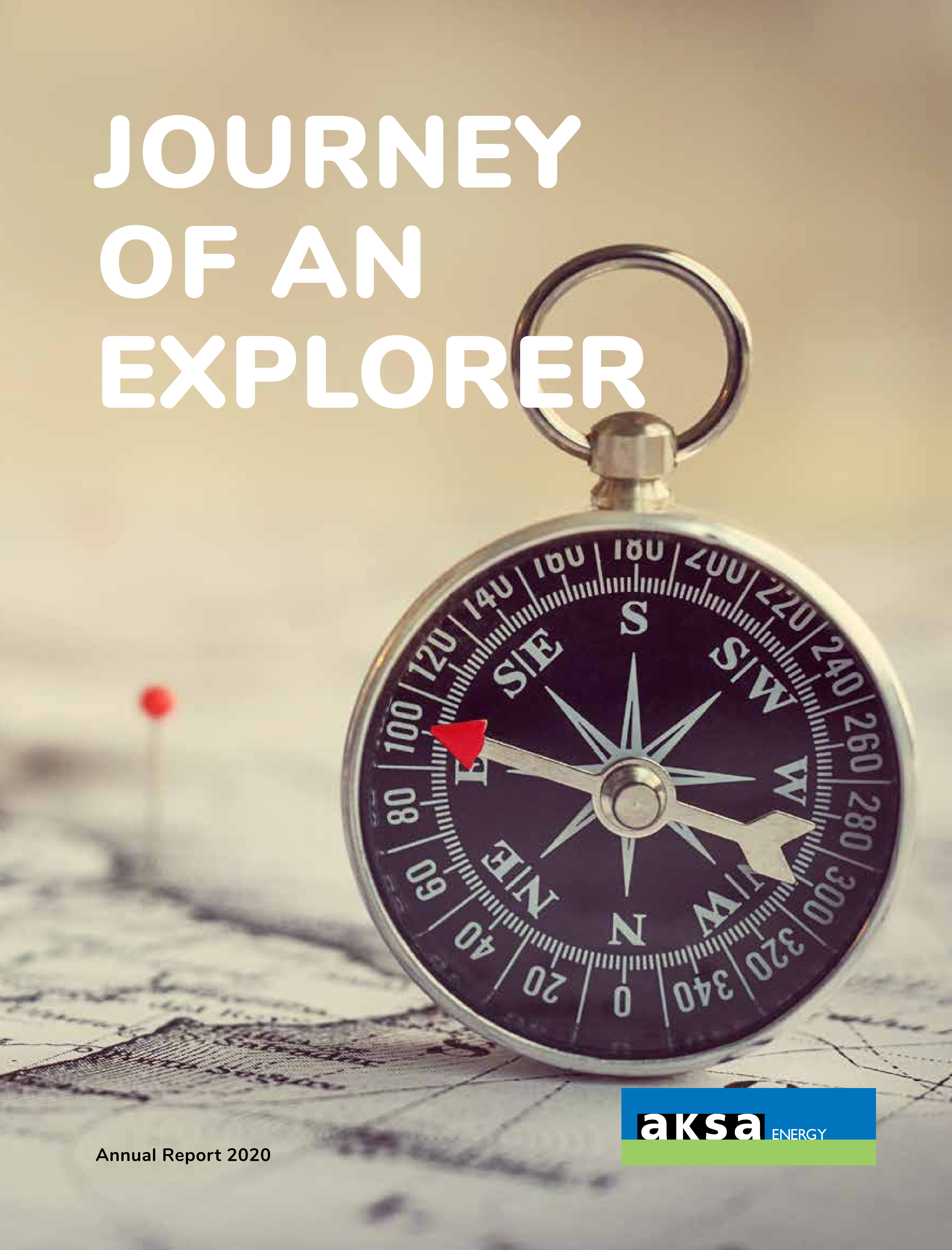
JOURNEY OF AN EXPLORER



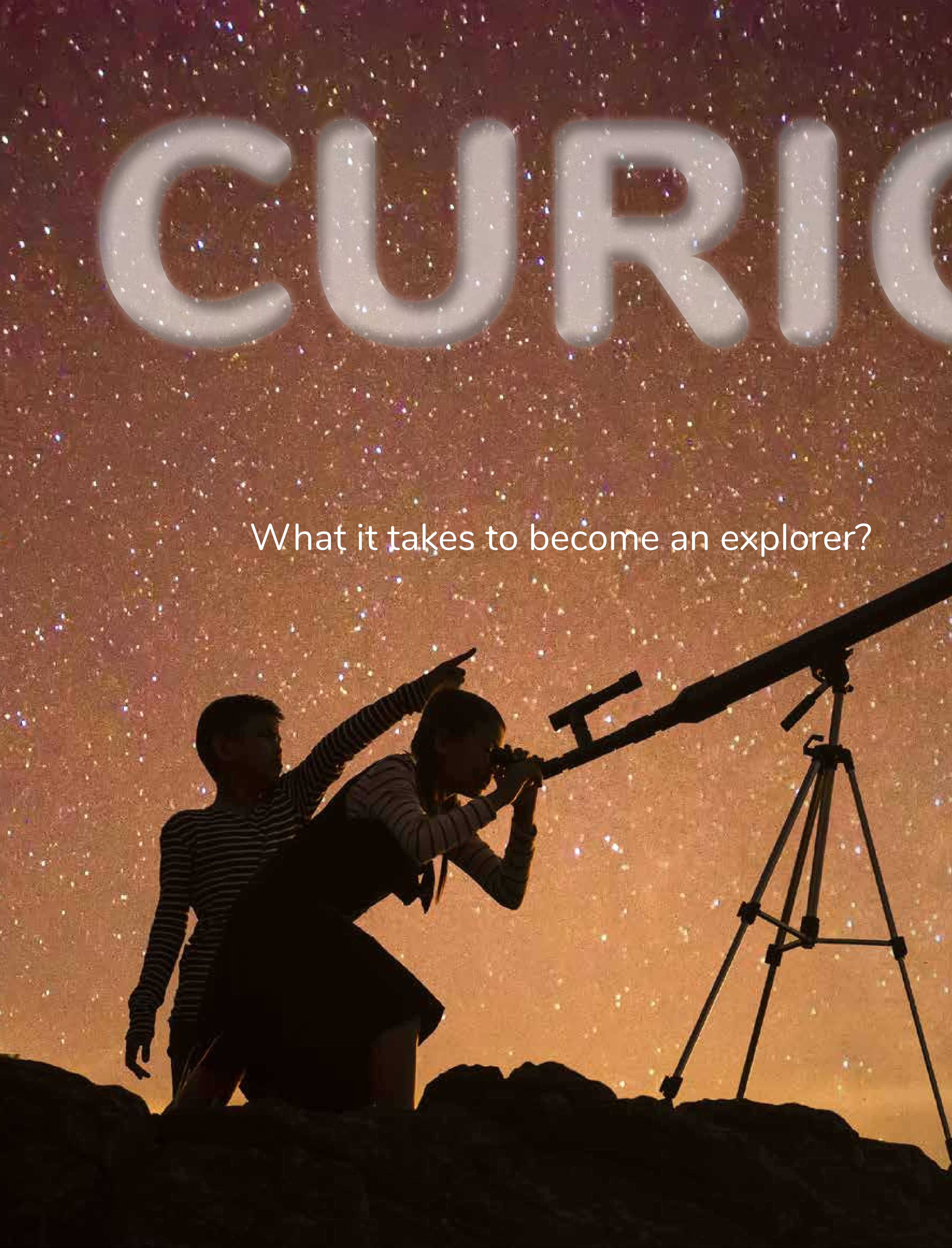
Annual Report 2020

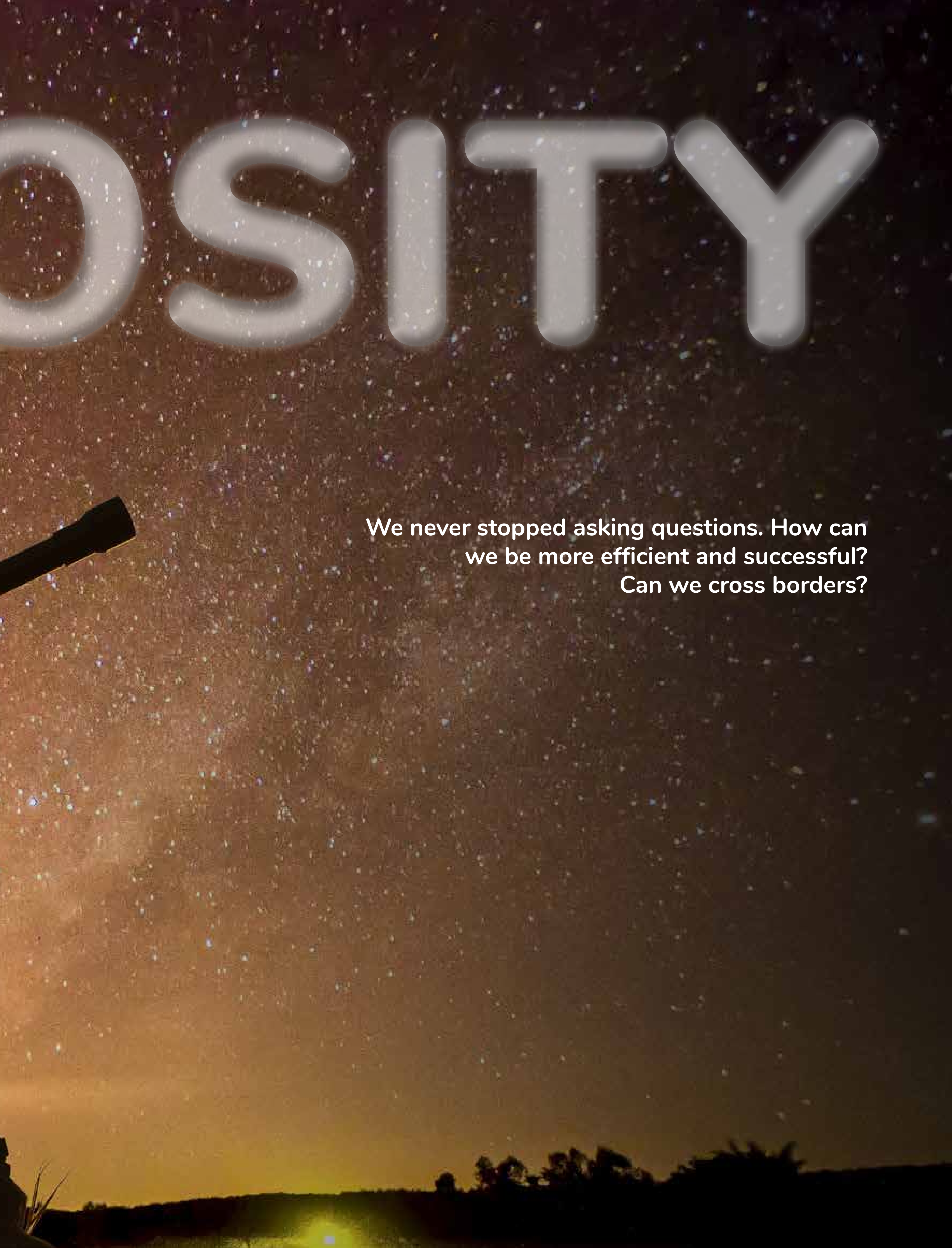
CONTENTS

WELCOME TO OUR JOURNEY OF BECOMING AN "EXPLORER"...

ON OUR JOURNEY, WE DISCOVERED GEOGRAPHIES IN URGENT NEED OF ENERGY.

WITH THE DNA UNIQUE TO EXPLORERS, WE ARE EVOLVING INTO A GLOBAL ENERGY COMPANY GENERATING ENERGY IN 5 COUNTRIES AND ON 2 CONTINENTS. WE CONTINUE OUR JOURNEY OF EXPLORATION AT FULL PACE...


CURI
What it takes to become an explorer?

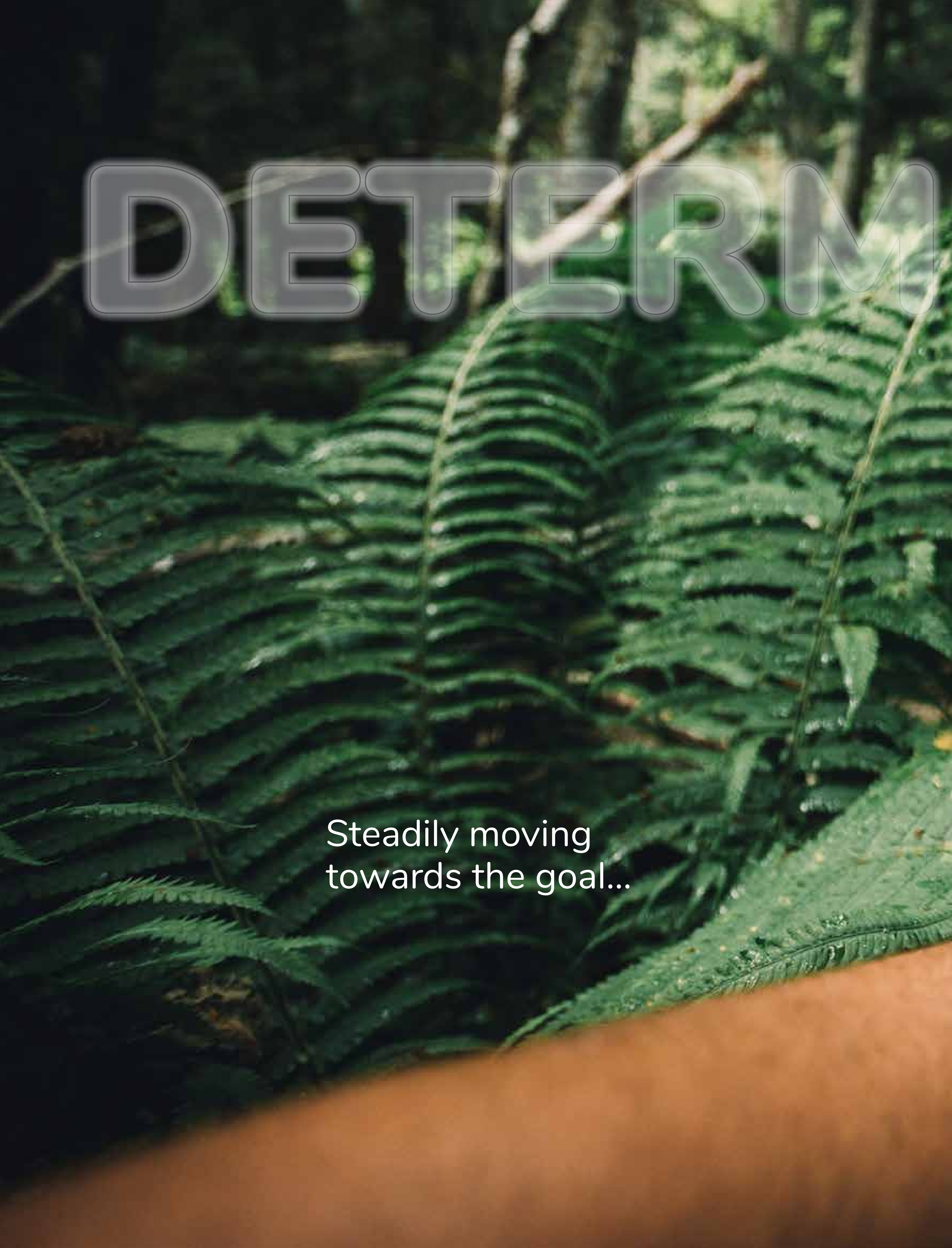


OSITY

We never stopped asking questions. How can we be more efficient and successful? Can we cross borders?

Taking a new route...

We made a bold move, transporting our idle power plants to Africa to reach millions of people in urgent need of energy...



DETERM

Steadily moving
towards the goal...

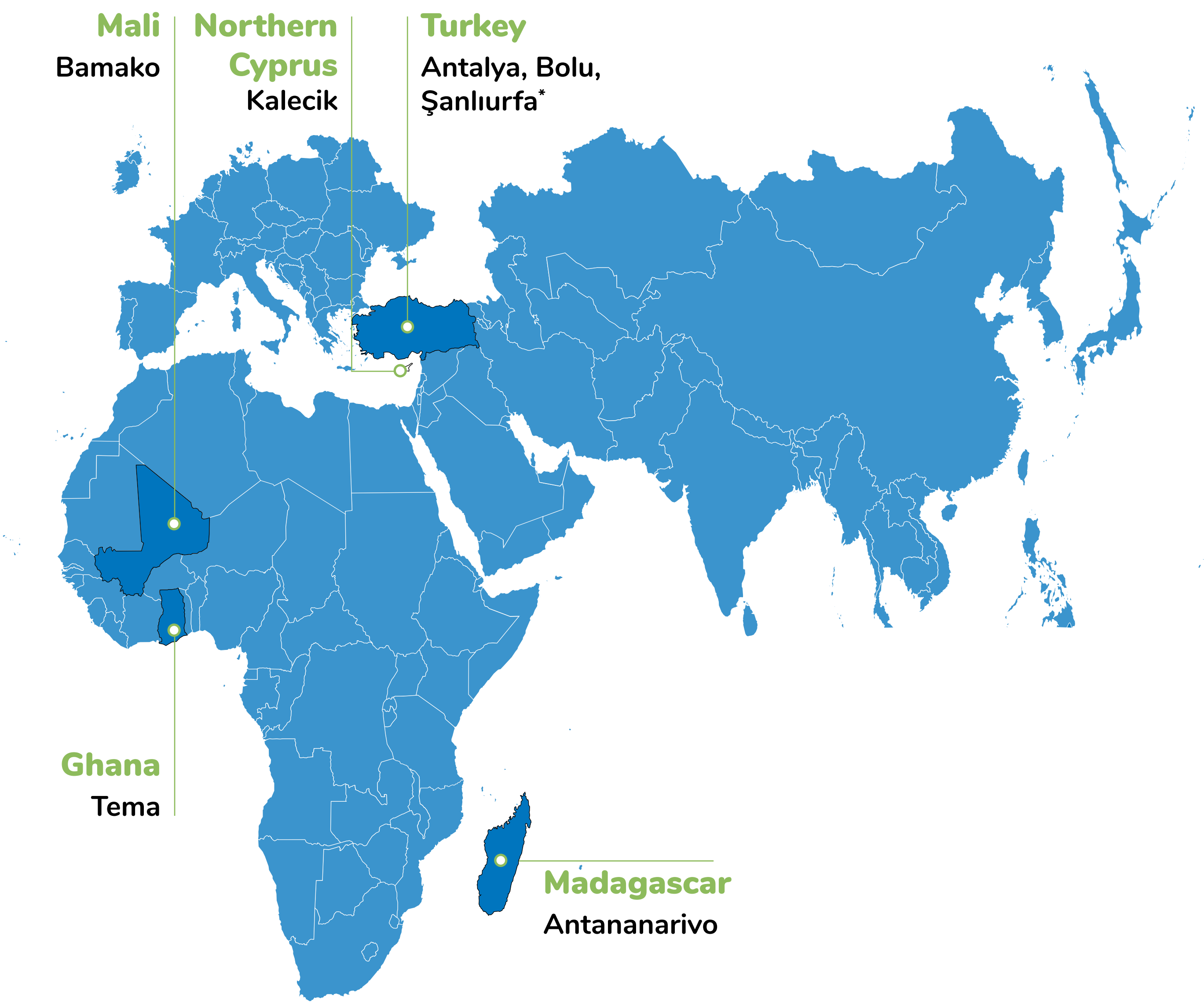
We worked diligently to overcome operational challenges. The power plants that we transported across the ocean to Africa were installed in an average period of six months; and delivered to Ghana, Mali and Madagascar.


Marking our way towards
new discoveries...
EXPL
THE UN

Each discovery leads to the next destination. Adding new continents and countries, we continue our voyage of discovery across 5 countries on 2 continents. In 2021, we plan to start operations in Uzbekistan and Congo.

AKSA ENERGY IN FIGURES

GENERATION IN 5 COUNTRIES ON 2 CONTINENTS



**Şanlıurfa Natural Gas Combined Cycle Power Plant, with an installed capacity of 147 MW, is not operational since August 19, 2020.*

Turkey's largest publicly traded independent power producer, Aksa Energy offers fast and reliable solutions in the energy field.

7.2
TRY Billion
Revenues

1.55
TRY Billion
Investment
(2015-2020)

30+
Number of Power Plants Installed and Operated to Date

470
TRY Million
Net Profit

1.76x
Net Financial Debt/EBITDA

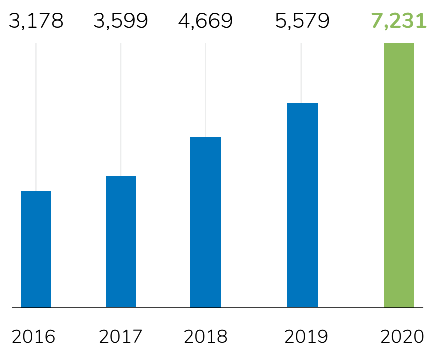
1.5
TRY Billion
EBITDA

FINANCIAL AND OPERATIONAL INDICATORS

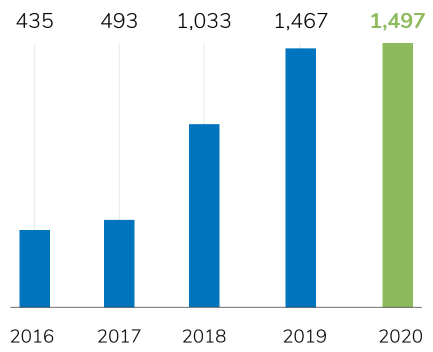
Despite the challenging pandemic conditions, Aksa Energy increased its turnover by 30% to TRY 7.2 billion in 2020.

