | *1 January 2021* | *Foreign currency translation differences* | *Recognized in profit or loss* | *Recognized in other comprehensive income* | *31 December 2021* |
|---|---|---|---|---|---|
| **Total deferred tax asset/(liabilities)** | **(403,214,163)** | (86,676,692) | 181,576,383 | (524,200,757) | **(832,515,363)** |

| | *1 January 2020* | *Foreign currency translation differences* | *Recognized in profit or loss* | *Recognized in other comprehensive income* | *31 December 2020* |
|---|---|---|---|---|---|
| **Total deferred tax asset/(liabilities)** | **(361,126,111)** | (74,694,193) | 31,917,850 | 688,291 | **(403,214,163)** |

The tax provision reported for the years ended 31 December is different from the amount calculated using the statutory tax rate on profit before tax. The relevant reconciliation breakdown is as follows:

| | **1 January- 31 December 2021** | **1 January- 31 December 2020** |
|---|---|---|
| | **Amount** | **Amount** |
| Profit before tax | 2,400,326,631 | 706,829,016 |
| Income tax rate | 25% | 22% |
| Tax calculated with the Company's legal tax rate | (600,081,658) | (155,502,384) |
| Non-deductible expenses | (17,298,271) | (3,699,325) |
| Tax-exempt income | 27,445,620 | 16,715,982 |
| Prior year's loss, for which no deferred tax asset has been allocated in prior years, but used in the period | (43,716,638) | (44,701,784) |
| Effect of tax rate differences of foreign subsidiaries | (6,221,774) | (21,194,100) |
| Temporary differences for which no deferred tax is calculated | 78,752,153 | 96,604,616 |
| Tax rate change | (1,838,380) | (26,804,019) |
| Other, net | (2,281,028) | (10,243,213) |
| **Tax income/(expense)** | **(565,239,976)** | **(148,824,227)** |

## 28 Earning per share

Earnings per share calculations are made by dividing the net profit for the period in the profit or loss statement given in this report by the weighted average number of shares issued.

| | **1 January- 31 December 2021** | **1 January- 31 December 2020** |
|---|---|---|
| Profit for the period attributable to equity holders | 1,679,749,785 | 470,035,971 |
| Weighted average number of common shares issued | 1,226,338,236 | 1,226,338,236 |
| Profit per share with nominal value of TL 1 | 1.370 | 0.383 |

## 29 Financial instruments

**The Group risk management**

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included in Note 30 and 31.

**Risk management framework**

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established an Early Detection of Risk Committee responsible for developing and monitoring the Group's risk management policies.

The risk management policies of the Group are determined in order to identify and analyze the risks to be encountered, to determine the appropriate risk limits and to establish their controls, and to observe the risks and the dependency of the risks to the limits. Risk management policies and systems are regularly reviewed to reflect changes in the Group's activities and market conditions. The Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and responsibilities through training and management standards and procedures.

Aksa Energy Audit Committee audits the management in terms of compliance with the risk management policies and procedures of the Group and provides support during the fulfillment of the risk management framework depending on the risks exposed by the Group. The internal audit department makes regular and specific evaluations of risk management policies and procedures and reports the results to the Audit Committee.

**Credit risk**

The Group closely monitors customer credit risks in order to eliminate possible risks that may arise in the collection of trade receivables. Certain credit control procedures, credit rating system and internal control policies are used in the management of credit risk. The Group management covers these risks by limiting the average risk for the counterparty in each agreement and by obtaining guarantees if necessary. Foreign customer credit risks are related to public institutions and organizations with low collection risk, and guarantees are received for these customer credit risks.

Credit risk is the risk of financial loss to the other party as a result of one of the parties in a mutual relationship not fulfilling its obligations regarding a financial instrument.

Holding financial instruments also bears the risk of failure of the counterparty to fulfill the requirements of the agreement. The collection risk of the Group mainly arises from its trade receivables. Trade receivables are evaluated by taking into account the Group's policies and procedures, and accordingly, they are presented as net in the consolidated statement of financial position after making provision for doubtful receivables.