FINANCIAL INDICATORS

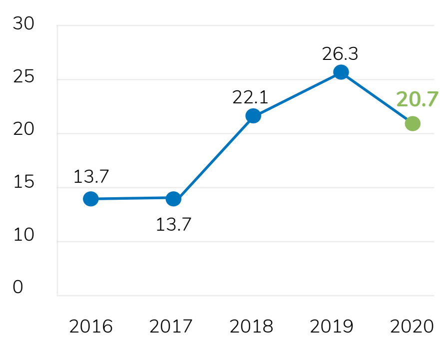
REVENUES (TRY MILLION)



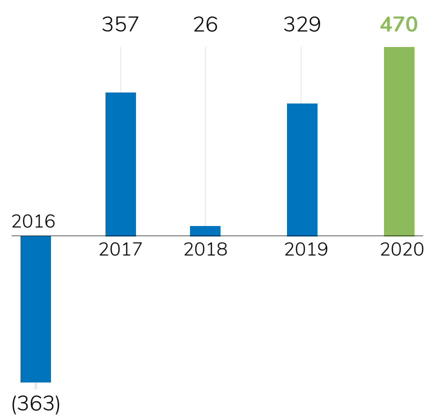
EBITDA (TRY MILLION)



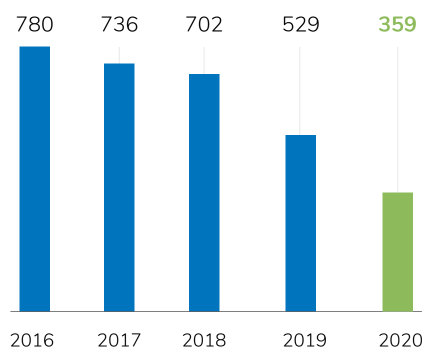
EBITDA MARGIN (%)



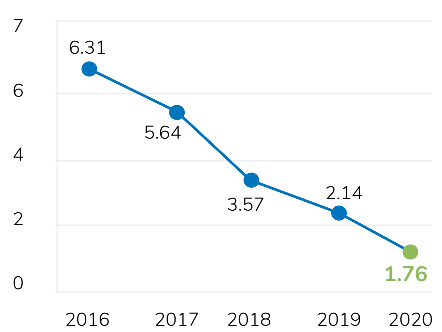
NET PROFIT
(TRY MILLION)



NET FINANCIAL DEBT
(USD MILLION)

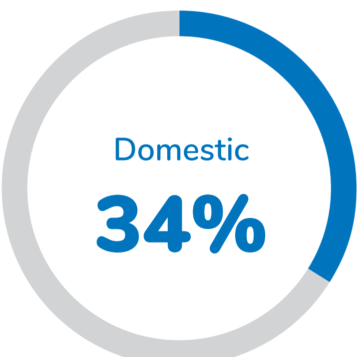


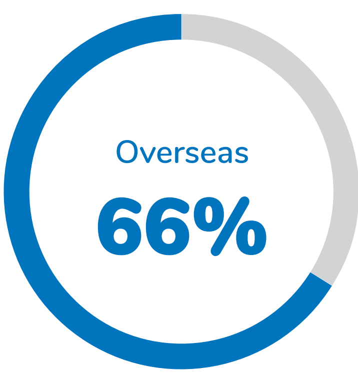
NET FINANCIAL DEBT/EBITDA
(X)



REVENUES (2020)

EBITDA (2020)

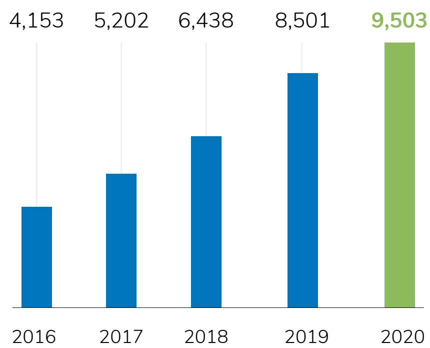




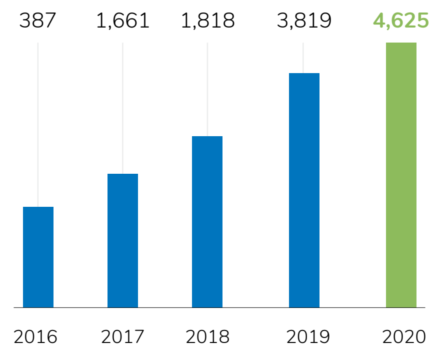
SUMMARY INCOME STATEMENT

Consolidated (TRY Million)	**2016**	**2017**	**2018**	**2019**	**2020**
Revenues	3,178	3,599	4,669	5,579	7,231
Gross Profit	277	315	736	1,015	1,198
Operating Expenses	31	56	70	97	127
Operating Profit Before Financing Expenses	163	856	642	982	1,032
EBITDA	435	493	1,033	1,467	1,497
Financing Expenses (Net)	-585	-509	462	-430	-325
Profit Before Tax	-421	346	180	551	707
Net Profit	**-363**	**357**	**26**	**329**	**470**

ASSETS
(TRY MILLION)



SHAREHOLDERS' EQUITY
(TRY MILLION)



SUMMARY BALANCE SHEET

Consolidated (TRY Million)	**2016**	**2017**	**2018**	**2019**	**2020**
Cash and Cash Equivalents	219	60	53	122	314
Trade Receivables	220	760	1,403	1,933	2,706
Tangible Assets	2,454	3,636	3,774	5,499	5,655
Total Assets	**4,153**	**5,202**	**6,438**	**8,501**	**9,503**
Short-Term Liabilities	2,092	2,144	2,828	2,944	3,298
Long-Term Liabilities	1,673	1,397	1,793	1,738	1,580
Total Liabilities	**3,765**	**3,541**	**4,621**	**4,682**	**4,878**
Shareholders' Equity	**387**	**1,661**	**1,818**	**3,819**	**4,625**

Note: The domestic segment includes operations in Turkey and Northern Cyprus, and the overseas segment includes operations in Africa.

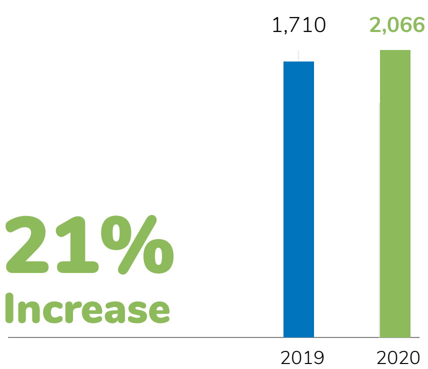
FINANCIAL AND OPERATIONAL INDICATORS

During pandemic conditions, domestic power plants of Aksa Energy have continued their operations and generation volume increased compared to the previous year.

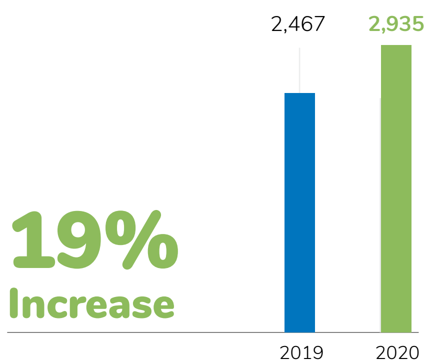
OPERATIONAL INDICATORS

DOMESTIC POWER PLANTS ELECTRICITY GENERATION (GWh)

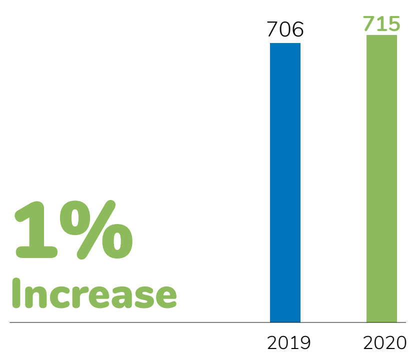
BOLU



ANTALYA

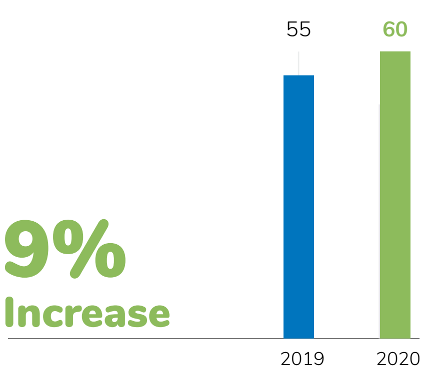


NORTHERN CYPRUS

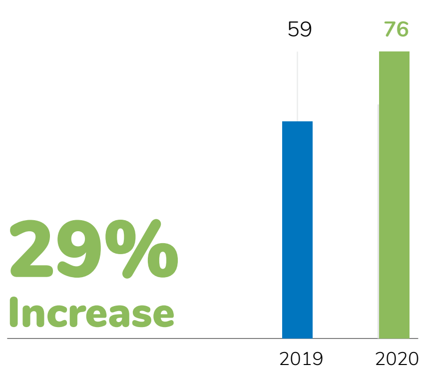


CAPACITY PAYMENTS RECEIVED (TRY MILLION)

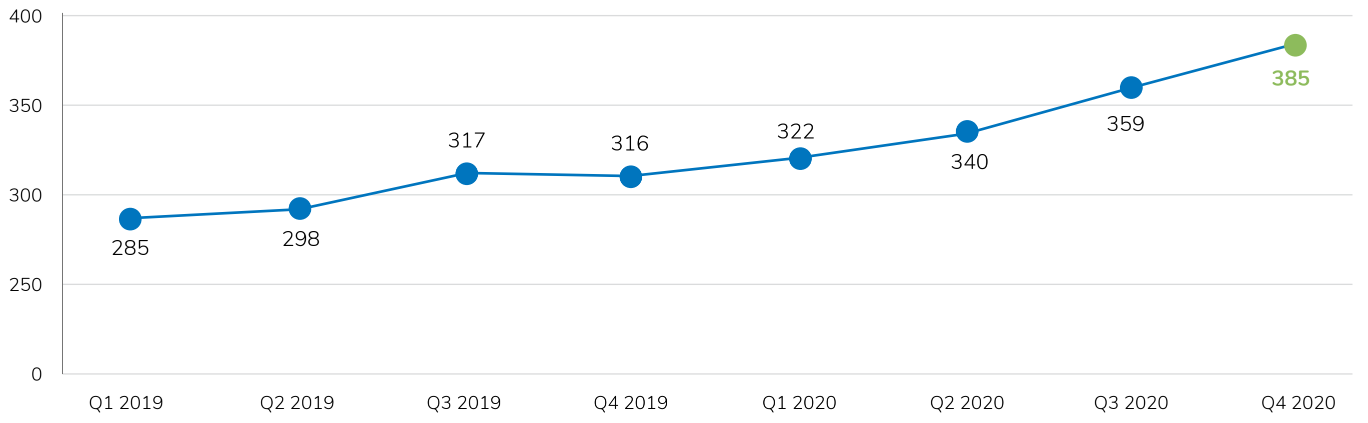
BOLU



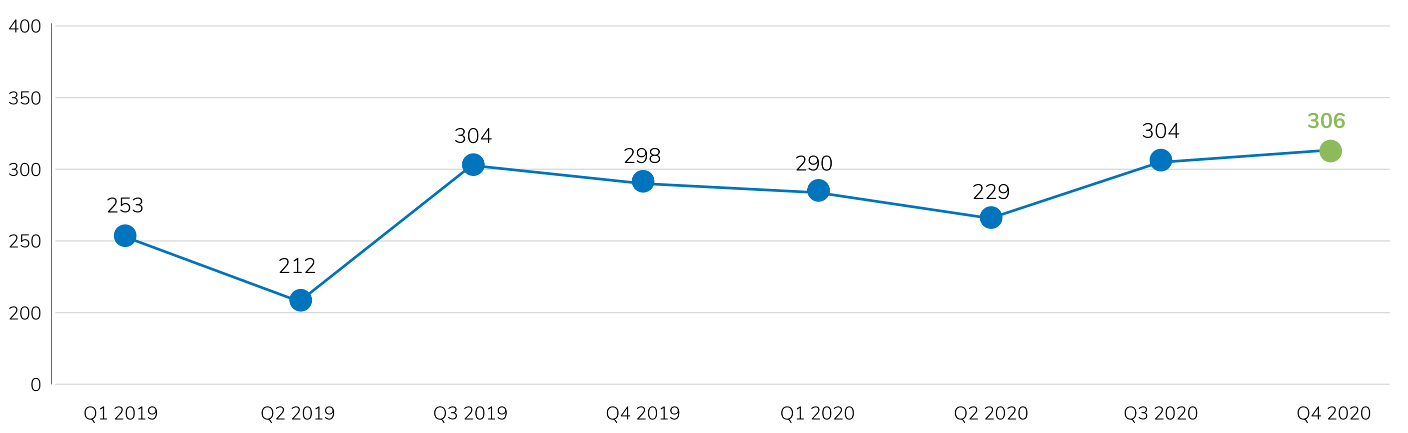
ANTALYA

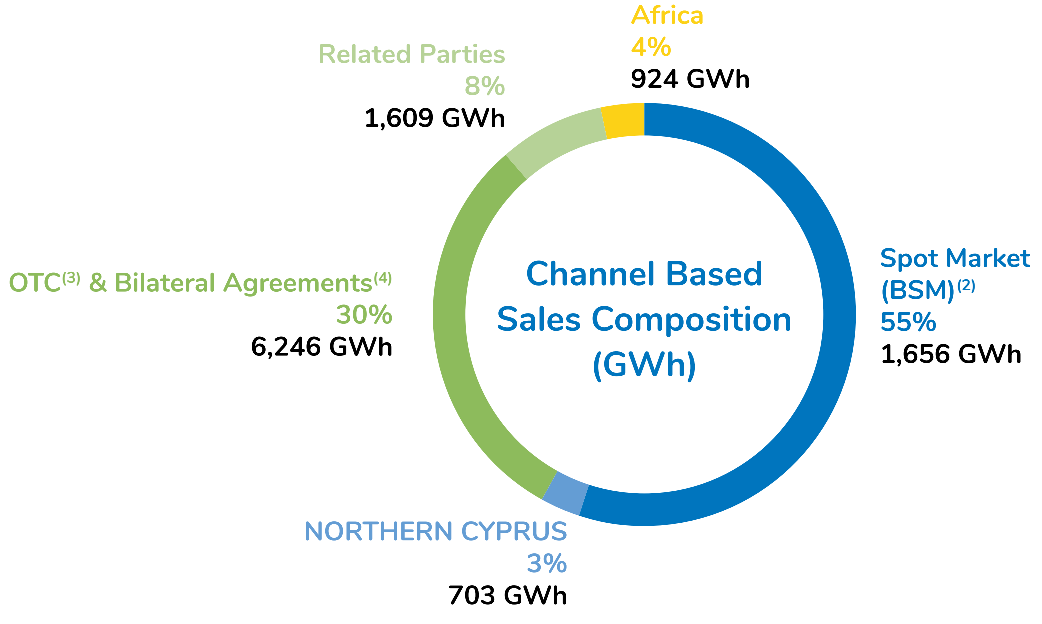


BOLU GÖYNÜK THERMAL POWER PLANT - EÜAŞ[1] BILATERAL CONTRACT SALES PRICE (TRY/MWh)



SPOT ELECTRICITY PRICES (TRY/MWh)





[1]*EÜAŞ: State run power generator*
[2] *Spot Market: Markets in which the sales prices of electricity for electricity generation companies and the purchase prices of electricity for distribution companies are determined on an hourly basis every day.*
[3] *OTC (Over-the-Counter Market): The markets that do not have a physical location, that are outside the stock market and where the sales are made by open bidding.*
[4] *Bilateral Agreements: Commercial agreements related to electrical energy and/or capacity trading signed between real persons or legal entities and license-holder entities, or among license-holder entities. These contracts are subject to private law provisions and do not require Energy Market Regulatory Authority approval.*

MESSAGE FROM THE CHAIRMAN AND CEO

Aksa Energy achieved successful results during the challenging global operating environment in 2020 with continuous focus on sustainable growth and profitability.

Dear Stakeholders,

In 2020, as Covid-19 pandemic impacted global economy at an unprecedented scale, economic stagnation and unemployment increased all around the world. Thanks to economic support packages and central bank policies supporting monetary expansion, the world's economies were able to mitigate potential disasters. At the same time, as issues such as climate change, digitalization and automation have risen to the top of the agenda due to the pandemic, an understanding of resolving global problems in a collaborative manner is prevailing worldwide. Ongoing vaccination process has reduced uncertainties to some extent. These developments also enable us to embrace future with hope.

TURKEY: ONE OF THE COUNTRIES WITH A SWIFT RECOVERY FROM THE IMPACT OF PANDEMIC CONDITIONS

The impact of the pandemic situation was felt in Turkey, as well as the rest of the world. However, thanks to rapid measures taken in a timely manner, Turkey recorded 1.8% GDP growth in 2020. Steps taken towards achieving macroeconomic stability resulted positively.

LANDMARK NATURAL GAS DISCOVERY

The pandemic had an adverse impact on the operating environment across all sectors in Turkey, including the energy sector, which includes the most important inputs of industrial production. As a result of precautionary measures taken in the country, electricity demand narrowed down significantly, especially in March and April, when industrial production came to a halt. On the other hand, a landmark discovery of natural gas was achieved, which will reduce Turkey's external energy dependency and significantly contribute to the reduction of the current account deficit. We believe that this discovery – 405 billion m^3 of natural gas in the Black Sea – with the first national deep drilling operation is one of the year's most important agenda items in terms of both Turkish economy and our country's energy supply security.

"CROSSING THE BORDERS" WITH OUR DIFFERENTIATED BUSINESS MODEL

At Aksa Energy, we developed an exemplary business model around six years ago in view of our sustainable growth target. We started to carry our in-depth sectoral know-how and experience abroad, and to offer low-cost solutions by taking quick actions to utilize our power plant equipment, which are no longer active in our country, in areas with urgent energy needs. In addition to diversifying our investments by meeting the electricity needed for economic growth in these developing countries and increasing our foreign currency-based income, we contributed to these regional economies by supporting local employment.

In 2020, we focused on transforming the risks of the pandemic into opportunities. During this period, we created opportunities that would further increase our sustainable growth, profitability and efficiency. In line with our global growth vision, in May 2020, we proudly announced that we would operate in the Asian continent for the first time with our Uzbekistan investment. We continue to diversify our portfolio geographically with natural gas combined cycle power plants which are planned to be commissioned in the last quarter of 2021 and will have an installed capacity of 740 MW. In the first days of 2021, we also signed a 30-year concession agreement regarding the operating right of a natural gas power plant with an installed capacity of 50 MW in the Republic of Congo. In the first days of 2021, we also began energy export activities to Iraq. Thereafter, in accordance with our global growth vision, we will continue to evaluate investment opportunities that will expand our areas of influence and create economic value.

470

TRY Million Net Profit

We increased our net profit by 43% compared to the previous year.

Cemil KAZANCI
Chairman of the Board of Directors and CEO

MESSAGE FROM THE CHAIRMAN AND CEO

In line with our vision of global growth, in May 2020, we proudly announced that we would operate on the Asian continent for the first time with our Uzbekistan investment.

SOLID FINANCIAL STRUCTURE AND SUSTAINABLE PROFITABILITY

Although the entire world went through a challenging period, we achieved successful results in 2020 with our focus on sustainable growth and profitability. We already exceeded our 2020 revenue target in the first nine months of the year. In 2020, we increased our revenues by 30% compared to the end of last year, to TRY 7.2 billion. At the end of the period, we achieved a consolidated net profit of TRY 470 million with an increase of 43%. We obtained 66% of our EBITDA, which was realized as TRY 1.5 billion, from our African power plants. With our international investments, we not only increased our profitability but also reduced our indebtedness in each subsequent quarter. We reduced our net financial debt from USD 860 million in 2015 to USD 359 million at the end of 2020.

Thanks to our entrepreneurial spirit, our experience in the energy sector, the importance we attach to sustainability, our strong financial structure and our effective risk management, we continue to create value for our shareholders. In 2020, Aksa Energy's share price, traded on Borsa Istanbul, rose by 96% on a nominal basis (BIST 100: 29%).

PANDEMIC SITUATION REMINDED US THE IMPORTANCE OF SUSTAINABILITY

Moving the entire world, pandemic situation raised awareness on issues such as economic and social inequality, climate change, digitalization and innovation. It showed us that we need to act on the lessons learned from this process to build a better world. As a company that internalizes sustainability in every aspect, we believe that the sustainability perspective should be the focus of all goals at individual and corporate levels to solve our ever-deepening problems.

During this challenging year, our priority was to take care of the health of our stakeholders, especially our employees, and to continue providing uninterrupted services. We took the necessary precautions by saying "health comes first" in our power plants, and safely continued electricity generation, which is a fundamental need.

Our highest-level precautions at Bolu Göynük Thermal Power Plant were certified with a Covid-19 Safe Production Certificate from the Turkish Standards Institute (TSE). In addition, Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant and Bolu Göynük Thermal Power Plant were granted Zero Waste certification.

We undertake exemplary practices in the field of sustainability with business models that prioritize economic, environmental and social development, and we support existing policies and joint steps in this regard. For the sixth consecutive time, we have committed to adhere to the principles of sustainability with our inclusion in the BIST Sustainability Index in the 2021 period.

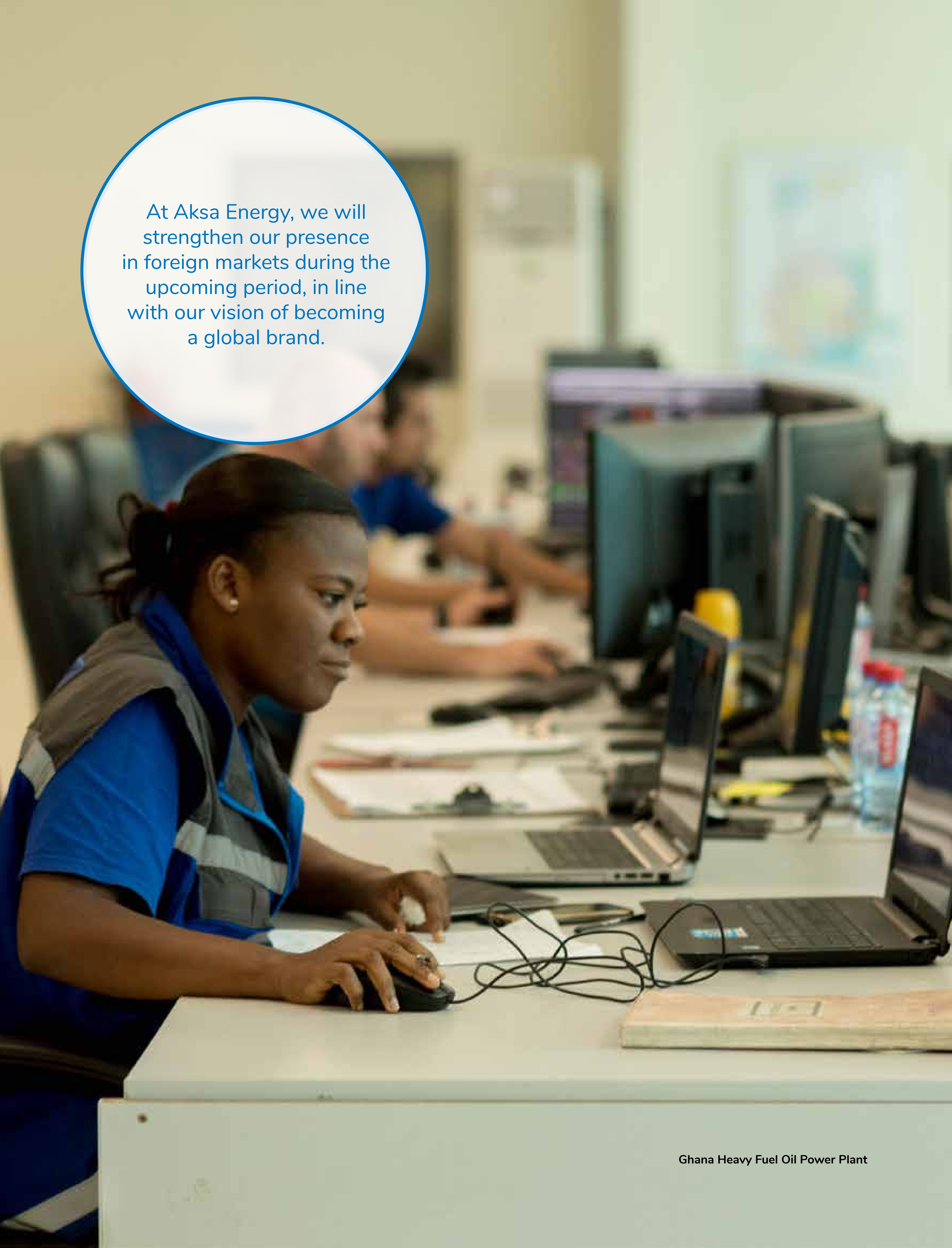
WE WILL CONTINUE TO STRENGTHEN THE VALUE OF THE AKSA BRAND BY WORKING WITH THE SAME DETERMINATION, EFFORT AND SENSE OF RESPONSIBILITY

As Aksa Energy, we will also strengthen our presence in foreign markets in the upcoming period, in line with our vision of becoming a global brand. Priorities such as investing in countries with urgent energy needs, meeting these needs and creating employment opportunities, will continue to be our priority. We will continue to cross borders as a reputable member of the energy sector without compromising our focus on creating value for all our stakeholders.

I would like to express my gratitude to all our stakeholders, especially our employees, who are on our journey in the direction of this vision and whom we see as the main component of our future goals.

Best regards,

Cemil KAZANCI
Chairman of the Board of Directors and CEO



At Aksa Energy, we will strengthen our presence in foreign markets during the upcoming period, in line with our vision of becoming a global brand.

Ghana Heavy Fuel Oil Power Plant

ABOUT AKSA ENERGY

Aksa Energy is a global energy company that delivers all steps in power plant installation procedures – from project development to procurement, construction to installation – in-house with its highly skilled technical teams.

Aksa Energy, established in 1997, is Turkey's largest publicly listed independent power producer. With roots dating back to the 1950s, Kazancı Holding, the major shareholder of Aksa Energy, is a global powerhouse, engaging in production activities on four continents, operating in 21 countries with more than 8 thousand employees, and exporting to 173 countries around the world. Kazancı Holding ranks among the leading companies in the energy industry, with operations in energy production, electricity distribution and sales, natural gas distribution, and generator production via affiliates who are leaders in their own respective sectors. In addition to energy, the Group creates value with business activities in agriculture and tourism.

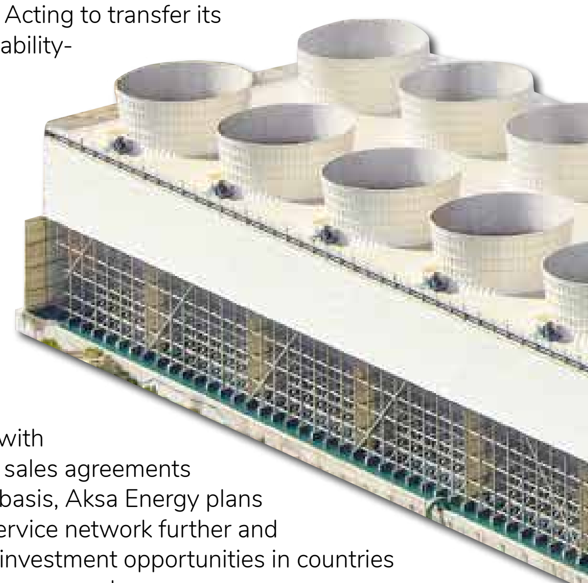
30+

Power Plants

To date, Aksa Energy has built and operated more than 30 power plants using various energy sources.

With business operations in five countries on two continents, Aksa Energy is a global energy company that delivers all steps in power plant installation procedures – from project development to procurement, construction to installation – in-house with its highly skilled technical teams. To date, the Company has built and operated more than 30 power plants using various energy sources, including coal, fuel oil, biogas, natural gas, wind and hydroelectricity. Taking its experience in this field abroad with power plant installations in countries that require urgent energy, Aksa Energy provides fast and reliable solutions in the field of energy.

Aiming to expand further abroad after Northern Cyprus investment, Aksa Energy took its first step toward globalization in 2015. Acting to transfer its efficiency and sustainability-oriented approach to overseas markets, Aksa Energy's first target was Africa. It entered the African continent with the power plants it has built and commissioned in Ghana, Madagascar and Mali in a short time. Consolidating its presence in Africa with guaranteed electricity sales agreements on a foreign currency basis, Aksa Energy plans to expand its global service network further and closely monitors new investment opportunities in countries that have an urgent energy need.



In 2010, Aksa Energy's shares were listed on Istanbul Stock Exchange under the ticker AKSEN. Aksa Energy's shares are being traded on BIST 100, BIST Electricity and BIST Sustainability Indices.

Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant

AKSA ENERGY'S VISION

To become the largest and the most reliable power in the region.

AKSA ENERGY'S MISSION

To capitalize on its deep experience and know-how in the energy industry in order to continue implementing high performance projects, with a focus on cutting-edge technologies and a well-educated, highly skilled workforce.

AKSA ENERGY'S SHAREHOLDING STRUCTURE

The major shareholder of Aksa Energy is Kazancı Holding A.Ş. 20.58% of Aksa Energy shares have been trading on Borsa Istanbul since 2010.

Aksa Energy's Shareholding Structure

79.42%
Kazancı Holding*

*Kazancı Holding A.Ş., acquired 4,958,962 shares of Aksa Energy with the acquisitions realized in Borsa Istanbul. Since these free float shares belong to Kazancı Holding A.Ş., they are shown under Kazancı Holding A.Ş.

20.58%
Free Float

Bolu Göynük Thermal Power Plant

MILESTONES

Operating in 5 countries on 2 continents, Aksa Energy was established in 1997 as a subsidiary of Kazancı Holding.

1997
- Aksa Energy was established as a subsidiary of Kazancı Holding.
- A biogas power plant was established in Bursa.

1999
- Hakkari Heavy Fuel Oil (HFO) Power Plant was established.

2001
- The second HFO power plant became operational in Hakkari.
- Şırnak HFO Power Plant was commissioned.

2003
- A 20 MW mobile HFO power plant was commissioned in the Turkish Republic of Northern Cyprus and a five-year power purchase agreement was signed with KIB-TEK[1].
- Samsun HFO Power Plant was purchased from EÜAŞ[2].

2004
- Hakkari HFO Power Plant was moved to Northern Iraq.

2007
- Mardin HFO Power Plant was commissioned.

2008
- The Karakurt, Sebenoba and Şamlı Wind Power Plants (WPP)[3] started commercial operations.
- The first 200 MW of Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant (NGCCPP)[4] became operational.

2009
- The duration of the contract with Northern Cyprus Kalecik HFO Power Plant with KIB-TEK was extended by 15+3 years to 2027.
- Samsun Power Plant was converted from heavy fuel oil to natural gas.

2010
- Aksa Energy held its IPO.
- Van Natural Gas Combined Cycle Power Plant's combined cycle investment was completed and the capacity was increased.

2011
- Bursa Biogas Power Plant's license was cancelled.
- Çorum İncesu HEPP[5] became operational.
- Northern Cyprus Kalecik HFO Power Plant's capacity was increased.
- Şanlıurfa Natural Gas Combined Cycle Power Plant became operational.
- Samsun Power Plant was converted into a natural gas combined cycle power plant.
- Kıyıköy WPP was acquired by Aksa Energy.
- A 11.7 MW steam engine and combined cycle investment in Şanlıurfa Natural Gas Power Plant was completed and commissioned.
- Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant was completed and became operational with 1,150 MW installed capacity.
- Ayvacık WPP became operational.
- The power plant in Northern Iraq was transported to Mardin, and a second power plant was established in Mardin.

2013
- The Company acquired 93% stake in Kapıdağ WPP.
- Hakkari Plant's production license was cancelled.

2014
- Belen/Atik WPP became operational.
- Aksa Energy took over Siirt Akköy HFO Power Plant.

[1] KIBTEK: Cyprus Turkish Electricity Authority
[2] EÜAŞ: State Electricity Generation Company of Turkey
[3] WPP: Wind Power Plant
[4] NGCCPP: Natural Gas Combined Cycle Power Plant
[5] HEPP: Hydroelectric Power Plant

2015
- Bolu Göynük Thermal Power Plant's first phase with 135 MW capacity started commercial operations.
- Generation licenses of Natural Gas Combined Cycle Power Plants in Samsun, Van and Siirt Akköy was cancelled.
- Turkrating assigned ratings of TR A+ and TR A2 to Aksa Energy in recognition of its high loan quality and strong debt repayment capacity.
- Aksa Energy joined the BIST Sustainability Index.
- Aksa Aksen Enerji Ticareti A.Ş. became a market maker in HEPP: Hydroelectric Power Plant "Base-Load Electricity Futures Contracts" on Borsa Istanbul's VİOP (Futures and Options Market)[1].
- Aksa Energy issued its first corporate bond.
- The capacities of Şanlıurfa Natural Gas Combined Cycle Power Plant and Northern Cyprus Kalecik HFO Power Plant were increased.

2016
- Bolu Göynük Thermal Power Plant's second phase commenced commercial operations with an installed capacity of 135 MW.
- The sale process of Akköy Hydroelectric Power Plant was completed.
- Turkrating assigned ratings of TR A+ and TR A2 to Aksa Energy in recognition of its high loan quality and strong debt repayment capacity.
- Kozbükü Hydroelectric Power Plant, with an installed capacity of 81 MW commenced commercial activities and was sold in the same year.

2017
- The licenses of Mardin 1, Mardin 2 and İdil (Şırnak) HFO[2] Power Plants were cancelled.
- Ayres Ayvacık, Hatay Sebenoba, Manisa Karakurt, Belen Atik, Kapıdağ, Kıyıköy and Şamlı WPPs were sold.
- Ghana, Madagascar and Mali Heavy Fuel Oil Power Plants initiated commercial activities.
- Turkrating confirmed Aksa Energy's Long Term National Credit Rating as TR A+ and Short Term National Credit Rating as TR A2 with a 'stable' outlook.

2018
- İncesu HEPP was sold.
- Goldman Sachs' shares in Aksa Energy were transferred to Kazancı Holding.
- An agreement was signed with Societe Jiro Sy Rano Malagasy (Jirama) for the rehabilitation of the CTA-2 HFO Power Plant in Madagascar and the 12 MW capacity of the plant was commissioned in December and initiated commercial activities.
- Ghana HFO Power Plant's installed capacity was increased to 370 MW from 280 MW.
- The installed capacity of Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant was decreased to 900 MW from 1,150 MW.

2019
- The installed capacity of the Madagascar CTA-2 Heavy Fuel Oil Power Plant reached 24 MW.
- Manisa Natural Gas Combined Cycle Power Plant's production license was cancelled.
- A Memorandum of Understanding was signed with the Ministry of Water Resources and Energy of Cameroon (MINEE) to develop a power generation project in Cameroon and a non-binding term sheet was signed with Gaz du Cameroun S.A. for natural gas supply.
- A pre-license was received for two natural gas power plant projects for electricity generation in the Republic of Congo.
- The minority shares of AF Power Ltd. in our company AKSAF Power Ltd. in the Republic of Madagascar were acquired.

2020
- An agreement was signed with the Ministry of Energy of Uzbekistan in relation to the establishment of a 240 MW natural gas combined cycle power plant in Tashkent, the capital of the country, and the sale of the electricity generated at the power plant for 25 years, in return for a guaranteed capacity fee in US dollars.
- Generation at the Şanlıurfa Natural Gas Combined Cycle Power Plant was suspended as of August 2020 due to high transmission costs.
- Aksa Energy's application to EMRA[3] for electricity export to Iraq with a capacity of up to 150 MW was approved.

[1] *Borsa Istanbul VİOP (Futures and Options Market): The market which provides services under Borsa Istanbul and in which futures contracts are traded.*
[2] *HFO: Heavy Fuel Oil*
[3] *EMRA: Energy Market Regulatory Authority*

GLOBAL ENERGY SECTOR

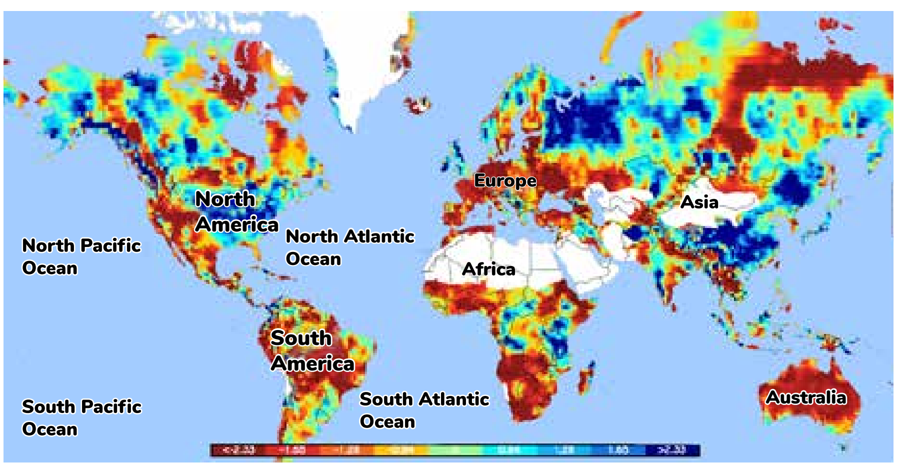
According to the International Energy Agency (IEA), global economic activity is expected to revive in 2021 with the development of the Covid-19 vaccine; subsequently, energy demand is expected to fully recover by 2023.

The Covid-19 pandemic, which emerged in China at the end of 2019 and swiftly impacted the entire world, also caused shocks to the global energy sector. The pandemic had direct or indirect effects on almost all the developments in the energy markets in 2020. The general contraction of the entire transportation and logistics sector, especially the aviation sector, caused a record decline in oil and diesel fuel demand around the world. The oil supply dispute between Saudi Arabia and Russia caused oil prices to plummet, while the pandemic also reduced natural gas prices to their lowest level in the last two decades.

Global energy demand is estimated to decrease by 5% in 2020, according to the International Energy Agency's (IEA) annual World Energy Outlook Report. The impact of this contraction in demand is expected to result in a 7% reduction in energy-related carbon emissions[1], while energy investments are expected to drop by 18%. In this context and according to the Report, forecasts suggest that global oil demand will fall by 8%, coal consumption will decline by 7% and renewable energy[2] consumption will increase, even in a limited manner.

According to the base case scenario in the IEA report, the development of vaccines and treatments are expected to reinvigorate global economic activity in 2021 and, if this is the case, energy demand may recover by 2023. The "delayed recovery scenario" emphasizes that a full recovery in energy demand may take another two years, depending on the speed of recovery in various economies. It is expected that emerging economies, especially India, will meet the increase in demand.

However, the year 2020 was recorded as the Earth's second hottest year since 1880, which is when instrument-based temperature measurement began, due to temperatures above seasonal norms. Climate changes, caused by global warming, have resulted in rising temperatures worldwide, as well as droughts. According to the ERA5 global assessment data of the European Center for Medium-Range Weather Forecasts (ECMWF), 2016 was the Earth's hottest year since 1880.



The year 2020 was recorded as the Earth's second hottest year since 1880.

Source: SPEI (Standardised Precipitation Evapotranspiration Index) Global Drought Monitor

[1] *Carbon Emissions: The release of carbon formed in nature to the atmosphere*

[2] *Renewable Energy: Type of energy supplied from everlasting natural processes. These resources include the sun, wind, rivers, biological wastes and geothermal power.*

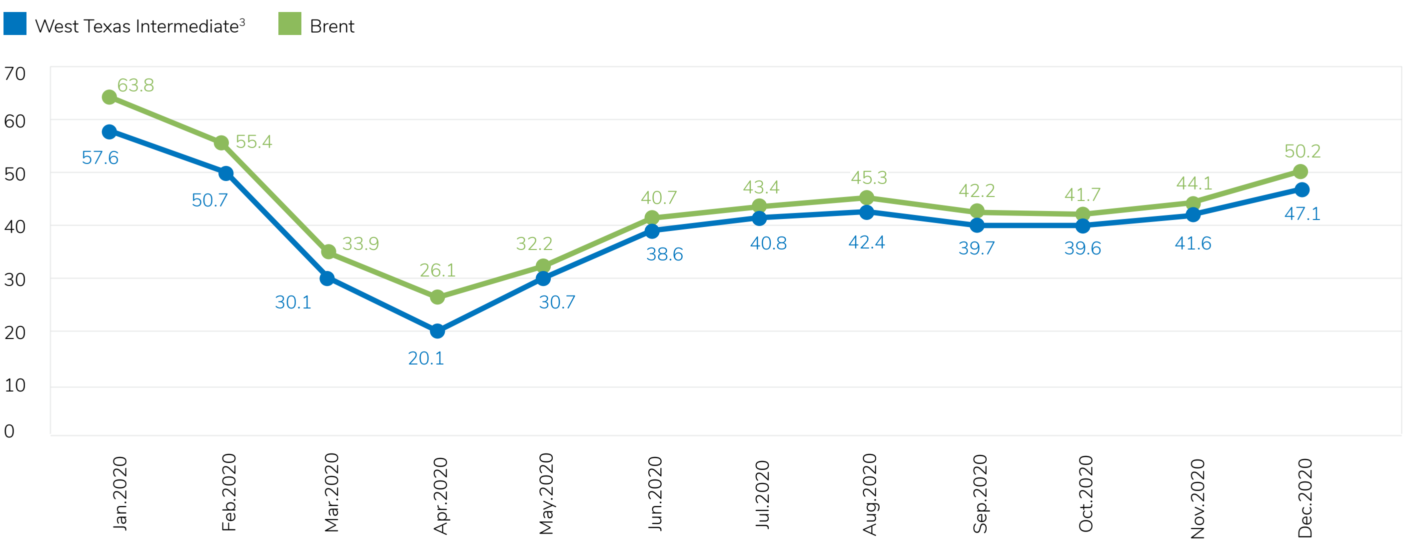
OIL

Economic activity, which was significantly slower due to the impact of the pandemic and, especially, the contraction in the transportation sector, put downward pressure on global oil demand. On the other hand, the rapid recovery across some sectors in China and India caused demand forecasts to be revised upwards. According to the Oil Market Report published by OPEC[1] in December 2020, it is predicted that the global oil demand will decrease by 9.8% in 2020 compared to the previous year and will be approximately 90 million barrels per day in total. In 2021, daily oil demand is expected to reach 96 million barrels with an increase of 6.6% compared to 2020.

During the period when quarantine and social isolation measures were at a peak worldwide, the dramatic decline in oil demand and the dispute between Saudi Arabia and Russia over the reduction of oil supply caused crude oil prices to remain at historic lows. On April 20, for the first time in the global oil market, crude oil prices per barrel fell to USD -37.63 in futures contracts for May delivery, depending on storage and transportation costs. The annual average barrel price of Brent crude oil[2], which closed the year 2020 at the level of USD 52, was approximately USD 42.