A significant proportion of the Group's trade receivables are receivables from TEİAŞ, and similarly, it has receivables arising from agreements with the governments or ministries of the countries in its operations in foreign countries. The Group takes part in a sector with low collection risk.

The Group manages the liquidity risk by maintaining the continuation of sufficient funds by regularly monitoring the cash flows and matching the maturities of financial assets and liabilities.

## 29 Financial instruments *(continued)*

**Liquidity risk**

Liquidity risk is the possibility of the Group not meeting its net funding liabilities. Occurrence of events that cause a decrease in fund resources such as deterioration in the markets or a decrease in credit score, cause liquidity risk. The Group management manages the liquidity risk by distributing the fund resources and keeping sufficient cash and similar resources to fulfill its current and possible liabilities.

The Group uses activity-based costing in costing its products and services, which helps to monitor cash flow needs and makes effective cash return on investments. The Group generally ensures that it has sufficient cash to cover financial and operational expenses, including the fulfillment of financial liabilities, excluding the potential impact of unreasonably foreseeable events such as natural disasters.

**Market risk**

Market risk is the changes that will occur in interest rates, exchange rates or the value of securities and other financial agreements and will affect the Group negatively. The main important risks for the Group are changes in currency and interest rates.

**Foreign currency risk**

Foreign currency risk arises from the Group's liabilities in USD and EUR and the changes in the value of Turkish Lira against USD and EUR.

The Group also has a foreign currency risk arising from its transactions. These risks arise from the Group's purchase and sale of goods in a currency other than the functional currency and using bank loans in foreign currency.

The Group aims to balance the exchange rate risk against foreign currency through derivative financial contracts.

The basis of the sensitivity analysis made in order to measure the currency risk is to make the total currency statement throughout the Group. Total foreign currency position includes all short-term and long-term foreign currency-based purchase and sale contracts and all assets and liabilities.

The Group is exposed to foreign exchange risk due to various income and expense items in foreign currencies and foreign currency payables, receivables and financial borrowings arising from these.

**Interest rate risk**

Within the scope of fund management, sensitivity analysis is performed in measuring the interest risk of interest sensitive assets in the portfolio. By determining the average maturity and interest rate of interest-sensitive assets, the sensitivity to changes in market interest rates is calculated, and the interest risk arising from the securities portfolio created within the scope of fund management by monitoring the markets is managed within the framework of the decisions taken to move, increase or decrease the existing securities portfolio in accordance with market interest rates expectations.

**Capital management**

The main purpose of the capital management of the Company is to provide a strong capital ratio in order to continue the operations of the Company and to increase the value it provides to the Company partners.

The Company manages the capital structure and makes the necessary arrangements according to the market competition conditions, economic conjuncture and growth strategy. In order to strengthen and regulate the capital structure, shareholders can make direct cash payments according to their working capital needs.

During the period, there has been no change in the Group's perspective on capital management.

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 30 Nature and level of risks arising from financial instruments

### Credit risk

Carrying value of financial assets shows the maximum credit risk of the Group. The table below shows the details of the values exposed to maximum credit risk as of 31 December 2021 and 31 December 2020:

| | Receivables | | | | Deposits at banks | Other |
|---|---|---|---|---|---|---|
| | Trade receivables | | Other receivables | | | |
| **31 December 2021** | **Related Parties** | **Other** | **Related Parties** | **Other** | | |
| Maximum credit risk exposed as of the reporting date (A+B+C+D+E) | 766,149,151 | 4,561,554,468 | 58,618,465 | 54,341,335 | 523,306,919 | 592,984,402 |
| A. Carrying amount of financial assets not overdue or not impaired | 766,149,151 | 4,462,753,268 | 58,618,465 | 14,457,548 | 523,306,919 | 592,984,402 |
| B. Carrying amount of financial assets with rediscussed conditions that are considered overdue or impaired if not rediscussed | - | | - | - | - | - |
| C. Carrying amount of financial assets overdue but not impaired | - | 98,801,200 | - | 39,883,787 | - | - |
| D. Carrying amount of assets impaired | - | - | - | - | - | - |
| - Overdue (gross book value) | - | 73,919,260 | - | - | 2,821,591 | |
| - Impairment (-) | - | (73,919,260) | - | - | (2,821,591) | |
| E. Off balance sheet items with credit risk | | | | | | |