STATISTICS ON THE DEVELOPMENT OF OIL PRICES FOR 2020*

PRICE PER BARREL (USD THOUSAND)



Source: Bloomberg New Energy Finance
* Refers to monthly average data.

[1] OPEC (Organization of the Petroleum Exporting Countries): An organization consisting of 12 nations, founded in 1960 in Baghdad with the agreement signed between Iran, Iraq, Kuwait, Saudi Arabia and Venezuela, which aims to coordinate and unify the petroleum policies of its member countries.
[2] Brent Oil: It is the most commonly used oil type valid in the oil market among the three oil types used by refineries. Brent crude oil is extracted from the North Sea in Scotland, also known as Shetland Basin, in the Brent Oilfield.
[3] Western Texas Intermediate (WTI) Oil: Refers to the general name of the crude oil extracted in West Texas.

GLOBAL ENERGY SECTOR

Historically low spot prices and high volatility marked natural gas markets in 2020.

NATURAL GAS
After extremely mild winter conditions at the beginning of 2020, natural gas consumption decreased significantly due to the pandemic shock. Historically low spot prices and high volatility marked natural gas markets during the year.

According to the 2020 Natural Gas Outlook Report from Rystad Energy, an independent energy research organization based in Norway, while global natural gas production was 3.9 trillion m^3 in 2020, the demand for gas reached 3.8 trillion m^3. Generation declined by 3.6% compared to the previous year, and demand fell by 2.5%. Natural gas demand is expected to gradually recover in 2021.

Despite the decline in natural gas production and demand, the liquefaction capacity of natural gas rose by 5% compared to the previous year and reached 464 million tons in 2020. Liquefied natural gas (LNG)[1] production increased by 3% to 375 million tons. LNG trade expanded by 3% compared to 2019, reaching 363 million tons, despite restrictions on global circulation due to the pandemic.

3.9

TRILLION M³

Global natural gas production was 3.9 trillion m^3 in 2020.

COAL
According to IEA's "Market Report Series: Coal 2020" publication, there has been a historic fall in global coal demand over the past two years, due to decreasing usage of coal in the USA and Europe, as well as natural gas prices and low electricity demand. It is predicted that demand for coal will have dropped by 5% in 2020 due to the slowdown in economic activity in the same year. Reduced demand has also exerted strong downward pressure on coal prices.

The IEA report estimates that global coal demand will rise 2.6%, with demand mainly originating from China, India and Southeast Asia, and depending on the economic recovery in 2021, total consumption is expected to remain below 2019 levels.

[1] *Liquefied Natural Gas (LNG): It is an odorless, colorless and non-toxic liquid phase fuel obtained by cooling the natural gas to approximately -162 °C at atmospheric pressure.*

RENEWABLE ENERGY

Renewable energy was the only area in the energy value chain where the effects of the pandemic were relatively positive. The IEA's World Energy Outlook 2020 Report also predicts that clean energy investments, on the rise thanks to supportive policies and developing technologies, will grow faster in the upcoming period.

Although the report reveals that hydroelectric power is still the biggest renewable energy source, it is emphasized that solar energy will be the center of growth in this field in the coming period. According to the base case scenario in the report, 80% of the growth in global electricity demand will be met by renewable energy sources in 2030.

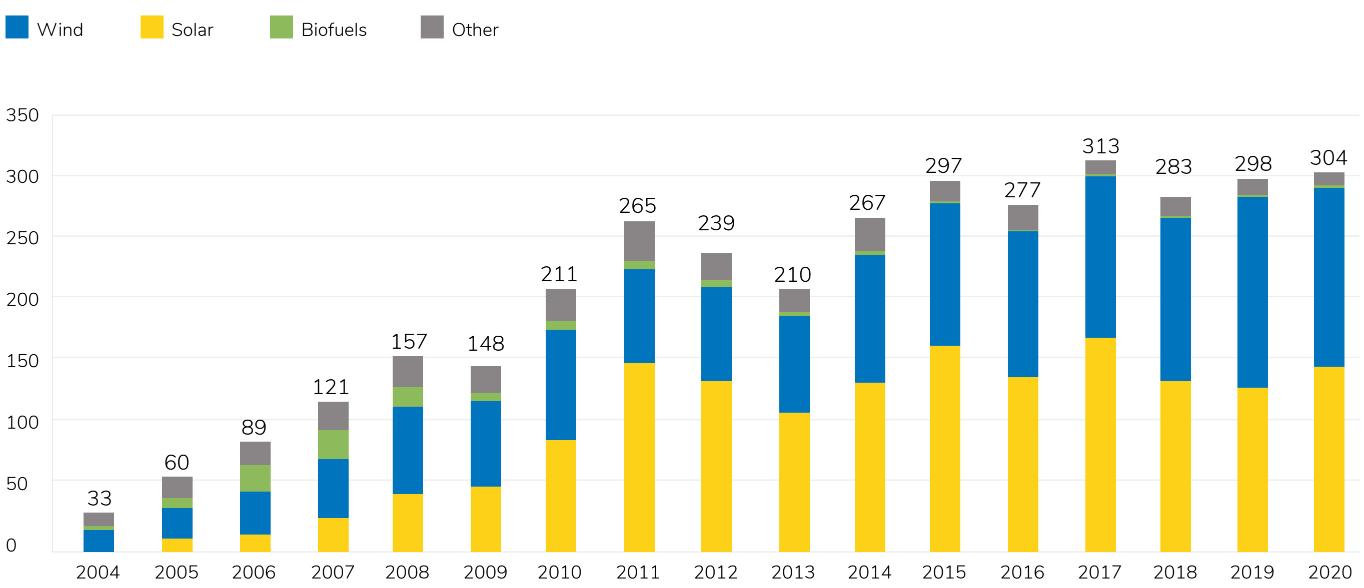
According to the Bloomberg New Energy Finance (BNEF) Report, renewable energy investments worldwide (excluding hydroelectric power plants) in 2020 reached USD 304 billion with an increase of 2% compared to the previous year. While solar energy took the lead in renewable energy investments with an investment amount of USD 148.6 billion, wind energy investments were realized at the level of USD 142.7 billion.

NUCLEAR POWER

Nuclear energy is increasingly seen as a carbon-free energy source in the developed world and is expected to maintain its prominence in energy production in the future.

As of January 2021, there are 440 nuclear reactors with a capacity exceeding 400 GW in 32 countries including Taiwan, and a total of 50 nuclear reactors under construction in 16 countries, including Turkey.

GLOBAL RENEWABLE ENERGY CAPACITY INVESTMENTS (2004-2020) (USD BILLION)



Source: Bloomberg New Energy Finance (BNEF)

TURKISH ENERGY SECTOR

The most important development in Turkey's energy sector in 2020 was the discovery of a natural gas reserve of 405 billion m^3.

In 2020, social and economic activity came to a near standstill due to the pandemic. This situation deeply affected Turkey's energy sector, along with all other sectors. From the first Covid-19 case in Turkey, in mid-March, gradual pandemic-related restrictions caused a halt in the activities of many businesses in the manufacturing and service sector. Electricity demand started to decline, reaching its lowest level in April. With the relaxation of strict quarantine measures since June, electricity demand has started to recover, reaching pre-pandemic levels.

The most important development in Turkey's energy market was the discovery of a 405-billion m^3 natural gas reserve by the Fatih, a deepwater drillship operating in the Black Sea. It is expected that the discovery will enable Turkey to expand its production capability and competitiveness by using domestic resources, as well as creating opportunities in terms of price formation and supply diversity.

95,891

MW

Total installed capacity of Turkey increased by 4,539 MW in 2020 and reached 95,891 MW by the end of the year.

Almost all the new investments in 2020 were based on renewable energy: 56.1% of these investments were hydroelectric power plants, 28% wind, 5.4% solar, 9.1% biomass, waste heat and geothermal, and 1.3% were thermal power plants.

According to data released by the Turkish Electricity Transmission Company (TEİAŞ)[1], total installed capacity of Turkey increased by a net 4,539 MW in 2020 and reached 95,891 MW by the end of the year. The largest increase was realized in hydroelectric power plants with 2,481 MW, followed by wind power plants with an installed capacity increase of 1,241 MW. On the other hand, the share of heavy fuel oil and natural gas power plants in the installed capacity contracted. As of year-end 2020, hydroelectric power accounted for 32% of the country's total installed capacity, followed by natural gas with 27% and coal with 21%.

The number of power plants in Turkey rose to 9,402 in 2020, up by 813 compared to the previous year. While unlicensed power plants account for the largest share in terms of the number of power plants, independent power companies contribute 67% of Turkey's total installed capacity with 1,499 plants.

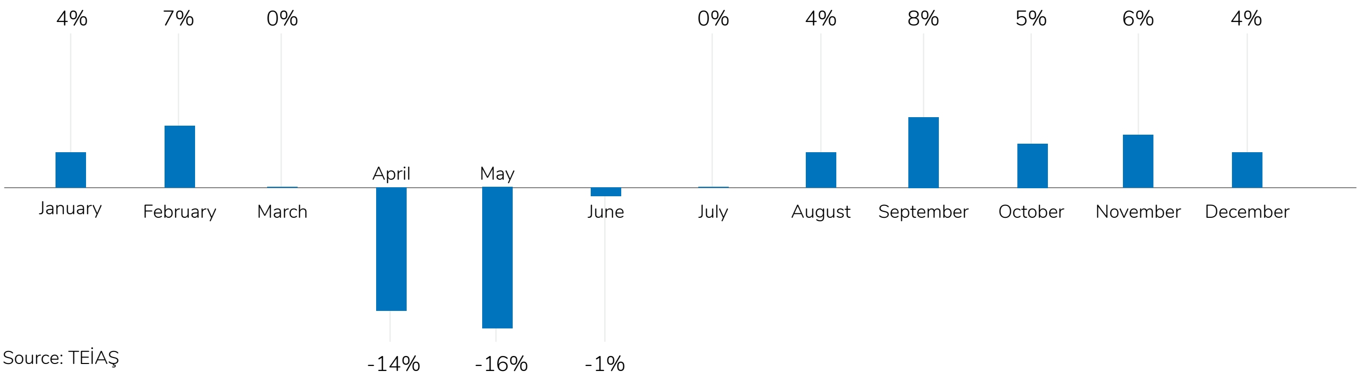
Due to the impact of the pandemic, electricity consumption remained relatively stable compared to the previous year. Demand, which strengthened especially in the second half of the year in line with an increase in exchange rates, was also reflected in electricity prices. At the end of 2020, spot market electricity prices increased by 6% compared to the previous year.

THE SHARE OF NATURAL GAS IN ELECTRICITY GENERATION EXPANDED IN 2020

As a result of the increase in spot electricity prices across the country and the discount made in the BOTAŞ[2] tariff, the share of natural gas power plants in annual electricity generation increased from 18% to 22%. However, precipitation levels in 2020 were below those of 2019, reducing the share of hydroelectric power plants in production by three points. Turkey's electricity generation composition by source indicates that 35% of electricity generation originated from coal, 26% from hydroelectric power plants, 22% from natural gas, 8% from wind and 9% from other sources.

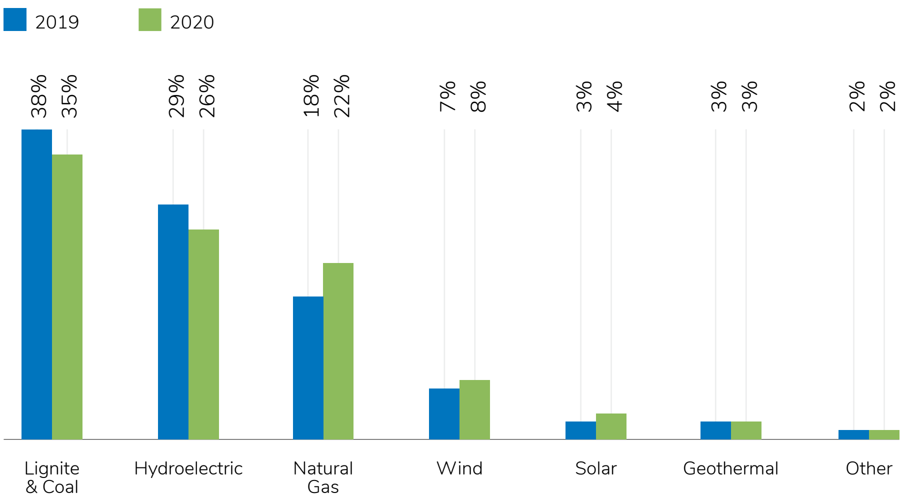
[1] TEİAŞ: Turkish Electricity Transmission Corporation
[2] BOTAŞ: Petroleum Pipeline Company

MONTHLY ELECTRICITY CONSUMPTION DEVELOPMENT OF TURKEY
(ANNUAL CHANGE BETWEEN 2019-2020)



Source: TEİAŞ

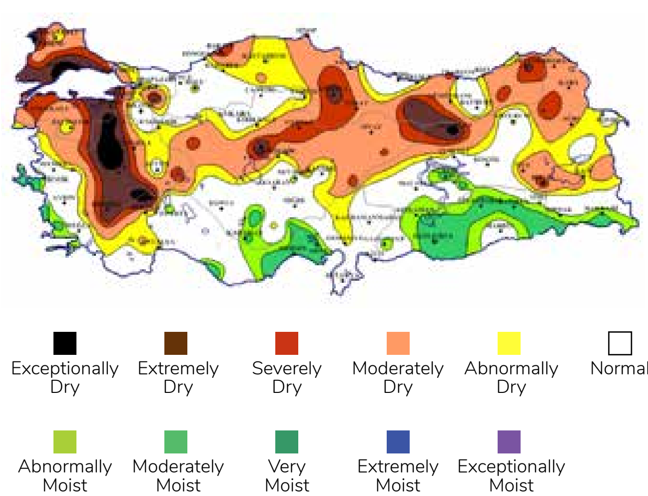
ELECTRICITY GENERATION COMPOSITION BY SOURCE (ANNUAL CHANGE FOR 2019-2020)



In 2020, the main sources of electricity generation in Turkey were coal, hydroelectric and natural gas.

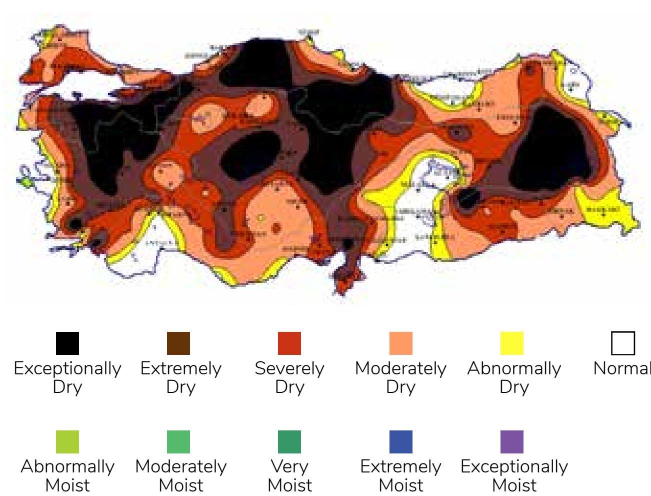
Source: TEİAŞ

DROUGHT MAP (JANUARY 2019-DECEMBER 2020)



Source: Turkish State Meteorological Service (Based on Standardized Precipitation Index)

DROUGHT MAP (OCTOBER-DECEMBER 2020)



Source: Turkish State Meteorological Service (Based on Standardized Precipitation Index)

TURKISH ENERGY SECTOR

The importance of domestic coal, which is a strategic energy source for Turkey, is increasing day by day in terms of energy supply security.

DOMESTIC COAL HAS STRATEGIC IMPORTANCE FOR ENERGY SUPPLY SECURITY

The importance of domestic coal, which is a strategic energy source for Turkey, is increasing day by day in terms of energy supply security. Especially recently, intensive studies have been conducted about the use of domestic coal under the National Energy and Mining Policy[1] in Turkey. In this context, EÜAŞ purchased approximately 27 billion KWh of electricity from power plants operated by the private sector in order to support domestic coal in 2020, and announced that it will purchase the same amount of electricity, namely 27 billion KWh in 2021.

Turkey's 67 coal-and lignite-fired thermal power plants have a combined installed capacity of 20,323 MW, 21% of the country's total installed capacity. Domestic coal-fired installed capacity accounts for a 12% share of Turkey's total installed capacity. In 2020, electricity generated from domestic coal accounted for 35% of total production in the country.

DECLINE IN HYDROELECTRIC PRODUCTION

Hydroelectric power plants accounted for 32% of Turkey's installed capacity and 26% of total electricity production, down 3 points compared to the previous year due to the high base effect in 2019.

WIND KEEPS BLOWING IN TURKEY

Together with unlicensed power plants, the number of wind power plants, which was 176 in 2018, reached 196 in 2019 and 332 at the end of 2020. At the same time, the installed capacity of licensed power plants in operation reached 8,832 MW by the end of 2020, with an increase of 16% compared to the previous year.

Turkey has steadily lifted the share of wind energy in installed capacity, continuing the breakthrough of wind power in the field of industry. According to the report on Wind Energy and Economic Recovery in Europe prepared by the European Wind Energy Association (WindEurope), Turkey, with its 12 active turbine production facilities, ranks fifth in Europe according to the number of companies engaged in the production of wind turbine equipment.

SOLAR ENERGY INVESTMENTS LEAD IN TERMS OF INSTALLED CAPACITY INCREASE

As of the end of 2020, the number of solar power plants in Turkey reached 7,518 together with unlicensed power plants; the total installed capacity of solar energy increased by 11% compared to the end of the previous year, reaching 6,668 MW.

Turkey, which has considerable solar energy potential due to its geographical location, made one of its biggest breakthroughs in electricity generation from this source. In Turkey, an important part of unlicensed production is based on solar energy. In the upcoming period, it is planned to include more small and medium-sized investors in renewable energy generation, with steps such as Mini YEKA[1]-GES competitions. In addition, an integrated solar panel production facility – Turkey's first, and the only such facility in Europe and the Middle East – started production in 2020.

GEOTHERMAL POWER PLANT INVESTMENTS MOUNTING

Turkey continues to grow in the field of electricity generation from geothermal energy. The installed capacity of Turkey's geothermal power plants increased by 7% at the end of 2020 compared to the previous year, reaching 1,613 MW. Sixty geothermal power plants operate in Turkey.

DEVELOPMENTS IN 2020

A Landmark Natural Gas Discovery by Turkey

In Turkey, seismic exploration and deepwater drilling activities delivered positive results in 2020. The first national deepwater drilling in the Black Sea was carried out by Fatih, a drilling ship affiliated with the Turkish Petroleum Corporation (TPAO). The Fatih's operations revealed 320 billion m^3 of high-quality natural gas reserves in the Sakarya Gas Field in August. Thereafter, 85 billion m^3 were found in

[1] *National Energy and Mining Policy: The vision document announced in 2017 in order to reduce foreign dependence in energy and to become a self-sufficient country in meeting energy needs.*
[2] *YEKA: Renewable Energy Resource Zones*

It is expected that the gas reserve in the Black Sea will create a significant competitive advantage for Turkey in the upcoming period and reduce natural gas bill.

Fatih Drilling Ship

the same region, with the total reserve reaching 405 billion m^3. Turkey continues efforts to adjust its position as a net natural gas importer and reduce its dependence on foreign energy by expanding drilling activities in the Black Sea.

Turkey's First Integrated Solar Panel Production Facility Opened

Turkey's first integrated solar panel production facility – and the only one in Europe and the Middle East – was built within the scope of the Renewable Energy Resource Areas (YEKA-1 GES) project, tendered by the Ministry of Energy and Natural Resources in 2016. The facility became operational in August. Panels produced in the facility will be used in the Karapınar Solar Power Plant. This power plant, built in the same region in the first phase, will be the largest solar power plant in Turkey, with a capacity of 1 GWh when completed.

Mini YEKA Competitions To Begin

YEKA tenders, started with the aim of making Turkey a production base in renewable energy technologies, will continue with the addition of 74 YEKA competitions based on solar energy with capacities of 10, 15 and 20 MW. In 2020, the necessary preparations, particularly the specification and contract details, were completed and applications for the competition are planned to be received in March 2021.

TurkStream Natural Gas Pipeline Opened

The TurkStream Natural Gas Pipeline, which will deliver natural gas from Russia to Turkey and to Europe via Turkey, was opened with a ceremony on January 8, 2020.

The first line of TurkStream (which has a total gas capacity of 31.5 billion m^3, with each line being 15.75 billion m^3) provides gas flow to Turkey with a capacity of 15.75 billion m^3. Gas will be delivered to Europe through the second line.

Green Tariff in Energy

The Green Tariff (YETA) application, known as the Renewable Tariff and developed for citizens who wish to use electricity generated solely from renewable energy sources, started to be implemented as of August 2020.

PROJECTIONS FOR 2021

The extraordinary developments of 2020 drove paradigm shifts in the energy sector, as in every field, and highlighted the importance of renewable energy and energy efficiency as we enter 2021. Even as domestic investments in renewable energy have surpassed global investment levels, further activity is anticipated.

Ranking first among the national policies of all countries is reducing external dependency on energy. In this direction, Turkey's significant investments have begun to deliver results. It is anticipated that especially the gas reserve in the Black Sea will create a valuable competitive advantage for Turkey in the upcoming period and reduce natural gas costs.

In 2021, Turkey's energy sector is expected to exhibit a recovery in electricity prices, based on demand. The sustainability of the recent recovery in spot electricity prices is of great importance for the sector.