(*) Other balance consists of financial investments.

| | Receivables | | | | Deposits at banks |
|---|---|---|---|---|---|
| | Trade receivables | | Other receivables | | |
| **31 December 2020** | **Related Parties** | **Other** | **Related Parties** | **Other** | |
| Maximum credit risk exposed as of the reporting date (A+B+C+D+E) | 311,085,412 | 2,394,534,995 | 42,317,908 | 40,626,334 | 314,171,908 |
| A. Carrying amount of financial assets not overdue or not impaired | 311,085,412 | 2,262,308,256 | 42,317,908 | 10,725,835 | 314,171,908 |
| B. Carrying amount of financial assets with rediscussed conditions that are considered overdue or impaired if not rediscussed | - | - | - | - | - |
| C. Carrying amount of financial assets overdue but not impaired | - | 132,226,739 | - | 29,900,499 | - |
| D. Carrying amount of assets impaired | - | - | - | - | - |
| - Overdue (gross book value) | - | 29,945,027 | - | - | 2,601,210 |
| - Impairment (-) | - | (29,945,027) | - | - | (2,601,210) |
| E. Off balance sheet items with credit risk | - | - | - | - | - |

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 30 Nature and level of risks arising from financial instruments *(continued)*

**Liquidity risk**

The maturities of the financial liabilities determined according to the payment schedule of the Group, including the estimated interest payments as of 31 December 2021 and 31 December 2020, are as follows:

| **31 December 2021** | **Carrying amount** | **Contractual cash flows (=I+II+III+IV+V)** | **3 months or less (I)** | **3-12 months (II)** | **1-5 years (III)** | **More than 5 years (IV)** |
|---|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | **5,662,725,085** | **6,219,003,571** | **1,175,618,429** | **2,012,614,002** | **2,676,054,813** | **354,716,327** |
| Financial liabilities | 5,584,908,409 | 6,010,547,968 | 1,171,657,694 | 1,993,298,042 | 2,619,461,800 | 226,130,432 |
| Other financial liabilities | - | - | - | - | - | - |
| Leases | 77,816,109 | 208,455,603 | 3,960,735 | 19,315,960 | 56,593,013 | 128,585,895 |
| **Derivative financial assets, net** | **79,214,904** | **(23,167,660)** | **(9,027,740)** | **(7,712,683)** | **(6,427,236)** | **-** |
| Cash inflows | - | 1,168,545 | 468,050 | 382,089 | 318,407 | - |
| Cash outflows | - | (24,336,205) | (9,495,790) | (8,094,772) | (6,745,643) | - |

| **Expected maturity** | **Carrying amount** | **Contractual cash flows (=I+II+III+IV+V)** | **3 months or less (I)** | **3-12 months (II)** | **1-5 years (III)** | **More than 5 years (IV)** |
|---|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | **2,789,344,046** | **2,789,344,046** | **2,744,914,046** | **33,322,500** | **11,107,500** | **-** |
| Trade payables to related parties | 89,599,642 | 89,599,642 | 89,599,642 | - | - | - |
| Trade payables to third parties | 1,930,265,889 | 1,930,265,889 | 1,930,265,889 | - | - | - |
| Other payables to third parties | 769,478,515 | 769,478,515 | 725,048,515 | 33,322,500 | 11,107,500 | - |

| **31 December 2020** | **Carrying amount** | **Contractual cash flows (=I+II+III+IV+V)** | **3 months or less (I)** | **3-12 months (II)** | **1-5 years (III)** | **More than 5 years (IV)** |
|---|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | **2,946,323,862** | **3,344,840,719** | **906,937,468** | **1,256,145,219** | **1,013,490,890** | **168,267,142** |
| Financial liabilities | 2,855,940,292 | 3,148,493,581 | 894,517,628 | 1,248,373,609 | 1,005,602,344 | - |
| Other financial liabilities | 11,181,406 | 11,507,886 | 11,507,886 | - | - | - |
| Leases | 79,202,164 | 184,839,252 | 911,954 | 7,771,610 | 7,888,546 | 168,267,142 |
| **Derivative financial assets, net** | **58,567,229** | **(46,112,095)** | **(2,906,230)** | **(40,112,971)** | **(3,092,894)** | **-** |
| Cash inflows | - | 404,640,345 | 62,780,700 | 323,849,645 | 18,010,000 | - |
| Cash outflows | - | (450,752,440) | (65,686,930) | (363,962,616) | (21,102,894) | - |

| **Expected maturity** | **Carrying amount** | **Contractual cash flows (=I+II+III+IV+V)** | **3 months or less (I)** | **3-12 months (II)** | **1-5 years (III)** | **More than 5 years (IV)** |
|---|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | **858,482,345** | **858,482,345** | **815,662,762** | **18,351,250** | **24,468,333** | **-** |
| Trade payables to related parties | 35,657,639 | 35,657,639 | 35,657,639 | - | - | - |
| Trade payables to third parties | 767,165,582 | 767,165,582 | 767,165,582 | - | - | - |
| Other payables to third parties | 55,659,124 | 55,659,124 | 12,839,541 | 18,351,250 | 24,468,333 | - |

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 30 Nature and level of risks arising from financial instruments *(continued)*

**Market risk**

***Foreign currency risk***

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

| FOREIGN CURRENCY POSITION | | | | | |
|---|---|---|---|---|---|
| | 31 December 2021 | | | | |
| | TL Equivalent | US Dollar | EURO | GBP | CHF |
| 1. Trade receivables | 5,125,512,100 | 332,625,911 | 45,864,326 | - | - |
| 2a. Monetary financial assets (cash, including bank accounts) | 250,912,993 | 15,725,752 | 2,734,008 | 3,081 | 132 |
| 2b. Non-monetary financial assets | 11,190,900 | 553,199 | 253,025 | - | - |
| 3. Other | - | - | - | - | - |
| **4. Current assets (1+2+3)** | **5,387,615,993** | **348,904,862** | **48,851,360** | **3,081** | **132** |
| 5. Trade receivables | - | - | - | - | - |
| 6a. Monetary financial assets | - | - | - | - | - |
| 6b. Non-monetary financial assets | - | - | - | - | - |
| 7. Other | - | - | - | - | - |
| **8. Non-current assets (5+6+7)** | - | - | - | - | - |
| **9. Total assets (4+8)** | **5,387,615,993** | **348,904,862** | **48,851,360** | **3,081** | **132** |
| 10. Trade payables | 2,560,667,089 | 178,412,807 | 11,497,277 | 72,664 | 538,542 |
| 11. Financial liabilities | 873,487,480 | 65,532,859 | - | - | - |
| 12a. Other monetary liabilities | 23,741,036 | 1,192,869 | - | - | 538,542 |
| 12b. Other non-monetary liabilities | - | - | - | - | - |
| **13. Current liabilities (10+11+12)** | **3,457,895,605** | **245,138,535** | **11,497,277** | **72,664** | **1,077,085** |
| 14. Trade payables | - | - | - | - | - |
| 15. Financial liabilities | 1,004,041,246 | 75,327,575 | - | - | - |
| 16a. Other monetary liabilities | - | - | - | - | - |
| 16b. Other non-monetary liabilities | - | - | - | - | - |
| **17. Non-current liabilities (14+15+16)** | **1,004,041,246** | **75,327,575** | - | - | - |
| **18. Total liabilities (13+17)** | **4,461,936,851** | **320,466,110** | **11,497,277** | **72,664** | **1,077,085** |
| **19. Net asset/ (liability) position of off-statement derivative instruments (19a-19b)** | **1,189,682,416** | **89,255,189** | - | - | - |
| **20. Net foreign currency asset/ (liability) position (9-18+19)** | **2,115,361,558** | **117,693,941** | **37,354,083** | **(69,583)** | **(1,076,953)** |
| **21. Monetary items net foreign currency asset / (liability) position (UFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)** | **914,488,242** | **27,885,553** | **37,101,058** | **(69,583)** | **(1,076,953)** |