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DEVELOPMENTS IN 2020

Aksa Energy signed an agreement with the Ministry of Energy of Uzbekistan, which includes the establishment of natural gas combined cycle power plants with an installed capacity of 740 MW and the sale of electricity for 25 years in return for a guaranteed USD based capacity fee.

FIRST STEP TOWARDS EXPANSION TO ASIA WITH UZBEKISTAN INVESTMENT
In May 2020, Aksa Energy signed an agreement with the Ministry of Energy of Uzbekistan. The agreement includes the establishment of a 240 MW natural gas combined cycle power plant in Tashkent, the capital of Uzbekistan, and the sale of electricity for 25 years in return for a guaranteed capacity fee based in US dollars. Expanding its scope of investment at the beginning of 2021, Aksa Energy expects that the power plants in Tashkent and Bukhara, which will have a total installed capacity of 740 MW, will be operational by the end of 2021.

AKSA ENERGY COLLECTED ITS RECEIVABLES FROM THE SALE OF KIYIKÖY WPP
An agreement was executed with Borusan EnBW Energy Investments & Production and Borusan Consultancy & Joint Services for the sale of the Kıyıköy Wind Power Plant for USD 60.1 million. Within the scope of this agreement the remaining USD 15.2 million was collected in April 2020, and USD 2.2 million in September 2020.

150
MW
Aksa Energy started energy export operations to Iraq up to 150 MW capacity.

GENERATION SUSPENDED AT ŞANLIURFA NATURAL GAS COMBINED CYCLE POWER PLANT
Aksa Energy's application to Turkish Electricity Transmission Company ("TEİAŞ") to temporarily suspend electricity generation operations at Şanlıurfa Natural Gas Combined Cycle Power Plant was accepted on August 19, 2020. Generation was suspended at the power plant due to high transmission costs.

ENERGY EXPORT TO IRAQ HAS STARTED
"Aksa Aksen Enerji Ticareti A.Ş.", a 100% power trading subsidiary of Aksa Energy, applied to the Energy Market Regulatory Authority (EMRA) in order to export electricity up to 150 MW capacity to Iraq over the Turkey-Iraq energy transmission line on November 3, 2020. EMRA approved the application on December 8, 2020, and an interconnection line usage agreement was signed with TEİAŞ. Electricity export activities started on January 24, 2021.

COVID-19 SAFE PRODUCTION CERTIFICATE FOR BOLU GÖYNÜK THERMAL POWER PLANT
Bolu Göynük Thermal Power Plant completely fulfills the requirements of the Covid-19 Hygiene, Infection Prevention and Control Guide published by the Ministry of Industry and Technology of the Republic of Turkey for industrial facilities. The plant was granted the Covid-19 Safe Production Certificate, issued by TSE in October 2020.

AKSA ENERGY INCLUDED IN THE SUSTAINABILITY INDEX FOR THE SIXTH CONSECUTIVE TIME
Aksa Energy is trading at Borsa Istanbul Sustainability Index since 2015, thanks to its high awareness of responsibility for a safe future that will be passed on to generations,. The Index incorporates companies with a high corporate sustainability performance. Aksa Energy, one of the 14 companies that qualified for this listing in 2015, will continue to be included in the Sustainability Index in 2021.

Aksa Energy was recognized as the "Most Reputable Energy Company of the Year" at The ONE Awards, which was organized by Marketing Türkiye Magazine.

Marketing Türkiye The ONE Awards - Most Reputable Energy Company of the Year

AKSA ENERGY RECOGNIZED WITH TWO ARC AWARDS

Aksa Energy's 2019 Sustainability Report was recognized with two important awards at the Annual Report Competition (ARC) Awards, the world's largest international reporting competition, featuring 1,690 corporate reports from 75 countries. This competition was organized for the 34th time in 2020 by MerComm, the USA-based international communication awards organization. The Company was granted a Bronze Award in the "Interior Design" category and an Honor Award in the "Specialized Reports" category for its report prepared with the concept of "Generating energy for the future of the world."

AKSA ENERGY CONTINUES TO BE AMONG TURKEY'S LARGEST COMPANIES!

Aksa Energy became one of the strongest companies in Turkey in 2020, due to its stellar performance. The Company ranked 76th on the Capital 500 Turkey's Largest Companies list, rising three places compared to last year, and ranked 59th on the Fortune 500 list.

AKSA ENERGY CLOSED A CHALLENGING YEAR WITH A VERY SPECIAL AWARD

Aksa Energy was recognized with an award confirming its brand reputation in the sector at The ONE Awards organized for the seventh time in cooperation with Marketing Türkiye Magazine, the leading marketing platform of Turkey, and Akademetre, the market research agency. The Company was named the Most Reputable Energy Company of the Year at The ONE Awards, based on reputation and brand value performance measurement.

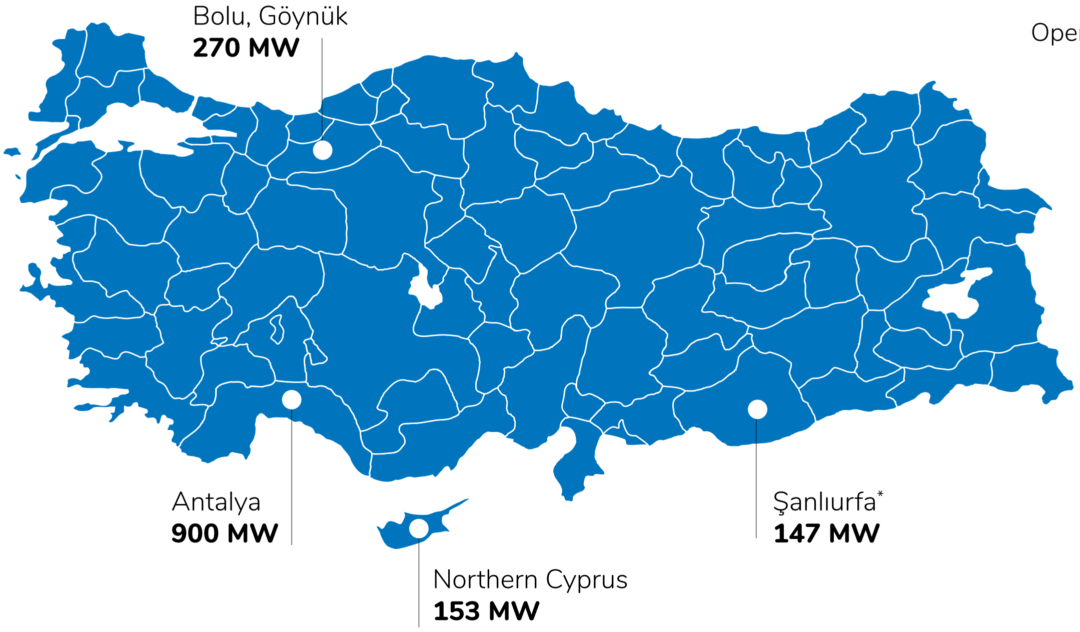
GENERATION PORTFOLIO

As of the end of 2020, Aksa Energy's generation portfolio consists of 7 power plants which includes 4 heavy fuel oil power plants, 2 combined cycle natural gas power plants and 1 lignite-fired power plant.

Aksa Energy's generation portfolio consists of 7 power plants as of the end of 2020: 4 heavy fuel oil power plants, 2 combined cycle natural gas power plants and 1 lignite-fired power plant. The installed capacity of the Company is 1,946 MW as of the end of the year. The Company has a total installed capacity of 1,317 MW in Turkey, 153 MW in Northern Cyprus and 476 MW in Africa. The completion of the Company's power plant projects in Ghana, Mali and Madagascar in Africa in a short period of six to nine months demonstrates the capability of Aksa Energy to quickly respond to urgent demand for energy and gives the way to new investment opportunities in the region.

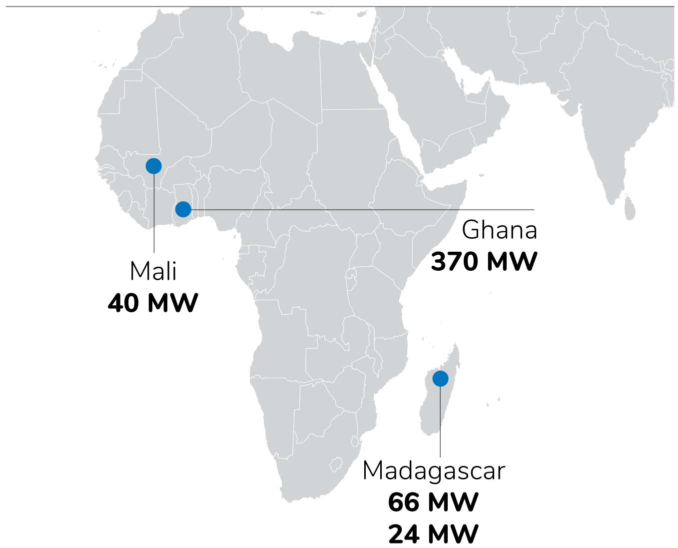
Aksa Energy pursues new investment opportunities in all geographies with an urgent need for energy with the aim of expanding its overseas portfolio. Taking its first step onto the Asian continent with the Uzbekistan investment, Aksa Energy signed an agreement with the Uzbekistan Ministry of Energy in May 2020. The agreement includes the establishment of a 240 MW natural gas combined cycle power plant in Tashkent, the capital of Uzbekistan, and the sale of electricity for 25 years in return for a guaranteed capacity fee based in US dollars. Expanding the scope of its investment at the beginning of 2021, Aksa Energy expects that the power plants in Tashkent and Bukhara, which will have a total installed capacity of 740 MW, will be operational by the end of 2021.

Madagascar Heavy Fuel Oil Power Plant



Number of Power Plants	**7**
Installed Capacity	**1,946 MW**
Antalya	900 MW
Bolu, Göynük	270 MW
Şanlıurfa*	147 MW
Northern Cyprus	153 MW
Ghana	370 MW
Madagascar	66 MW
Mali	40 MW
Number of Power Plants Operated on Behalf of Madagascar	**1**
Installed Capacity Operated on Behalf of Madagascar	**24 MW**
Madagascar CTA-2	24 MW

**Generation at Şanlıurfa Natural Gas Combined Cycle Power Plant was suspended as of August 2020.*



1
Thermal Power Plant

Bolu
270 MW

270 MW
Total Installed Capacity

2
Natural Gas Combined Cycle Power Plants

Antalya
900 MW

Şanlıurfa
147 MW

1,047 MW
Total Installed Capacity

4
Fuel Oil Power Plants

Northern Cyprus
153 MW

Ghana
370 MW

Madagascar
66 MW

Mali
40 MW

629 MW
Total Installed Capacity

GENERATION PORTFOLIO

DOMESTIC POWER PLANTS

Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant has been granted "Zero Waste Certificate" in 2021.


Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant

900
MW
Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant

Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant is able to meet 1% of Turkey’s electricity demand on its own.

ALİ METİN KAZANCI ANTALYA NATURAL GAS COMBINED CYCLE POWER PLANT

Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant, which started electricity generation in 2008, with the inauguration of its first gas turbine[1] with an installed capacity of 43.7 MW, reached a total installed capacity of 1,150 MW with the completion of more sections between September 2008 and October 2011.

The power plant, one of the largest natural gas power plants in Turkey, employs two Siemens SGT5-4000F gas turbines, each with a generation capacity of 300 MW and one Siemens SST5-5000F steam turbine with a generation capacity of 300 MW.

Reaching 59% efficiency with combined cycle production groups, the plant’s gas turbines have ultra-low NOx[2] combustion systems. Due to ultra-low NOx levels and the close monitoring of the combustion temperature, carbon monoxide levels remain at single digits.

As of October 2018, following the approval of the Energy Market Regulatory Authority (EMRA), the license of the production unit, which did not contribute to actual energy generation was cancelled, thereby reducing the installed capacity from 1,150 MW to 900 MW and the generation capacity from 9 billion KWh to 7 billion KWh.

The power plant has also been granted “Basic Level Zero Waste Certificate” within the scope of the “Zero Waste” project implemented by the Ministry of Environment and Urbanization for the efficient use of resources at the beginning of 2021.

[1] *Turbine: The mechanism used to convert the energy of fluid into kinetic energy.*
[2] *NOx (Nitrogen Oxide): One of the fuel gas pollutants released into the atmosphere.*

GENERATION PORTFOLIO
DOMESTIC POWER PLANTS

Bolu Göynük Thermal Power Plant, one of the first privately owned power plants utilizing domestic coal in Turkey, contributes to Turkish economy by reducing foreign dependence on energy.

BOLU GÖYNÜK THERMAL POWER PLANT
Construction of Bolu Göynük Thermal Power Plant started in 2012, where the first phase became operational with 135 MW installed capacity in July 2015 and the second phase, 135 MW, became operational in January 2016.

Aksa Energy added lignite coal to its fuel mix for the first time with Bolu Göynük Thermal Power Plant, which was established with an investment of USD 390 million. Bolu Göynük Thermal Power Plant, one of the first privately owned power plants utilizing domestic coal in Turkey, contributes to Turkish economy by reducing foreign dependence on energy, as it generates electricity from a local resource.

Bolu Göynük Thermal Power Plant runs on lignite as a result of the very first royalty[1] agreement signed between the General Directorate of Turkish Coal, which allows the use of lignite mines by the private sector.

Bolu Göynük Thermal Power Plant, which uses 1.8 million tons of domestic coal per year for electricity generation, extracts lignite from an open pit mine located at a distance of 2 km to the power plant. Therefore, the effect of the dust generated during the transportation of lignite to the environment is minimized. As of December 31, 2020, there are 30.03 million tons of lignite reserves with a thermal value of 2,254 kcal/kg in the field.

Bolu Göynük Thermal Power Plant makes important contributions to the region's economic and social development. Out of 1,200 people employed during the project's construction phase, majority were the residents of Bolu Göynük and neighbor villages.

Thanks to its advanced technology, Bolu Göynük Thermal Power Plant generates energy in a low-cost, efficient and environmentally friendly manner.


Bolu Göynük Thermal Power Plant

[1] *Royalty: Allocation of mining license fields by the beneficiary to a real or legal person with a contract. The essence of the right to operate will be held by the beneficiary.*

270 MW

Bolu Göynük Thermal Power Plant

The Plant was designed with fluidized bed combustion technology, which is an alternative to the pulverized coal[1] combustion technology employed in most plants. Thanks to this technology, combustion is realized with solid fuel, consisting of coal and limestone, on the air cushion formed with the air under the combustion room due to the fluidized bed boiler. This process ensures that coal remains in the boiler combustion room for longer, enabling combustion reaction at lower temperatures. This technology reduces environmentally harmful NOx emissions to a minimum.

The desulphurization process is realized directly inside the boiler by using limestone during combustion. This technology both minimizes the emission of the gases harmful to the environment and boosts the plant's efficiency, thus lowering the cost of power generation.

The same conscientious approach is applied when eliminating ash created during the combustion of lignite. The ash generated in the power plant started to be stored in the Southern Regular Ash Storage Area, which received an environmental permit from the Bolu Provincial Directorate of Environment and Urbanization in 2017, instead of the temporary ash storage facility. In 2019, rehabilitation of the Southern External Dump Site, which completed its lifecycle, was completed; the site was handed over to the Ministry of Agriculture and Forestry. Around 140,000 saplings were planted in 2019 and around 60,000 saplings were planted in 2020 at this site by the Ministry of Agriculture and Forestry.

Aksa Energy has made necessary investments proactively to counter the negative impact of lignite coal on the environment and human health. To this end, the Company established a flue gas treatment system at Bolu Göynük Thermal Power Plant on July 15, 2015. Following the expiration of the period given to lignite- and coal-fired power plants to complete their investments to install a flue gas treatment system[2] as of December 31, 2019, facilities that have not completed their filter investment have been shut down while Bolu Göynük Thermal Power Plant continued its operation without any interruption.

Bolu Göynük Thermal Power Plant, the first power plant with fluidized-bed boilers and wet flue gas purification systems in Turkey, has met all legal and regulatory requirements stipulated by environmental legislation since it was commissioned in 2015 thanks to its advanced combustion and treatment technologies. The facility also has the "Environmental Permit and License Certificate"[3] on Air Emission, Waste Water Discharge and Regular Storage. The power plant continues its environmental monitoring efforts to ensure the continuance of the certificate. The facility has also passed the Integrated Environmental Inspection[4] made by the Bolu Provincial Directorate of Environment and Urbanization with zero offense in 2019. As a result of the audit carried out in September 2020, the power plant was granted TSE Covid-19 Safe Production Certificate for fulfilling all the requirements listed in the Covid-19 Hygiene, Infection Prevention and Control Guide for industrial facilities, published by the Ministry of Industry and Technology of the Republic of Turkey. At the beginning of 2021, the plant was also granted Basic Level Zero Waste Certificate within the scope of the Zero Waste Project, implemented by the Ministry of Environment and Urbanization for efficient use of resources.

[1] *Pulverized Coal: Coal with high combustion efficiency obtained in powder form by grinding mineral coal.*
[2] *Flue Gas Purification System: The systems for filtering CO2 and other pollutants discharged to the atmosphere by power plants causing emission as a result of production activities.*
[3] *Environmental Permit and License Certificate: The certificate certifying that the companies comply with the obligations under the Regulation on Environmental Permit and License in full in order to carry out activities.*
[4] *Integrated Environmental Inspection: The inspections in which the compliance with the Environment Law and all regulations regarding air, water, soil, waste, chemicals, sea and noise entering into force pursuant to this Law are taken into consideration together.*

GENERATION PORTFOLIO
DOMESTIC POWER PLANTS

Northern Cyprus Kalecik Heavy Fuel Oil Power Plant, the most efficient power plant in Northern Cyprus, meets approximately 50% of the country's energy demand.


Northern Cyprus Kalecik Heavy Fuel Oil Power Plant

153
MW
Northern Cyprus Kalecik Heavy Fuel Oil Power Plant

The five-year contract signed in 2003 with KIB-TEK was extended in 2009 for 15+3 years until 2027. The power plant has been engaging in USD-denominated guaranteed sales since 2003.

NORTHERN CYPRUS KALECIK HEAVY FUEL OIL POWER PLANT

Kalecik Heavy Fuel Oil Power Plant in Northern Cyprus started production in 2003 with two units and a total installed capacity of 35 MW. More units were commissioned over time to meet rising energy demand in a seamless fashion, thus bringing the total installed capacity up to 153 MW. The power plant, which has eight Wärtsilä 18V46 diesel turbines each with a capacity of 17.8 MW, runs on fuel oil and meets approximately 50% of the energy needs of Northern Cyprus.

The plant's combined cycle conversion was completed in 2011, and eight Aalborg boilers and one Dresser-Rand turbine with a capacity of 13.5 MW were commissioned. The plant has a DeSOx[1] flue gas cleaning system.

The five-year contract signed in 2003 with KIB-TEK was extended in 2009 for 15+3 years until 2027. The power plant has been engaging in USD-denominated purchase guaranteed sales since 2003.

The power plant is the most efficient power generation plant in Northern Cyprus.

[1] *DeSOx: The system for desulfurizing the flue gases, especially at low gas flow.*

GENERATION PORTFOLIO

DOMESTIC POWER PLANTS

Şanlıurfa Natural Gas Combined Cycle Power Plant employs 12 Wärtsilä 20V34SG gas turbines, each with a capacity of 9.7 MW and has a state-of-the-art carbon monoxide oxidation system.

Şanlıurfa Natural Gas Combined Cycle Power Plant

147

MW

Şanlıurfa Natural Gas Combined Cycle Power Plant*

The power plant has state-of-the-art carbon monoxide oxidation systems.

ŞANLIURFA NATURAL GAS COMBINED CYCLE POWER PLANT

Şanlıurfa Natural Gas Combined Cycle Power Plant was established in 2011 with an installed capacity of 120 MW. A Dresser-Rand steam turbine with a capacity of 11.5 MW was commissioned in 2012, and a capacity increase was undertaken in 2015. As a result, the plant's total installed capacity reached 147 MW. The power plant employs 12 Wärtsilä 20V34SG gas turbines, each with a capacity of 9.7 MW and one Wärtsilä 18V50SG gas turbine with a capacity of 18.31 MW. Power plant also has state-of-the-art carbon monoxide oxidation systems[1].

[1] Carbon Monoxide Oxidation System: See Flue Gas Purification Systems
**Generation at Şanlıurfa Natural Gas Combined Cycle Power Plant was suspended as of August 2020.*

GENERATION PORTFOLIO

OVERSEAS POWER PLANTS

Ghana Heavy Fuel Oil Power Plant, the largest investment of Aksa Energy in Africa, is expected to start generating electricity in a dual fuel mode in 2021.

Ghana Heavy Fuel Oil Power Plant

370

MW

Ghana Heavy Fuel Oil Power Plant

The construction of Ghana Heavy Fuel Oil Power Plant was completed in 9.5 months while saving on investment expenses by utilizing existing equipment.

GHANA HEAVY FUEL OIL POWER PLANT

In 2015, Aksa Energy signed a power purchase agreement with the government of the Republic of Ghana for the sale of electricity for a duration of 6.5 years with a tariff based on USD dollars. As per the agreement, Samsun Natural Gas Combined Cycle Power Plant was converted into a fuel oil power plant and some of its equipment was transferred to Ghana. The construction of the power plant was completed in 9.5 months while saving on investment expenses by utilizing existing equipment.

Ghana HFO Power Plant started operations in March 2017, with an installed capacity of 192.5 MW. The power plant reached an installed capacity of 280 MW in August. In 2018, the power plant reached a total capacity of 370 MW with the commissioning of additional engines. Therefore, according to the agreement, the capacity within the scope of guaranteed purchase has increased from 223.5 MW to 332 MW and from this date on, the capacity charges have started to be collected over 332 MW.

Activities continue for the completion of the project for converting the engines in the power plant to dual fuel (HFO/natural gas), and this project is planned to be completed in 2021.

GENERATION PORTFOLIO

OVERSEAS POWER PLANTS

Madagascar HFO Power Plant consists of a total of 11 Wärtsilä engines relocated from the Hakkari, Siirt Akköy and İdil 2 power plants, whose licenses had been cancelled.

Madagascar Heavy Fuel Oil Power Plant

66

MW

Madagascar Heavy Fuel Oil Power Plant

Madagascar HFO Power Plant was commissioned with an optimum capital expenditure and in a very short time, due to the use of equipment from heavy fuel oil power plants in Aksa Energy's portfolio. The power plant became operational in 7 months.

MADAGASCAR HEAVY FUEL OIL POWER PLANT

Madagascar HFO Power Plant, whose construction started in the fourth quarter of 2016, was commissioned with an optimum capital expenditure and in a very short time, due to the use of equipment from heavy fuel oil power plants in the Company's portfolio. The power plant became operational in 7 months.

Madagascar HFO Power Plant consists of a total of 11 Wärtsilä engines relocated from the Hakkari, Siirt Akköy and İdil 2 power plants, whose licenses had been cancelled.

The power plant's first engines, with an installed capacity of 25 MW, were commissioned on July 10, 2017. The installed capacity of the facility was increased to 36 MW on July 27, 2017. Madagascar HFO Power Plant's first phase, with a 66 MW installed capacity, was completed in September 2017. The power plant conducts electricity sales at a tariff determined in US dollars over the capacity corresponding to 60 MW installed capacity within the scope of a 20-year guaranteed purchase.

GENERATION PORTFOLIO
OVERSEAS POWER PLANTS

In 2021, guaranteed power purchase at Mali Heavy Fuel Oil Power Plant is expected to reach 50 MW from 30 MW.


Mali Heavy Fuel Oil Power Plant

40

MW

Mali Heavy Fuel Oil Power Plant

Equipment from Mardin Power Plant was utilized at Mali HFO Power Plant, which runs on four Wärtsilä engines with a total capacity of 40 MW.

MALI HEAVY FUEL OIL POWER PLANT
In line with the agreement signed with the Republic of Mali in 2016, Mali Heavy Fuel Oil Power Plant's (with an installed capacity of 40 MW) construction started and the first section of 10 MW was commissioned in August 2017. The power plant reached a total installed capacity of 40 MW in September 2017.

Equipment from Mardin Power Plant was utilized at Mali HFO Power Plant, which runs on four Wärtsilä engines with a total capacity of 40 MW.

While optimizing the investment cost by utilizing existing equipment, the commissioning period was significantly shortened at the same time. Electricity generated in the power plant is purchased by the Republic of Mali based on a Euro denominated tariff over a capacity equivalent to 30 MW within the scope of the guaranteed sales agreement. As of January 27, 2021, in accordance with the agreements signed between EDM and Aksa Mali SA, 100% subsidiary of Aksa Energy:

i) Power generated by 30 MW installed capacity will be purchased by EDM for three years based on a guaranteed Euro denominated capacity charge.

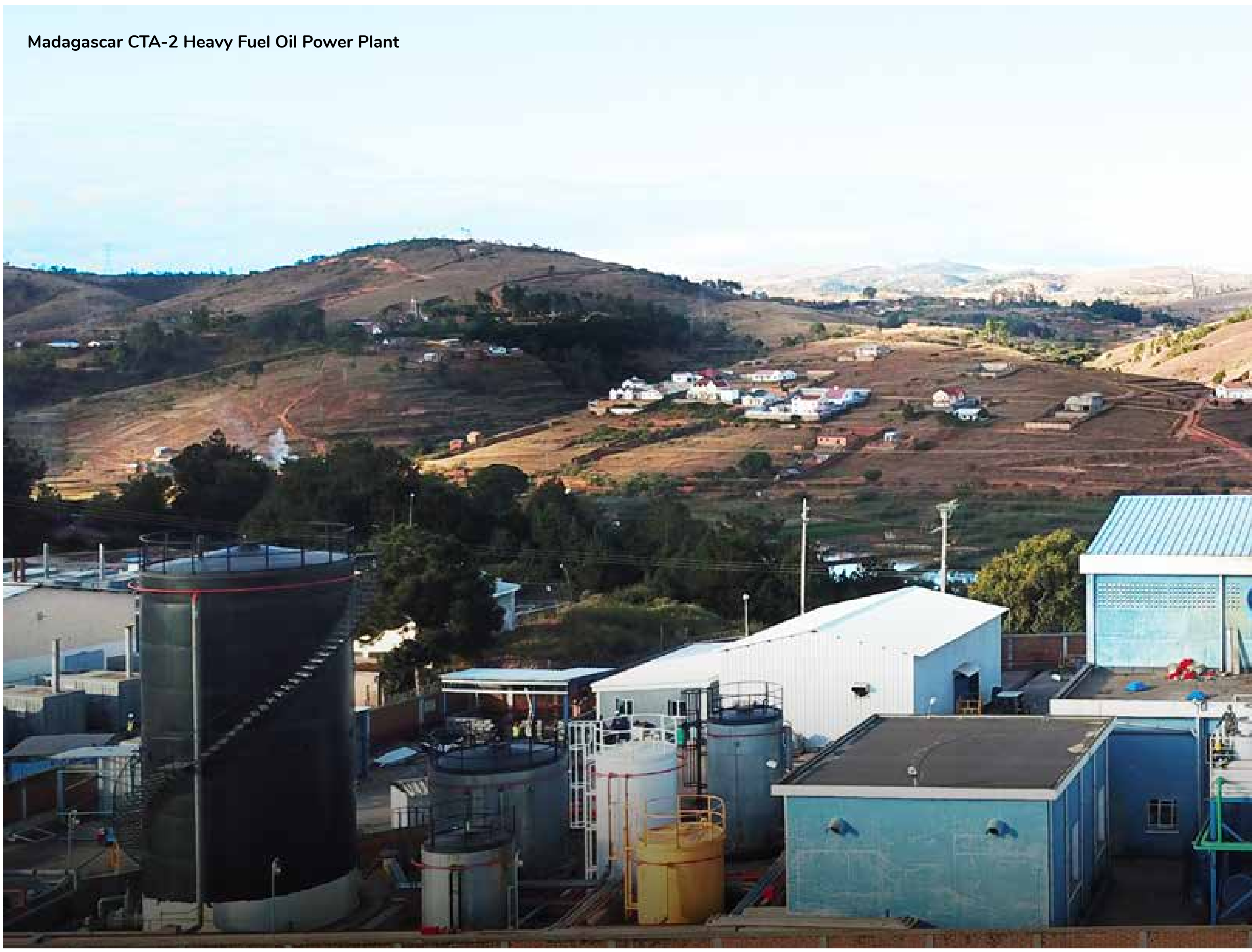
ii) In addition to the existing power plant, the power plant with an installed capacity of 20 MW will be established by Aksa Energy in the second quarter of 2021. The production equivalent to this installed capacity will be purchased by EDM for three years based on a guaranteed Euro denominated tariff.

Within the scope of the new agreement, Aksa Energy which provides both a maturity extension and a guaranteed capacity increase from 30 MW to 50 MW, has strengthened its position in Africa with its globalization strategy.

GENERATION PORTFOLIO
OVERSEAS POWER PLANTS

According to the agreement, electricity generated by Madagascar CTA-2 Heavy Fuel Oil Power Plant is being sold to Jirama via guaranteed sales in US dollars.

Madagascar CTA-2 Heavy Fuel Oil Power Plant



24

MW

Madagascar CTA-2 Heavy Fuel Oil Power Plant

In 2018, Aksa Energy signed a power purchase agreement with Societe Jiro Sy Rano Malagasy (Jirama) for the rehabilitation and operation of a 24 MW power plant located next to Madagascar Heavy Fuel Oil Power Plant.

MADAGASCAR CTA-2 HEAVY FUEL OIL POWER PLANT

In 2018, Aksa Energy signed a power purchase agreement with Societe Jiro Sy Rano Malagasy (Jirama) for the rehabilitation and operation of a 24 MW power plant located next to Madagascar Heavy Fuel Oil Power Plant. The 12 MW section of the plant was commissioned in December 2018, and the power plant reached an installed capacity of 24 MW in January 2019. According to the agreement, electricity generated by the power plant is being sold to Jirama via guaranteed sales in US dollars.

SUBSEQUENT EVENTS FOLLOWING THE END OF REPORTING PERIOD

Natural gas combined cycle power plants in Uzbekistan, featuring a total installed capacity of 470 MW in Tashkent, and an installed capacity of 270 MW in Bukhara, are planned to be commissioned during the last quarter of 2021.

NEW BOARD MEMBER APPOINTED TO AKSA ENERGY
Mr. Mehmet Akif Şam, who has been Board Member at Aksa Energy since 27 April 2017, has resigned from his duties as Board Member and Corporate Governance Committee Member as of 13 January 2021. In accordance with Aksa Energy's Board Decision dated 13 January 2021, it has been decided to appoint Mr. Korkut Öztürkmen in order to replace Mr. Mehmet Akif Şam and submit this decision to the approval of next General Assembly.

740
MW
Total Installed Capacity to be Reached in Uzbekistan

EXECUTIVE COMMITTEE WAS ESTABLISHED
According to Aksa Energy's Board Decision dated 13 January 2021, the Executive Committee was established in order to advise Board of Directors while taking administrative decisions for reaching Company's strategic goals. Mr. Korkut Öztürkmen, an experienced professional in the energy sector, was appointed as the Vice Chairman of the Executive Committee.

Mr. Barış Erdeniz, who has carried out projects focused on operational excellence and digital transformation at Kazancı Holding, major shareholder of Aksa Energy, and Mr. Erkin Şahinöz, who is prominent in the financial markets, were also appointed as members of the Executive Committee. In this context, the Executive Committee Members of Aksa Energy are determined as follows:

- Chairman of the Executive Committee - Cemil Kazancı
- Vice Chairman of the Executive Committee - Korkut Öztürkmen
- Member of the Executive Committee - Ahmet Serdar Nişli
- Member of the Executive Committee - Ömer Muzaffer Baktır
- Member of the Executive Committee - Barış Erdeniz
- Member of the Executive Committee - Yaşar Erkin Şahinöz

SCOPE OF INVESTMENT EXPANDED FOR UZBEKISTAN NATURAL GAS POWER PLANT
In May 2020, Aksa Energy signed an agreement with the National Electric Grid of Uzbekistan (NEGU), affiliated with the Ministry of Energy of Uzbekistan, which includes the establishment of a 240 MW natural gas combined cycle power plant in Tashkent, the capital of Uzbekistan, and the sale of the electricity generated at the power plant for 25 years in return for a guaranteed capacity charge. The aforementioned agreement has been amended with a

Uzbekistan Natural Gas Combined Cycle Power Plant

230 MW capacity increase as of January 20, 2021; in addition to this agreement, another agreement was signed for the establishment of a natural gas combined cycle power plant with an installed capacity of 270 MW in Bukhara. Within this scope:

- In the current location in Tashkent, a natural gas combined cycle power plant with an installed capacity of 230 MW will be established in addition to the natural gas combined cycle power plant with an installed capacity of 240 MW. The Agreement as amended includes the sale of the electricity generated in both power plants to be established in Tashkent for 25 years in return for a guaranteed capacity charge.
- A natural gas combined cycle power plant with an installed capacity of 270 MW will be established in Bukhara, southwest of Tashkent. The Additional Agreement includes the sale of the electricity generated in the power plants to be established in Bukhara for 25 years in return for a guaranteed capacity charge.

Natural gas combined cycle power plants in Uzbekistan, featuring a total installed capacity of 470 MW in Tashkent, and an installed capacity of 270 MW in Bukhara, are planned to be commissioned during the last quarter of 2021. With the realization of these investments, a total installed capacity of 740 MW will be reached in Uzbekistan.

CONCESSION AGREEMENT SIGNED WITH THE REPUBLIC OF CONGO

As of January 21, 2021, Aksa Energy Company Congo, a 100% subsidiary of Aksa Energy, has signed a concession agreement with the Republic of Congo regarding 30 year operating right of 50 MW natural gas power plant located in Pointe-Noire. Under the agreement, 50 MW installed capacity of the power plant will be expanded to 100 MW with additional investment by Aksa Energy Company Congo. Natural gas is planned to be supplied from Congo's domestic natural gas reserves. The electricity generated is planned to be exported to the Democratic Republic of Congo over the existing transmission lines.

ENERGY EXPORT TO IRAQ STARTED

"Aksa Aksen Enerji Ticareti A.Ş.", a 100% power trading subsidiary of Aksa Energy, applied to the Energy Market Regulatory Authority (EMRA) in order to export electricity up to 150 MW capacity to Iraq over the Turkey-Iraq energy transmission line on November 3, 2020. EMRA approved the application on December 8, 2020, and an interconnection[1] line usage agreement was signed with TEİAŞ. Electricity export activities started on January 24, 2021.

NEW AGREEMENT SIGNED FOR MALI HEAVY FUEL POWER PLANT

According to the existing agreement, which was signed between Aksa Energy and Energie Du Mali SA (EDM) had been extended until January 31, 2021, to determine new agreement terms regarding the Heavy Fuel Oil Power Plant in Mali with an installed capacity of 40 MW. As of January 27, 2021, in accordance with the agreements signed between EDM and Aksa Mali SA, a 100% subsidiary of Aksa Energy:

- Power generated by 30 MW out of 40 MW installed capacity in the Power Plant will be purchased by EDM for 3 years based on a guaranteed Euro denominated price.
- On top of existing power plant, Aksa Energy will initiate a power plant with an installed capacity of 20 MW within the second quarter of 2021. Power generated by 20 MW installed capacity will also be purchased by EDM for 3 years based on a guaranteed Euro denominated price. Within the scope of the new agreement, Aksa Energy, which provides both a maturity extension and a guaranteed capacity increase from 30 MW to 50 MW, has strengthened its position in Africa with its globalization strategy.

[1] *Interconnection: The connection of two or more networks by one or more lines with connectors.*

SUSTAINABILITY APPROACH OF AKSA ENERGY

Thanks to our strong organizational structure and dynamic governance model, we continue to contribute to our society in social, environmental and widespread economic areas.

Aksa Energy establishes its business model aligned with a vision that encompasses economic, social and environmental factors. Accordingly, the Company evaluates its current business processes within the scope of sustainability and integrates the concept of sustainability in all its operations.

Aksa Energy adopts a holistic approach to sustainability in its business model while continuing its investments in line with its global growth targets. In this context, the Company reduces Turkey's external dependence on energy with its operations in the country and provides access to energy for local people via its activities in developing countries, including those in Africa. Thus, Aksa Energy contributes to the development of countries with urgent energy needs and, via employment opportunities it creates, to the socio-economic development of those countries' populations. These activities also provide an important foreign currency inflow for Turkey.

Not only does Aksa Energy implement responsible and sustainable development principles in its current operations, the Company also develops environmental and social initiatives with a wide area of impact, aiming to be an effective stakeholder in the geographies where it operates and creating long-term value for future generations.

Thanks to its strong organizational structure and dynamic governance model, Aksa Energy – consistently ensures that all business strategies are compatible with its sustainability approach – and contributes to society in social, environmental and economic areas. The sustainability targets are effectively communicated to all levels of the Company and the performance of Aksa Energy in relation to these targets is monitored via multi-stakeholder audit practices.

In parallel with its global investments, Aksa Energy integrates its global sustainability targets into its understanding of value creation. The Company, which closely monitors sustainability platforms on a local and global scale, and voluntarily supports sustainable development in all areas, is included in the BIST Sustainability Index since 2015. In addition, Aksa Energy has been a signatory of the United Nations Global Compact (UNGC)[1] since 2017. The Company carries out its operations in compliance with the 10 principles of this contract and manages all its environmental, social and economic impacts.

The Company also contributes to seven of the Sustainable Development Goals[2].

[1] UN Global Compact (United Nations Global Compact): An innovative corporate responsibility approach that proposes universal principles to create a common development culture in the constantly competing business world. Participating in the Compact with the vision of a "sustainable and comprehensive global economy" is completely on a voluntary basis.

[2] Sustainable Development Goals (SDG): A universal call for action that includes the targets aimed to be achieved by the member states of the United Nations by the end of 2030.

Madagascar Heavy Fuel Oil Power Plant

Thanks to its solid sustainability performance, Aksa Energy successfully passed the assessment processes conducted by London-based EIRIS (Ethical Investment Research Services), qualifying for the Borsa Istanbul's Sustainability Index once again in the period of November 2020-October 2021.

Committed to making sustainability an integral part of its business operations and long-term strategic perspective, Aksa Energy prioritizes continuous communication with its stakeholders. In this context, it has been voluntarily presenting its sustainability performance to the public through sustainability reports issued in accordance with GRI[1] Standards every year since 2016.

SUSTAINABILITY COMMITTEE

In order to coordinate its sustainability initiatives, Aksa Energy established the Sustainability Committee in 2015, which reports directly to the Chairman of the Board of Directors and CEO. The Committee contributes to the reporting of sustainability performance, as well as to the management of sustainability-related matters with a more holistic approach.

Members of the Sustainability Committee play a primary role in the management of key and prioritized sustainability issues that fall within their respective areas of expertise. Sustainability risks and opportunities related to key and prioritized issues are evaluated by the relevant units, and the utmost care is taken to analyze the environmental, social and economic impacts of these actions in an integrated manner.

The Sustainability Coordination and Working Group established under the Sustainability Committee assists the Committee in carrying out these tasks.

[1] *GRI (Global Reporting Initiative): An international independent organization that provides guidance to establishments, administrations and other institutions and organizations in important sustainability subjects such as climate change, human rights and anti-corruption.*

ENVIRONMENTAL SUSTAINABILITY

Aksa Energy strives to make a difference through its efforts to minimize the environmental impact of its operations, as well as through environmental management practices that cover every step of the value chain.

With the principle of "efficient use of resources," Aksa Energy runs its operations in an environmentally-conscious manner for a sustainable future and aims to continuously improve its sustainability performance. The Company strives to make a difference in the sector through its efforts to minimize the environmental effects of energy generation operations, as well as through environmental management practices that cover every step of the value chain.

Aksa Energy has adopted an Environmental Policy to ensure that this understanding is institutionalized and embraced by all stakeholders. The Environmental Policy of Aksa Energy is based on four main pillars: climate change, natural resource management, waste management and conservation of biodiversity.

2.3

TRY MILLION

Aksa Energy has increased its environmental investments to TRY 2.3 million in 2020.

Establishing a Framework Environmental Management System in order to determine the objectives and targets related to the Environmental policy, and to manage, monitor and control the activities in accordance with this policy, the Company holds the following certifications: ISO 14001 Environmental Management System, ISO 9001 Quality Management System, ISO 50001 Energy Management System, ISO/IEC 27001:2013 Information Security Management System* and ISO 45001 Occupational Health and Safety Management System. In addition to the headquarters, Bolu Göynük Thermal Power Plant and Şanlıurfa Natural Gas Combined Cycle Power Plant are also within the scope of ISO/IEC 27001:2013 Information Security Management System.

In October 2017, the Company initiated efforts to extend the Integrated Management Systems practices (ISO 9001 Quality Management System, ISO 14001 Environmental Management System, ISO 50001 Energy Management System and ISO 45001 Occupational Health and Safety Management System), which are already in effect at the Headquarters, to the power plants. This initiative started with Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant and Bolu Göynük Thermal Power Plant. As of the end of 2019, the documentation process was completed, and at the beginning of 2020, the documentation and action management of all systems were transferred to the online document management system. Thanks to this system, which allows remote control and administration of the management systems, the works have continued without interruption. The coordination and construction of this system in domestic power plants continue under the leadership of the QHSE (Health, Education, Environment-Quality) department at the Company Headquarters. In 2021, the QHSE team continues to work to implement this system at power plants abroad. As of 2020, activities in Ghana Heavy Fuel Oil Power Plant has commenced within the scope of ISO 14001 Environmental Management System and ISO 45001 OHS Management System.

Received for Kazancı Holding; also covers Aksa Energy Headquarters, Bolu Göynük Thermal Power Plant and Şanlıurfa Natural Gas Combined Cycle Power Plant.

Aksa Energy continues without respite to analyze the impact of its existing production units on the environment. Also, the Company regularly conducts environmental impact assessments for new production facilities to be built. The Company fully complies with the environmental legislation in its domestic activities, and there has not been any environmental penalty since the establishment of the power plants operating in the country.

Aksa Energy actively encourages responsible environmental management processes among all stakeholders, especially employees. To this end, the Company administers training programs to its employees and raises awareness among suppliers.

Aksa Energy accelerated its continued investments on the environment in 2020 to reach a noteworthy level of TRY 2.3 million. The Company will continue making these investments in the future to minimize its environmental impact and increase its performance.

The most significant example of the importance Aksa Energy attaches to environmental investments is Bolu Göynük Thermal Power Plant. Bolu Göynük Thermal Power Plant – the only power plant in Turkey with fluidized-bed boilers and wet flue gas purification systems – has met all legal and regulatory requirements stipulated by environmental legislation since it was commissioned in 2015, thanks to its advanced combustion and treatment technologies. The facility also holds the Environmental Permit and License Certificate for Air Emission, Waste Water Discharge and Regular Storage.

In addition to these investments, the Company demonstrates the importance it attaches to health issues by its Covid-19 Safe Production Certificate, granted by the Turkish Standards Institute (TSE), which acknowledges the highest-level precautions implemented in Bolu Göynük Thermal Power Plant.