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

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

**Market risk** *(continued)*

***Foreign currency risk*** *(continued)*

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

| FOREIGN CURRENCY POSITION | | | | | |
|---|---|---|---|---|---|
| | **31 December 2020** | | | | |
| | **TL Equivalent** | **US Dollar** | **EURO** | **GBP** | **CHF** |
| 1. Trade receivables | 698,720,628 | 28,959,849 | 53,838,232 | - | 141,409 |
| 2a. Monetary financial assets (cash, including bank accounts) | 449,141,840 | 45,750,892 | 12,575,529 | 2,847 | - |
| 2b. Non-monetary financial assets | 6,984,002 | 535,484 | 338,956 | - | - |
| 3. Other | 29,900,499 | 4,073,360 | - | - | - |
| **4. Current assets (1+2+3)** | **1,184,746,969** | **79,319,585** | **66,752,717** | **2,847** | **141,409** |
| 5. Trade receivables | - | - | - | - | - |
| 6a. Monetary financial assets | - | - | - | - | - |
| 6b. Non-monetary financial assets | - | - | - | - | - |
| 7. Other | - | - | - | - | - |
| **8. Non-current assets (5+6+7)** | **-** | **-** | **-** | **-** | **-** |
| **9. Total assets (4+8)** | **1,184,746,969** | **79,319,585** | **66,752,717** | **2,847** | **141,409** |
| 10. Trade payables | 125,926,783 | 6,334,067 | 7,242,247 | 70,114 | 1,629,257 |
| 11. Financial liabilities | 597,056,489 | 79,550,327 | 1,456,201 | - | - |
| 12a. Other monetary liabilities | 10,046,675 | 1,307,306 | 50,000 | - | - |
| 12b. Other non-monetary liabilities | 1,062,383 | 62,289 | 67,180 | - | - |
| **13. Current liabilities (10+11+12)** | **734,092,330** | **87,253,989** | **8,815,628** | **70,114** | **1,629,257** |
| 14. Trade payables | - | - | - | - | - |
| 15. Financial liabilities | 327,118,073 | 44,563,459 | - | - | - |
| 16a. Other monetary liabilities | - | - | - | - | - |
| 16b. Other non-monetary liabilities | 4,240,914 | 561,363 | 13,347 | - | - |
| **17. Non-current liabilities (14+15+16)** | **331,358,987** | **45,124,822** | **13,347** | **-** | **-** |
| **18. Total liabilities (13+17)** | **1,065,451,317** | **132,378,811** | **8,828,975** | **70,114** | **1,629,257** |
| **19. Net asset/ (liability) position of off-statement derivative instruments (19a-19b)** | **417,249,472** | **56,842,105** | **-** | **-** | **-** |
| **20. Net foreign currency asset/ (liability) position (9-18+19)** | **536,545,124** | **3,782,879** | **57,923,742** | **(67,267)** | **(1,487,848)** |

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 30 Nature and level of risks arising from financial instruments *(continued)*

**Market risk** *(continued)*

***Foreign currency risk*** *(continued)*

Sensitivity analysis

The Group's currency risk generally consists of changes in the value of TL against EUR and USD. The basis of the sensitivity analysis made to measure the currency risk is to make the total currency statement throughout the entity. Total foreign currency position includes all short-term and long-term purchase contracts and all assets and liabilities based on foreign currency. The analysis does not include net foreign currency investments.

The Group realizes its medium and long-term loans in the currency of the project revenue it generates. For short-term loans, borrowings are made in TL, EUR and USD balanced under the pool/portfolio model.