CLIMATE CHANGE

Climate change is among the most critical challenges facing the world today. Aksa Energy is keenly aware of the energy sector's impact on the environment and its potential impact on climate change. The Company is also aware of its own corporate responsibilities in this regard. Since 2015, Aksa Energy has regularly prepared Greenhouse Gas Emission Reports in order to track greenhouse gas[1] emissions from its current power plant portfolio. After approval is received from the independent verification firm approved by the Ministry of Environment and Urbanization, the reports are presented to the Ministry of Environment and Urbanization. Preparations for the 2020 Greenhouse Gas Emissions Reports commenced at the beginning of the year and field inspections have been carried out and the report has been submitted to the Ministry of Environment and Urbanization by April 2021.

As another sign of its transformation into a sustainable and socially responsible company, Aksa Energy signed The Trillion Tonne Communiqué in 2015, which is a declaration to the world from companies that are sensitive to climate change and demand measures to combat it, and the Company designs its energy investment in this context. Aksa Energy considers energy efficiency a crucial component of its environmental policy to minimize the environmental impact of its activities and reduce greenhouse gas emissions. With the combined cycle power plant technology, the Company utilizes the heat of waste gas emitted during production to generate energy for internal consumption, thereby cutting its energy consumption by 10% per unit. The Company generates energy from waste heat at all of its natural gas power plants and at Northern Cyprus Kalecik Heavy Fuel Oil Power Plant. Oxicat filters are also used in natural gas power plants in order to reduce greenhouse gas emissions.

[1] Greenhouse Gas: The name given to the gases and compounds such as Carbon Dioxide (CO_2), Methane (CH_4), Nitrous Oxide (N_2O), and Hydro-fluorocarbons (HFCs) that cause the atmosphere to warm up by holding infrared rays in the atmosphere.

ENVIRONMENTAL SUSTAINABILITY

At Aksa Energy, innovative initiatives for efficient water use constitute the main practices for the conservation of natural resources, which are declining at an alarming rate.

Aksa Energy also monitors and strives to reduce emissions other than greenhouse gases. Emissions are controlled on a real time basis through continuous emission measurement systems installed in power plants and the air emissions of domestic power plants are monitored online by the Ministry of Environment and Urbanization.

1.5

MILLION M³

1,556,000 m³ of water was saved at Bolu Göynük Thermal Power Plant.

Aksa Energy aims to contribute to the global fight against climate change. In this context, the Company plans to invest in renewable energy in the medium to long term.

NATURAL RESOURCE MANAGEMENT

At Aksa Energy, innovative initiatives for efficient water use constitute the main practices for the conservation of natural resources, which are declining at an alarming rate. The Company, which shapes its operations with an effective management system to minimize water consumption, uses water from various sources, including network, surface and ground, depending on the region in which the Company's power plants are located.

In this context, the decarbonization[1] systems in Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant and Bolu Göynük Thermal Power Plant help conserve water in production processes.

With a EUR 5.3 million investment, Aksa Energy installed decarbonization facilities at Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant and Bolu Göynük Thermal Power Plant. With these facilities, over 317,968 m³ of water was saved in the plant in Antalya, and over 1,556,000 m³ of water in the plant in Bolu in 2020.

Moreover, Çatak Pond was created through a TRY 17.5 million investment at Bolu Göynük Thermal Power Plant. In addition, a seawater desalination system was installed at Northern Cyprus Kalecik Heavy Fuel Oil Power Plant. This system meets 100% of the plant's water requirements.

GREENHOUSE GAS EMISSIONS

(ton CO_2 equivalent)	2017	2018	2019	2020
Total	4,888,820	4,446,485	3,882,434	5,296,142

[1] *Decarbonization: The term that refers to reducing the carbon density per KWh generated.*

Bolu Göynük Thermal Power Plant

Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant

WASTE MANAGEMENT

All waste is disposed of in keeping with applicable laws, rules and regulations, and in line with the Company's Environmental Policy.

Aksa Energy's activities to recycle hazardous and non-hazardous waste from production processes are carried out in the periods specified in the Waste Management Regulation. Hazardous waste released by the operation processes is stored in temporary waste storage areas on the plant sites, where its contact with the external environment is cut off to prevent jeopardizing human health and the environment. Later, these materials are transported in licensed vehicles to recycling or disposal facilities, at regular intervals. Packaging waste is sent to recycling companies contracted by municipalities in the regions where the facilities are located. Aksa Energy had 3,323 tons of hazardous waste recycled in 2020.

At Bolu Göynük Thermal Power Plant, the resulting ash waste is kept, not in temporary ash storage areas, but in the Southern Regular Ash Storage Area, which received an environmental permit from the Provincial Directorate of Environment and Urbanization in 2017. Before the plant became operational, more than 6,000 saplings were planted around the site. In 2019, rehabilitation of the Southern External Dump Site, which completed its lifecycle, was completed; the site was handed over to the Ministry of Agriculture and Forestry. Around 140,000 saplings were planted in 2019 and around 60,000 saplings were planted in 2020 at this site by the Ministry.

Due to the importance Aksa Energy attaches to waste management and the works carried out in this context, Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant and Bolu Göynük Thermal Power Plant were granted the Zero Waste Certificate in January 2021.

ENVIRONMENTAL SUSTAINABILITY

Aksa Energy continues its operations with a special focus on possible environmental impact on species living in its areas of operation.

PROTECTION OF BIODIVERSITY
Aksa Energy continues its operations with an approach that takes into account possible environmental impacts on species living in its areas of operation. The Company regularly monitors, evaluates and reports the impact of its operations on biodiversity.

In this context, Aksa Energy cooperated with Hatay Nature Conservation Association (TAKODER) from 2015 to 2021. Within the scope of this collaboration, Aksa Energy first sponsored a Conservation Project for Hatay Mountain Gazelles to support conservation of the mountain gazelles and their habitats in Turkey. Afterwards, the Company contributed to the project for the determination of the current status of the striped hyenas residing nearby Kırıkhan Gölbaşı village in Hatay and obtaining information about living spaces and their ecology in 2016 and 2017. Photo- traps were placed in the animals' habitats to be able to observe the striped hyenas. Thanks to this initiative, it was also confirmed that the rock gerbil (Gerbillus dasyurus), which was thought to be extinct, still lived in Turkey.

As part of the project undertaken in cooperation with TAKODER in 2018, a study was carried out to determine the presence and ecology of red deer (Cervus ephalus) in the vicinity of Yedigöller National Park. The project helped identify the species' population size and density, distribution, habitat, nutrition and food resources, social behavior, relationship with humans, and the elements that pose a threat to the species, as well as the measures to be taken to protect them. The study also presented notes to raise awareness among the public and to preserve and sustain the population of red deer, the symbol of the region's biological diversity.

Aksa Energy contributed to the project for the determination of the current status of the striped hyenas and obtaining information about living spaces and their ecology in 2016 and 2017.

Aksa Energy 2016 Striped Hyena Project - Hatay/Kırıkhan

Aksa Energy initiated activities in Bolu for the conservation of brown bears (Ursus arctos) which are the biggest predator and the only bear species living in Turkey.

Aksa Energy 2019 Brown Bear Project - Bolu/Yedigöller

In 2019, Aksa Energy initiated activities in Bolu for the conservation of brown bears (Ursus arctos), the biggest predator and the only bear species living in Turkey. This initiative aimed to identify the threatening factors in the geographic areas that the species inhabits while establishing protection measures in the Yedigöller region of Bolu province to preserve species in the region and to raise awareness among the public. Informational signage was planned to be placed in road networks and areas where tourism activities are conducted; and ecological bridge passages were identified. Additionally, measures taken to protect the species were reported to the Bolu Branch of the Nature Conservation and National Parks.

Adding a new initiative to its protection of biodiversity in 2020, Aksa Energy carried out a project in Bolu, where it operates, for the bobcat (Lynx lynx). Within the scope of the project, the Company focused on the lynx species, which is threatened according to the International Union for Conservation of Nature (IUCN) Mediterranean Biodiversity assessment, and contributed to analysis to identify the factors that threaten the species and set forth protection recommendations. During the project, carried out to contribute to the sustainability of these lynxes – rare in Turkey and generally found in Bolu – other species were determined, and various ecological data collected. That these lynxes still inhabit relevant region is an indication that the ecosystem is functioning properly.

Aksa Energy will examine the habitation areas of Mediterranean Monk Seals in Northern Cyprus coastal area in 2021. The breeding, sheltering and roaming areas of seals in this zone will be identified and mapped.

Aksa Energy 2020 Bobcat Project - Bolu

Aksa Energy carried out a project in Bolu, where it operates, in order to reveal the existence of the bobcat (Lynx lynx), identify the factors that threaten the species and set forth protection recommendations.

SOCIAL RESPONSIBILITY

Aksa Energy defines all people and institutions that are directly or indirectly affected by its business operations as its stakeholders and aims to create value for this wide stakeholder group with a sense of social responsibility.

Aksa Energy, a global company operating in 5 countries on 2 continents, defines all people and institutions that are directly or indirectly affected by its business operations, as its stakeholders. The company aims to create value for this wide stakeholder base with a sense of social responsibility. In this direction, it conducts studies to contribute to the economic, social and cultural development of the local communities within its field of activities.

The human resources required in the Company's regions of operation are recruited locally, creating job opportunities in those communities and regions. As of the end of 2020, the rate of the Company's local employees is 61% in Ghana, 62% in Madagascar, 65% in Mali, 72% in Northern Cyprus and %60 in Uzbekistan.

~2,500

STUDENTS

"Energy for Tomorrow" team has reached approximately 2,500 students by traveling more than 8,500 km.

Bolu Göynük Thermal Power Plant's staff was recruited from the villages of Bölükcekova, Himmetoğlu and Karaardıç, in the vicinity of the plant. When additional services are needed at the power plants, sub-contracting companies are selected from the region to contribute to the expansion of the local labor market, thus creating a source of income for the local population.

Furthermore, Aksa Energy creates lasting value through infrastructure operations and maintenance projects that bolster the development of the local economy in these regions. Complaints and requests are evaluated through feedback mechanisms that are customized for the unique needs and demands of stakeholders and local populations. In this context, a total of TRY 6,619,013 was donated during the year, including TRY 5,718,573 within the scope of Covid-19, TRY 162,970 to sports clubs and schools, TRY 718,139 to various associations and TRY 19,331 to women's associations in order to meet various local requirements in areas where it conducts business.

In 2020, the Company contributed to the fight against the virus with donations. The Aksa Group Companies, under the umbrella of Kazancı Holding, participated in the National Solidarity Campaign, launched under the leadership of President Recep Tayyip Erdoğan with the slogan "Together We Are Strong," donating TRY 5 million. Aksa Energy also supported the extraordinary struggle against the pandemic with a donation of TRY 2.5 million to the Aid Fund of the Doctor Burhan Nalbantoğlu State Hospital in Northern Cyprus and contributed 2.5 million Ghanaian cedi to the Covid-19 Fund established by the Republic of Ghana.

Committed to establishing transparent and effective communication channels with all its stakeholders, Aksa Energy conducts its relations with the companies and suppliers with which it has business relations on the basis of sustainability.

As of end-2020, Aksa Energy collaborates with 820 suppliers – 94% of which is local - in 16 countries across 4 continents, including sub-contractors, brokerage houses and consulting firms operating in energy generation and mining. In 2020, the purchase amount from these suppliers was TRY 515.2 million and 11% of this amount was paid to local suppliers.

ENERGY FOR TOMORROW

In 2019, Aksa Energy teamed up with Aksa Natural Gas, Aksa Electricity and Aksa Power Generation – Kazancı Group companies – for a major social responsibility project. With the project called “Energy for Tomorrow,” volunteer employees from group companies have traveled all over the country and started to provide energy training in primary schools in villages.

During the training sessions, Energy for Tomorrow team members, consisting of Corporate Communications employees of group companies, provide students with useful information on many energy-related subjects, including energy resources, energy efficiency, conscious use of energy, clean energy concept and energy production, in addition to their own areas of occupational expertise.

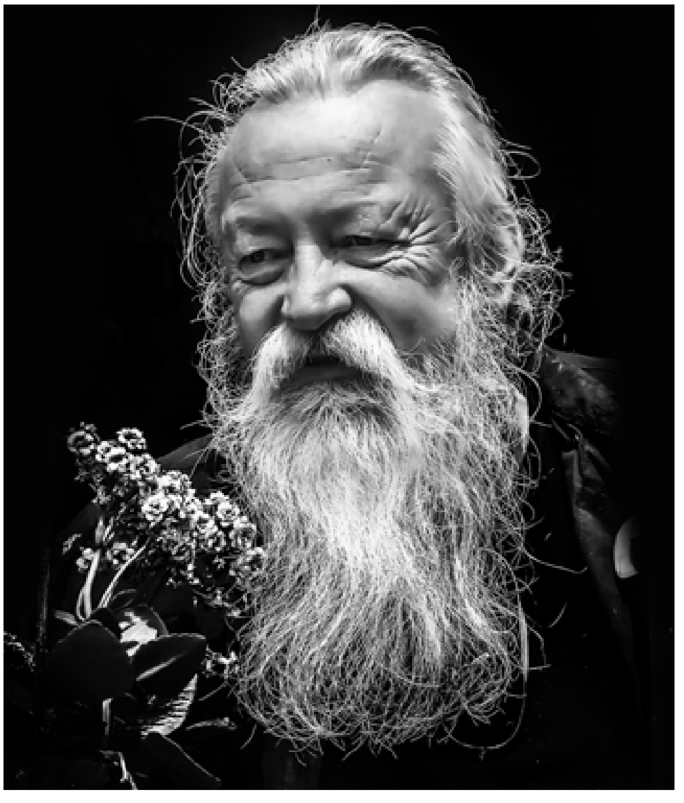
From the beginning of the project in March 2019 until the beginning of the pandemic, the team, which traveled more than 8,500 km and reached approximately 2,500 students in 25 village schools in 23 cities, visited village schools in Van, Ağrı, Elazığ, Malatya, Balıkesir, Çanakkale, Trabzon, Rize, Amasya, Tokat, Ordu, Giresun, Zonguldak, Düzce, Bolu, İzmir, Manisa, Bursa, Bilecik, Adana, Mersin, Hatay and Osmaniye. Comprehensive trainings on energy were provided to 5th, 6th, 7th and 8th-grade students.

Within the scope of the project, the team also reinforced the information provided and the students spent pleasant hours with the energy-themed math game and various experiments developed specifically for the project, as well as energy training. At the end of the events, Energy Encyclopedia -a specially designed illustrated book on energy-, backpacks and various school supply-related items are given to the student participants as gifts. In 2020, the educational content of the project was turned into a cartoon version.

AKSA FOTOFEST 2020

Aksa Energy holds a photography contest named Aksa Fotofest regularly in order to contribute to the world of culture and art in Northern Cyprus as well as to support photography. Thanks to the competition organized with a different theme every year, amateur artists have the opportunity to represent their local culture in different environments with their works. The themes of the contest, which was held for the 5th time in 2020, were determined as “Human Portraits” and “Health and Hope.” In the contest, where record participation was achieved compared to the previous years, 1,071 works were evaluated, 5 photographs received awards and 36 photographs in total were considered worth to be exhibited.

In the Aksa Fotofest Photography Contest, where record participation was achieved compared to the previous years, 1,071 works were evaluated, 5 photographs received awards and 36 photographs in total were considered worthy to be exhibited.



“Aksaçlı” Mehmet Çimenli
Aksa Fotofest 2020 - Aksa Special Award

HUMAN RESOURCES

Aksa Energy embraces an approach best summarized as “our most valuable asset is our human resources,” which serves as the cornerstone of its Human Resources Policy.

Aksa Energy focuses on effectively using modern human resources systems and practices in place, aligned with the Company’s strategic objectives and its mission of being the employer of choice in the industry.

Aksa Energy offers a workplace environment that respects employees’ rights, supports training and development, and allows the Company to create a competent, best-in-class team and continue its sustainable growth.

HUMAN RESOURCES POLICY

Aksa Energy embraces an approach best summarized as “our most valuable asset is our human resources,” which serves as the cornerstone of its Human Resources Policy.

841

EMPLOYEES

As of the end of 2020, Aksa Energy has a total of 841 employees.

The mission of human resources is to support all of the Company’s management staff and personnel; to ensure the continuity of a creative, dynamic, highly motivated, effective, and efficient corporate team; and to establish human resources systems in coordination with the related units. Aksa Energy provides its employees with every kind of opportunity for career development. A range of training opportunities are provided to all staff members in order to meet their career and personal development needs; fulfill occupational requirements occurring over time; and achieve the Company’s targets and strategies. Training sessions are conducted to develop the technical, occupational knowledge and personal skills required for individuals to perform efficiently and effectively in their respective roles and departments.

Aksa Energy understands that it will reach its ambitious targets by attracting and retaining the most qualified human capital; and prioritizes employing well educated, talented and successful individuals. In terms of employment, Aksa Energy evaluates not only its current needs for personnel vacancies, but also its long term objectives.

As a rule, personnel needs are primarily met internally from the Company’s current workforce. To fill vacancies that cannot be met internally, via promotion or transfer, Aksa Energy uses external resources to facilitate new staff recruitment. The Human Resources Policy, which includes the Company’s recruitment criteria, is publicly disclosed on corporate website (https://www.aksaenerji.com.tr/en/human-resources) under the heading “Human Resources.” The Board of Directors takes an active role in developing a succession plan for key management positions.

Aksa Energy's human resources approach consists of values such as; right person for the right job, management of diversity, equal opportunities for all, and personal and professional development.

Aksa Energy embraces the fairness principle, which is implemented in all rights provided to employees. Department managers are responsible for informing staff members of all decisions or developments that concern them via email.

Job definitions of the Company's employees are detailed in written form in compliance with the ISO 9001 standard on Quality Management Systems. Staff salaries and other benefits are determined on the basis of performance and efficiency. The Company has no plans to initiate stock plan for its personnel for the time being.

Aksa Energy has not appointed a representative to exclusively conduct employee relations. The Company manages employee relationships via Human Resources Department, which is staffed by human resource professionals who have specific responsibilities within this functional area. In addition, Human Resources Department is to be consulted by employees in case of a conflict with management. Staff members are duly informed of the Department's role in this regard. The Company takes all precautions to prevent any discrimination on the basis of race, religion, language or gender as well as any attitudes towards employees that could physically, mentally or emotionally affect employees. No complaint was submitted by employees with respect to discrimination on the basis of race, religion, language or gender either in 2020, or prior.

2 CONTINENTS, 5 COUNTRIES, 841 EMPLOYEES

As of December 31, 2020, a total of 841 people are employed at Aksa Energy. 24% of the employees are white-collar and 76% are blue-collar. 7% of the company employees work at the Headquarters and 93% are employed at power plants and establishments.

Aksa Energy has 375 employees in Turkey, 82 in Northern Cyprus, 169 in Ghana, 72 in Mali, 133 in Madagascar and 10 in Uzbekistan. The Company employs 55% of its 374 employees in the African countries from the local communities. At all the domestic and overseas power plants, utmost care is taken to recruit local residents in order to contribute to the development of local communities.

In line with its vision of becoming the employer of choice among energy companies, Aksa Energy shapes its human resources approach around the core values of the right person for the right job, management of diversity, equal opportunities for all, and personal and professional development.

Aksa Energy's firm target is to recruit well-educated, talented, tech-savvy and innovative individuals who can add value to the Company and possess a strong sense of business ethics; who keep a close watch on the global marketplace; and who embrace the Company vision and work diligently with an open mind to achieve this vision. When the need for a new position in the Company arises, internal and external resources are evaluated by considering the characteristics required by the job definition and the job itself.

HUMAN RESOURCES

Aksa Energy places special importance on the personal and professional development of its employees. For this purpose, the Company supports its staff with training programs organized at regular intervals.

Employee satisfaction and engagement are the unwavering principles of the Company's human resources vision. To this end, Aksa Energy develops and implements policies that foster the commitment of its workforce.

Aksa Energy employees are dynamic, open to innovation and change, and aware of their potential to develop themselves and their work. From the day of recruitment onwards, they are members of a team that cultivates development and creativity, rewards efforts and appreciates achievements.

Aksa Energy believes that diversity and respect for different beliefs and opinions enrich the corporate culture while achieving business objectives, and provides employees with frequent opportunities to strengthen their competencies. Aksa Energy and its subsidiaries are firmly against discrimination based on race, religion, language, gender or sexual orientation, in any stage of its business operations including the nomination, recruitment and promotion processes. Aksa Energy universally accepted human rights principles and has a Human Rights Policy*. Within this scope the Company is strongly opposed to child labor and forced labor Aksa Energy also prepares the United Nations Global Compact Progress Statement every year within the scope of this policy.

REMUNERATION AND SIDE BENEFITS

Aksa Energy is focused on providing optimum conditions for its employees including remuneration and side benefits that are meaningful for employees and sustainable for the Company.

In parallel with the Company's objective of being the most preferred employer within the industry, Aksa Energy implements a remuneration policy that is competitive, sensitive to the market, and which aims to improve the quality of life of its staff.

Remuneration at Aksa Energy is primarily based on performance. In addition to performance, the Company closely monitors general macroeconomic conditions, the current inflation rate in Turkey and industrial trends to guarantee an appropriate and fair remuneration policy for its employees. Aksa Energy's Remuneration Policy is continually reviewed in line with the following principles of;

- Fairness,
- Transparency,
- Measurable and balanced performance targets,
- Sustainable success,
- Compliance with the Company's risk management principles.