**Sensitivity analysis**

| | **31 December 2021** | | | |
|---|---|---|---|---|
| | **Profit/Loss** | | **Equity** | |
| | The appreciation of foreign currency | The depreciation of foreign currency | The appreciation of foreign currency | The depreciation of foreign currency |
| 20% appreciation/depreciation of TL against the USD | | | | |
| 1 - USD net asset / liability | 74,337,307 | (74,337,307) | 74,337,307 | (74,337,307) |
| 2- Portion secured from USD risk (-) | 237,936,483 | (237,936,483) | 237,936,483 | (237,936,483) |
| **3- USD net effect (1 +2)** | **313,748,507** | **(313,748,507)** | **313,748,507** | **(313,748,507)** |
| 20% appreciation/depreciation of EUR against TL | | | | |
| 4 - EUR net asset / liability | 111,946,505 | (111,946,505) | 111,946,505 | (111,946,505) |
| 5 - Portion secured from EUR risk (-) | - | - | - | - |
| **6 - EUR net effect (4+5)** | **111,946,505** | **(111,946,505)** | **111,946,505** | **(111,946,505)** |
| **Total (3+6)** | **424,220,295** | **(424,220,295)** | **424,220,295** | **(424,220,295)** |

| | **31 December 2020** | | | |
|---|---|---|---|---|
| | **Profit/Loss** | | **Equity** | |
| | The appreciation of foreign currency | The depreciation of foreign currency | The appreciation of foreign currency | The depreciation of foreign currency |
| 20% appreciation/depreciation of TL against the USD | | | | |
| 1 - USD net asset / liability | (83,746,910) | 83,746,910 | (83,746,910) | 83,746,910 |
| 2- Portion secured from USD risk (-) | 83,449,894 | (83,449,894) | 83,449,894 | (83,449,894) |
| **3- USD net effect (1 +2)** | **(297,016)** | **297,016** | **(297,016)** | **297,016** |
| 20% appreciation/depreciation of EUR against TL | | | | |
| 4 - EUR net asset / liability | 103,888,674 | (103,888,674) | 103,888,674 | (103,888,674) |
| 5 - Portion secured from EUR risk (-) | - | - | - | - |
| **6 - EUR net effect (4+5)** | **103,888,674** | **(103,888,674)** | **103,888,674** | **(103,888,674)** |
| 20% appreciation/depreciation of foreign exchange rates against TL | | | | |
| 7- Other foreign currency net asset/liability | (2,598,874) | 2,598,874 | (2,598,874) | 2,598,874 |
| 8- Hedged portion from other foreign currency risk (-) | - | - | - | - |
| **9- Other foreign currency assets net effect (7+8)** | **(2,598,874)** | **2,598,874** | **(2,598,874)** | **2,598,874** |
| **Total (3+6+9)** | **100,992,784** | **(100,992,784)** | **100,992,784** | **(100,992,784)** |

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 30 Nature and level of risks arising from financial instruments *(continued)*

**Market risk** *(continued)*

***Interest rate risk***

***Profile***

The interest structure of the Group's financial items with an interest component at the reporting date is as follows:

**Interest rate position**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| **Fixed rate instruments** | | |
| Financial assets | 252,843,974 | 274,335,539 |
| Financial liabilities (Note 8) | 4,268,746,772 | 1,995,602,611 |
| Financial lease (Note 8) | 77,816,109 | 79,202,164 |
| Other financial liabilities | - | 11,181,406 |
| **Floating rate instruments** | | |
| Financial liabilities | 1,316,161,637 | 860,337,684 |

**Fair value risk of financial instruemetns with fixed interest:**

The Group does not have financial assets and liabilities with fixed interest fair value difference reflected on profit or loss and hedging derivatives (forward interest rate swaps) registered under the accounting model for hedging purposes of fair value risk. Therefore, as of the reporting period, changes in interest rates will not affect profit or loss.

**Cash flow sensitivity analysis for financial instruments with floating interest:**

As of 31 December 2021 how much a 100 basis point change in interest rates will increase (decrease) equity and profit or loss before tax is presented below. This analysis assumes that all other variables, especially foreign exchange rates, remain constant. This analysis was conducted in the same way as of 31 December 2020.

| | Profit or loss | | Equity | |
|---|---|---|---|---|
| | **1% increase** | **1% decrease** | **1% increase** | **1% decrease** |
| **31 December 2021** | | | | |
| Floating rate instruments | (17,808,594) | 15,158,758 | (17,808,594) | 15,158,758 |
| **Cash flow sensitivity (net)** | **130,476** | **-** | **130,476** | **-** |
| **31 December 2020** | | | | |
| Floating rate instruments | (15,298,564) | 14,399,296 | (15,298,564) | 14,399,296 |
| **Cash flow sensitivity (net)** | **(899,268)** | | **(899,268)** | |

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 30 Nature and level of risks arising from financial instruments *(continued)*

**Market risk** *(continued)*

***Interest rate risk (continued)***

**Capital risk management**

While managing the capital, the Group's goals are to maintain the Group's continuity of activity in order to maintain the most appropriate capital structure in order to provide return to its partners, benefit to other shareholders and to reduce the cost of capital.

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

Net debt/invested capital ratios as of 31 December 2021 and 31 December 2020 are as follows:

| | **31 December 2021** | **31 December 2020** |
|---|---|---|
| Total financial liabilities (Note 9) | 5,662,724,518 | 2,946,323,862 |
| Cash and banks | (1,117,683,677) | (314,170,588) |
| **Net financial debt** | **4,545,040,841** | **2,632,153,274** |
| Equity | 10,584,208,214 | 4,635,925,341 |
| **Net financial debt / equity ratio** | **43%** | **57%** |

## 31 Financial instruments (fair value disclosures and explanation on hedge accounting)

**Fair value**

Carrying values and fair values of assets and liabilities as of 31 December 2021 and 31 December 2020 are shown in the table below:

| | | **31 December 2021** | | **31 December 2020** | |
|---|---|---|---|---|---|
| | **Note** | **Book value** | **Amortized value (*)** | **Book value** | **Amortized value (*)** |
| **Financial assets** | | | | | |
| Cash and cash equivalents | 6 | 524,701,915 | 524,701,915 | 314,171,908 | 314,171,908 |
| Financial investments | 7 | 593,395,490 | 593,395,490 | 412,408 | 412,408 |
| Trade receivables | 5 | 5,327,703,619 | 5,327,703,619 | 2,705,620,407 | 2,705,620,407 |
| Other receivables (*) | 9 | 99,963,809 | 99,963,809 | 74,508,139 | 74,508,139 |
| Derivative instruments | 7 | 3,859,495 | 3,859,495 | 2,148,922 | 2,148,922 |
| **Financial liabilities** | | | | | |
| Financial liabilities | 8 | 5,584,908,976 | 5,584,908,976 | 2,855,940,292 | 2,855,940,292 |
| Financial leases | 8 | 77,816,109 | 77,816,109 | 79,202,164 | 79,202,164 |
| Trade payables | 5 | 2,019,865,531 | 2,019,865,531 | 779,913,222 | 779,913,222 |
| Other financial liabilities | 8 | - | - | 11,181,406 | 11,181,406 |
| Derivative instruments | 6 | 83,074,399 | 83,074,399 | 60,716,151 | 60,716,151 |
| Other liabilities | 9 | 769,478,515 | 769,478,515 | 243,081,996 | 243,081,996 |

(*) The Group management believes that the book values of financial instruments reflect their fair values. Derivative instruments are shown at fair value.

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 31 Financial instruments (fair value disclosures and explanation on hedge accounting) *(continued)*

**Fair value** *(continued)*

Fair value refers to the price of a financial instrument subject to purchase and sale between willing parties in a current transaction, except in cases such as a forced sale or liquidation. Quoted market price, if any, is the value that best reflects the fair value of a financial instrument.

Foreign currency based financial receivables and payables are evaluated at the exchange rates valid on the date of the financial statement.

The following methods and assumptions have been used in estimating the fair values of the Group's financial instruments:

Financial Assets - The fair values of some financial assets include their cost values, cash and cash equivalents in the financial statements, interest accruals on them and other short-term financial assets, and due to their short-term nature, their fair values are considered to approximate their carrying values. The values of trade receivables carried, after deducting the provision for doubtful receivables, is considered to approximate their fair values.

Financial Liabilities - Due to the short-term nature of trade payables and other monetary liabilities, it is considered that their fair values approximate their carrying values. Fixed interest bank loans are expressed with discounted cost and transaction costs are added to the initial carrying values of the loans. Since the interest rates on floating rate loans are updated taking into account the changing market conditions, it is considered that the fair values of the loans represent their carrying value. Due to the short-term nature of trade payables, it is estimated that their fair values approximate their carrying values.

The Group classifies fair value measurements according to the source of the inputs of each financial instrument class, using a three-level hierarchy as follows:

Level 1: Valuation techniques using market prices traded in the active market

Level 2: Other valuation techniques involving direct or indirect observable input

Level 3: Valuation techniques that do not contain observable market inputs

**Financial instruments at fair value**

The table below presents the financial instruments measured with their fair value according to their fair value levels and their values in the statement of financial position.

| **31 December 2021** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Financial assets held for risk management and trading | - | 3,859,495 | - | 3,859,495 |
| Revaluated property, plant and equipment | | 134,304,805 | 12,549,576,941 | 12,683,881,746 |
| | **-** | **138,164,300** | **12,549,576,941** | **12,687,741,241** |
| **Financial liabilities** | | | | |
| Derivative assets held for risk management and trading | - | (83,074,399) | - | (83,074,399) |
| | **-** | **(83,074,399)** | **-** | **(83,074,399)** |

| **31 December 2020** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Derivative assets held for risk management and trading | - | 2,148,922 | - | 2,148,922 |
| Revaluated property, plant and equipment | | 93,035,084 | 5,190,110,928 | 5,283,146,012 |
| | **-** | **95,184,006** | **5,190,110,928** | **5,285,294,934** |
| **Financial liabilities** | | | | |
| Derivative assets held for risk management and trading | - | (60,716,151) | - | (60,716,151) |
| | **-** | **(60,716,151)** | **-** | **(60,716,151)** |

*(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)*

## 32 Notes on the statement of cash flows

Changes in the Group's liabilities resulting from financing activities between 1 January – 31 December 2021 and 1 January – 31 December 2020 are as follows:

| | 1 January 2021 | Cash inflows | Cash outflows | Other non-cash movements | 31 December 2021 |
|---|---|---|---|---|---|
| **Financial borrowings** | **2,946,323,862** | 5,151,436,462 | (2,808,877,170) | 373,841,364 | **5,662,724,518** |
| **Total financial liabilities** | **2,946,323,862** | 5,151,436,462 | (2,808,877,170) | 378,531,161 | **5,662,724,518** |

| | 1 January 2021 | Cash inflows | Cash outflows | Other non-cash movements | 31 December 2020 |
|---|---|---|---|---|---|
| **Financial borrowings** | **3,263,455,979** | 2,875,827,846 | (3,338,140,038) | 145,180,075 | **2,946,323,862** |
| **Total financial liabilities** | **3,263,455,979** | 2,875,827,846 | (3,338,140,038) | 145,180,075 | **2,946,323,862** |

It represents the change in cash amounts related to the lines "Cash Inflows from Borrowing" and "Cash Outflows from Debt Payments" within the financing activities in the cash flow statement.

## 33 Events after the reporting period

According to our material event disclosure dated 14 January 2022, first phase (240 MW- Tashkent A) and third phase (270 MW- Bukhara) of Aksa Energy's 740 MW natural gas power plant investments consisting of three power plants in Uzbekistan had started commercial operations gradually. Following the issuance of invoice regarding power generation in January, first collection from National Electric Grid of Uzbekistan ("NEGU") was realized in February.

According to the Tax Procedure Law No. 7352 and the Law on the Amendment of the Corporate Tax Law published in the Official Gazette dated 29 January 2022 and numbered 31734, the application of inflation adjustment in the TPL financial statements was postponed to 31 December 2023.