PERSONAL AND PROFESSIONAL DEVELOPMENT

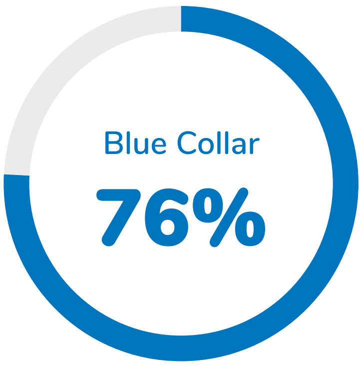
Aksa Energy recruits its current and potential human capital via talent management efforts. Career paths are created on a common ground that benefits both employees and the Company, enabling staff members to improve their skills and help the Company achieve its corporate goals.

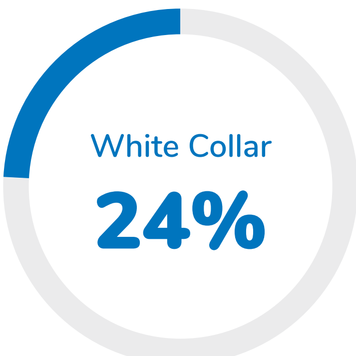
Aksa Energy places special importance on the personal and professional development of its employees. For this purpose, the Company supports its staff with training programs organized at regular intervals.

These training programs aim to help staff members gain new skills and develop their performance and competencies, as well as to stay abreast of developments in the energy sector where continuously developing technology is at the forefront.

In 2020, Aksa Energy provided its employees with 18,757 person*hours of Occupational Health and Safety (OHS), technical and professional training as well as 486 person*hours of training under Aksa Academy, the internal training platform of Kazancı Holding.

**Aksa Energy's Human Rights Policy is accessible at: https://www.aksainvestorrelations.com/corporate-governance/human-rights-policy/*





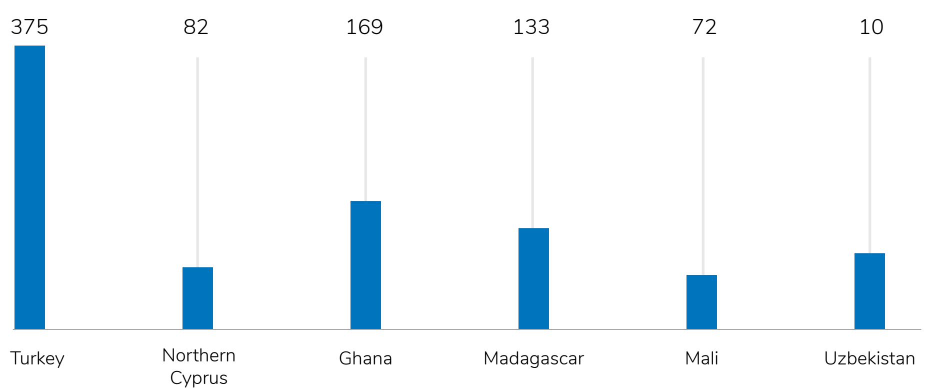
Gender Composition (Number of Employees)	2016	2017	2018	2019	2020
Male	745	935	890	821	762
Female	37	84	87	86	79
Total	**782**	**1,019**	**977**	**907**	**841**

Education Status Composition (Number of Employees)	2016	2017	2018	2019	2020
Bachelor's, Master's and Doctorate	168	221	217	256	199
Vocational College	159	184	172	124	175
Vocational High School, General High School or Below	455	614	588	527	467
Grand Total	**782**	**1,019**	**977**	**907**	**841**

Average Age	2016	2017	2018	2019	2020
	34.84	35.06	36.41	36.07	35.33

Training	Total Person*Hours Participation
Professional/Technical	1,587
Occupational Health and Safety	17,170
Aksa Academy Trainings	486
Total	**19,243**

HEADCOUNT BY COUNTRY



OCCUPATIONAL HEALTH AND SAFETY

In 2020, Aksa Energy continued its efforts to improve the health and safety conditions of its employees and reduce occupational accidents and diseases in its domestic and overseas power plants.

While conducting its business operations at home and abroad, Aksa Energy adopts an occupational health and safety management approach that is committed to complying with applicable local and international laws, rules and regulations in order to provide a healthy and safe work environment for its employees. Aksa Energy, implements pioneering occupational health and safety practices and ensures the continuous improvement of its performance in this area with its Occupational Health and Safety ("OHS") Policy*.

In order to create these conditions, Aksa Energy maintains its efforts in the area of OHS. The Company carries out all OHS activities with the goal of "zero work accidents," puts in place all necessary safety precautions, and takes actions to prevent occupational diseases. In 2020, the Company carried out a total of 3,244,859 man hours of work and administered a total of 17,170 man hours of OHS training in its domestic and overseas power plants.

63%

DECREASE

The injury frequency rate decreased by 63% in 2020 compared to the previous year.

In 2020, the Company recorded 10 work accidents with minor injuries (injuries requiring outpatient care or first aid only) and 0 work accidents with severe injuries at its domestic power plants while 12 work accidents with minor injuries and 1 work accident with lost day occurred at the overseas power plants. The Company completed 2020 with no fatal work accidents.

In 2020, there are 7 lawsuits raised against the Company regarding liability for work accidents; 1 lawsuit filed in 2018 for fatal work accident is still ongoing.

In 2020, Aksa Energy continued its efforts to improve the health and safety conditions of its employees and reduce occupational accidents and diseases in its domestic and overseas power plants. Maintaining a downward trend in its injury frequency rates[1] since 2015, the Company has reduced this rate by 63% at the end of 2020.

The Company fully complies with OHS laws, rules and regulations. It also goes beyond its legal obligations and implements the latest OHS practices and international standards.

[1] *Injury Frequency Rate: It is calculated by dividing the number of work accidents by the total working time.*

**Aksa Energy's OHS Policy is accessible at: https://www.aksainvestorrelations.com/media/7669/ohs-policy.pdf*

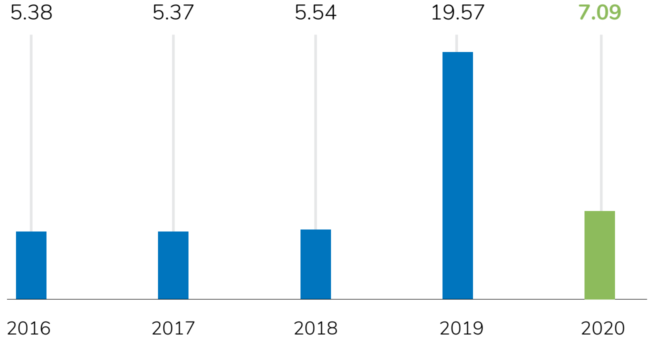
Aksa Energy successfully manages the Covid-19 pandemic situation, which affects the whole world, with its strict measures taken from the first moment in both domestic and overseas power plants.

Madagascar Heavy Fuel Oil Power Plant - Practical Fire Extinguishing Training

Aksa Energy successfully manages the Covid-19 pandemic situation with its strict measures, taken from the beginning of the pandemic, in its domestic and overseas power plants. The Company quickly rated the risks of the pandemic and implemented emergency action plans in all its power plants. As a result of an on-site inspection performed by TSE in August 2020, it was determined that Bolu Göynük Thermal Power Plant fulfilled all the requirements listed in the Covid-19 Hygiene, Infection Prevention and Control Manual, and the enterprise was granted the “TSE Safe Production Certificate.”

Aksa Energy has internalized effective management processes related to occupational health and safety, thanks to the ISO 45001 Occupational Health and Safety Management System certification.

AKSA ENERGY ACCIDENT FREQUENCY RATES
(ALL POWER PLANTS)



The Company is committed to implementing OHS measures at all its facilities throughout Turkey, its subcontractors’ facilities, and all related organizations.

As with all strategic issues within the Company, all OHS hazards and risks are identified, assessed, and classified by analyzing the issue from a risk perspective. Through such an approach, comprehensive measures are taken to reduce risks to a minimum. The OHS Management System notification directive is implemented in recording all data on employee health and safety; the data collected is compared with statistics from Turkey and Europe to conduct assessment and development activities.

Assessment and improvement activities related to OHS are carried out by the OHS Committee at Aksa Energy. The Committee is comprised of Aksa Energy employees and represents the entire Company workforce. The Chairman of the OHS Committee reports directly to the Vice President, Chief Operating Officer (COO).

Aksa Energy has ensured the continuity of the following certifications it holds, which have been successfully internalized in the corporate culture:

- ISO 9001 Quality Management System
- ISO 14001 Environmental Management System
- ISO 45001 Occupational Health and Safety Management System
- ISO 50001 Energy Efficiency Management System
- ISO/IEC 27001:2013 Information Security Management System*

*Received for Kazancı Holding; also covers Aksa Energy Headquarters, Bolu Göynük Thermal Power Plant and Şanlıurfa Natural Gas Combined Cycle Power Plant.

COMPLIANCE REPORT FOR THE SUSTAINABILITY PRINCIPLES OF THE CAPITAL MARKETS BOARD

Aksa Energy has been included in the Borsa Istanbul Sustainability Index since 2015. The Company takes utmost care to fully comply with the principles included in the Sustainability Principles Compliance Framework announced on 2 October 2020. The compliance status of Aksa Energy, which continues its activities in this field with the target of continuous improvement, is presented in the table below:

NO	PRINCIPLE TYPE	PRINCIPLE NAME	PRINCIPLE DESCRIPTION	COMPLIANCE STATUS	
1	A. GENERAL PRINCIPLES	A1. Strategy, Policy and Targets	The Board of Directors determines material Environmental, Social, Governance (ESG) issues, risks and opportunities and creates ESG policies accordingly. In terms of the effective implementation of these policies; internal directives, business procedures of Companies etc. can be prepared. The Board of Directors takes decisions for these policies and they are publicly disclosed.	Partially Compliant	
2		A1. Strategy, Policy and Targets	Determines the Company Strategy in line with the ESG policies, risks and opportunities. It determines the short and long term goals in line with the Company strategy and ESG policies and makes them public.	Partially Compliant	
3		A2. Implementation/Monitoring	Determines the committees / units responsible for the execution of ESG policies and makes them public. The responsible committee / unit reports the activities carried out within the scope of the policies to the Board of Directors at least once a year and in any case within the maximum periods determined for the public disclosure of the annual activity reports in the relevant regulations of the Board.	Partially Compliant	
4		A2. Implementation/Monitoring	Creates and publicly discloses implementation and action plans in line with the short and long term goals determined.	Partially Compliant	
5		A2. Implementation/Monitoring	Determines Key ESG Performance Indicators (KPIs) and explains them on a yearly basis. In the presence of verifiable data, it presents KPIs with local and international sector comparisons.	Partially Compliant	
6		A2. Implementation/Monitoring	Discloses the innovation activities that improve the sustainability performance for business processes or products and services.	Fully Compliant	

DESCRIPTION	RELATED LINK(S)
To coordinate its sustainability initiatives, Aksa Energy established the Sustainability Committee, which reports directly to the Chairman of the Board of Directors and CEO. Committee members play a crucial role in managing key and material sustainability-related issues that fall within their respective areas of expertise. Sustainability risks and opportunities related to key and prioritized issues are evaluated by the relevant units, and the utmost care is taken to analyze the environmental, social and economic impacts of these actions in an integrated manner. Aksa Energy Sustainability Committee also establishes the strategies, policies and objectives required to manage environmental, social and managerial risks. Policies are shared with the public on the corporate website, and studies are carried out to diversify the policies.	https://www.aksaenerji.com.tr/en/sustainability/our-policies/ https://www.aksainvestorrelations.com/en/corporate-governance/dividend-distribution-policy/ https://www.aksainvestorrelations.com/corporate-governance/public-disclosure-policy/ https://www.aksainvestorrelations.com/corporate-governance/donation-and-aid-policy/ https://www.aksainvestorrelations.com/corporate-governance/remuneration-policy/ https://www.aksainvestorrelations.com/corporate-governance/combating-bribery-and-corruption-policy/ https://www.aksainvestorrelations.com/corporate-governance/human-rights-policy/ https://www.aksainvestorrelations.com/corporate-governance/ethical-principles/ https://www.aksainvestorrelations.com/corporate-governance/board-of-directors-committees/ https://www.aksainvestorrelations.com/sustainability/reports/
Thanks to its strong organizational structure and dynamic governance model, Aksa Energy takes care to ensure that all business strategies are compatible with the sustainability approach, focuses on creating value in social, environmental and widespread economic areas. Sustainability targets, which are formed by the senior management in line with the company strategies, taking into consideration the short, medium and long terms, are transferred to all company levels with an effective communication. Aksa Energy's performance in line with these targets is monitored with multi-stakeholder audit practices. The Company's short and long-term numerical ESG targets have not yet been determined and disclosed to the public.	https://www.aksainvestorrelations.com/sustainability/reports/ https://www.aksainvestorrelations.com/annual-reports/
In order to coordinate its sustainability initiatives, Aksa Energy established the Sustainability Committee in 2015, which reports directly to the Chairman of the Board of Directors and CEO. Committee members play a crucial role in managing key and material sustainability-related issues that fall within their respective areas of expertise. The Committee contributes to the reporting of sustainability performance, as well as to the management of sustainability-related matters with a more holistic approach. The Sustainability Coordination and Working Group established under the Sustainability Committee to assist the Committee in carrying out these tasks. Sustainability risks and opportunities related to key and prioritized issues are evaluated by the relevant units, and the utmost care is taken to analyze the environmental, social and economic impacts of these actions in an integrated manner. Aksa Energy has been voluntarily presenting its sustainability performance to the public through sustainability reports issued in accordance with GRI (Global Reporting Initiative) Standards every year since 2016. In addition, it has informed both the Board of Directors and the public through the sustainability section included in the annual reports.	https://www.aksainvestorrelations.com/sustainability/our-approach-to-sustainability/ https://www.aksainvestorrelations.com/corporate-governance/board-of-directors-committees/ https://www.aksainvestorrelations.com/sustainability/reports/ https://www.aksainvestorrelations.com/annual-reports/
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Aksa Energy has been voluntarily presenting its sustainability performance to the public through sustainability reports issued in accordance with GRI (Global Reporting Initiative) Standards every year since 2016. Key Performance Indicators (KPI) determined by the Company within the scope of ESG, are also included in these reports together with the information for the past 3 years. In addition, some selected KPI are shared with the public in the annual report. If any of the KPI are confirmed, they are stated in the relevant reports as an information note. Local and international sector comparisons regarding the Company's KPI are not included in the reports.	https://www.aksainvestorrelations.com/sustainability/reports/ https://www.aksainvestorrelations.com/annual-reports/
Aksa Energy also attaches importance to aligning business processes and methods suitable for rapidly advancing technology, which is one of the requirements of sustainability. The Company provides information about innovation activities that improve the sustainability performance for business processes or products and services on its corporate website with sustainability and/or annual reports.	https://www.aksainvestorrelations.com/sustainability/reports/ https://www.aksainvestorrelations.com/annual-reports/ https://www.aksainvestorrelations.com/sustainability/rd-and-innovation/

COMPLIANCE REPORT FOR THE SUSTAINABILITY PRINCIPLES OF THE CAPITAL MARKETS BOARD

NO	PRINCIPLE TYPE	PRINCIPLE NAME	PRINCIPLE DESCRIPTION	COMPLIANCE STATUS	
7	A. GENERAL PRINCIPLES	A3. Reporting	Reports its sustainability performance, goals and actions at least once a year and discloses them to the public. Discloses the information on sustainability activities within the scope of the annual report.	Partially Compliant	
8	A. GENERAL PRINCIPLES	A3. Reporting	It is essential to share information that is important for stakeholders in understanding the position, performance and development of the partnership in a direct and concise manner. It can also disclose detailed information and data on the corporate website, and prepare separate reports that directly meet the needs of different stakeholders.	Fully Compliant	
9	A. GENERAL PRINCIPLES	A3. Reporting	Takes maximum care in terms of transparency and reliability. It objectively explains all kinds of developments about material issues in disclosures and reporting within the scope of its balanced approach.	Fully Compliant	
10	A. GENERAL PRINCIPLES	A3. Reporting	Provides information about its activities regarding its relationship with the United Nations (UN) 2030 Sustainable Development Goals.	Fully Compliant	
11	A. GENERAL PRINCIPLES	A3. Reporting	Makes an explanation regarding the lawsuits filed and/or concluded against environmental, social and corporate governance issues.	Fully Compliant	
12	A. GENERAL PRINCIPLES	A4. Verification	If verified by independent third parties (independent sustainability assurance providers), it discloses its sustainability performance measurements to the public and endeavors to increase the said verification processes.	Partially Compliant	
13	B. ENVIRONMENT	B. Environmental Principles	Explains the policies and practices, action plans, environmental management systems (known with the ISO 14001 standard) and programs in the field of environmental management.	Fully Compliant	
14	B. ENVIRONMENT	B. Environmental Principles	Complies with environmental laws and other relevant regulations and explains them.	Fully Compliant	
15	B. ENVIRONMENT	B. Environmental Principles	Explains the limitations regarding the environmental reporting boundary, the reporting period, reporting date, data collection process and reporting conditions in the report to be prepared within the scope of Sustainability Principles.	Fully Compliant	
16	B. ENVIRONMENT	B. Environmental Principles	Describes senior responsible officer in the partnership, relevant committees and their duties on the issue of environment and climate change.	Fully Compliant	
17	B. ENVIRONMENT	B. Environmental Principles	Describes the incentives it offers for the management of environmental issues, including the achievement of objectives.	Non Compliant	
18	B. ENVIRONMENT	B. Environmental Principles	Explains how environmental problems are integrated into business goals and strategies.	Partially Compliant	
19	B. ENVIRONMENT	B. Environmental Principles	Explains its sustainability performance for its business processes or products and services, and the activities to improve this performance.	Partially Compliant	
20	B. ENVIRONMENT	B. Environmental Principles	Explains how it manages not only direct operations but also environmental issues in the value chain partnership and integrates suppliers and customers into its strategies.	Partially Compliant	

DESCRIPTION	RELATED LINK(S)
Aksa Energy has been voluntarily presenting its sustainability performance and actions to the public through sustainability reports issued in accordance with GRI (Global Reporting Initiative) Standards every year since 2016. There is also a section on sustainability performance within the scope of annual reports. The Company's short- and long-term numerical ESG targets have not yet been determined and shared with the public.	https://www.aksainvestorrelations.com/sustainability/reports/ https://www.aksainvestorrelations.com/annual-reports/
Aksa Energy gives priority to the continuity of its communication with its stakeholders. In this regard, it shares important information for stakeholders in a direct and concise manner through sustainability reports, annual reports, corporate website and investor relations website.	https://www.aksainvestorrelations.com/sustainability/reports/ https://www.aksainvestorrelations.com/annual-reports/ https://www.aksainvestorrelations.com/en/home/ https://www.aksainvestorrelations.com/presentations/financial-presentations/ https://www.aksainvestorrelations.com/presentations/investor-presentations/ https://www.aksaenerji.com.tr/en/home/
Aksa Energy cares about informing all its stakeholders in a transparent and reliable way about the activities carried out with its sustainability approach. Within the scope of its balanced approach adopted in this direction, it takes care to objectively explain all kinds of developments about material issues in disclosures and reporting.	https://www.aksainvestorrelations.com/sustainability/reports/ https://www.aksainvestorrelations.com/annual-reports/
In its sustainability report, which also benefits from the guidance of the United Nations Sustainable Development Goals (SDG), Aksa Energy provides information about the UN 2030 Sustainable Development Goals related to the activities of the company.	https://www.aksaenerji.com.tr/en/sustainability/reports/
Sustainability and/or annual reports include explanations regarding the lawsuits filed and/or concluded against environmental, social and corporate governance issues.	https://www.aksaenerji.com.tr/en/sustainability/reports/ https://www.aksainvestorrelations.com/annual-reports/
Aksa Energy has regularly prepared Greenhouse Gas Emission Reports in order to monitor greenhouse gas emissions in its current power plant portfolio since 2015. The information that these reports are submitted to the Ministry of Environment and Urbanization after approval is received from the independent verification firm authorized by the Ministry of Environment and Urbanization, is included in the sustainability and/or annual reports. Other sustainability performance measures have not yet been confirmed by third parties.	https://www.aksaenerji.com.tr/en/sustainability/reports/ https://www.aksainvestorrelations.com/annual-reports/
Aksa Energy publishes the Environmental Policy, which it has established with the commitment of the CEO and the Chairman of the Board of Directors, on its corporate website. The Company establishes the Framework Environmental Management System (FEMS) in order to determine the goals and targets related to environmental policy, and to manage, monitor and audit its operations in accordance with this policy, and also holds the ISO 14001 Environmental Management System certificate. Detailed information about the company's policies and practices, action plans, environmental management systems, certificates and programs in the field of environmental management are disclosed to the public on the corporate website with sustainability and/or annual reports.	https://www.aksaenerji.com.tr/en/sustainability/our-policies/environmental-policy/ https://www.aksaenerji.com.tr/en/sustainability/our-policies/ https://www.aksaenerji.com.tr/en/sustainability/environmental-sustainability/ https://www.aksainvestorrelations.com/media/6844/aksa_emsf_s360-2.pdf https://www.aksaenerji.com.tr/en/sustainability/our-certificates/ https://www.aksaenerji.com.tr/en/sustainability/reports/ https://www.aksainvestorrelations.com/annual-reports/
Aksa Energy complies with environmental laws and other relevant regulations. Within this framework, it executes the regulations in the Framework Environmental Management System, in which it sets forth the rules and responsibilities regarding the Environmental Policy. In its sustainability report, it informs the public about the Company's purpose to comply with environmental laws and other legal requirements.	https://www.aksaenerji.com.tr/en/sustainability/our-policies/environmental-policy/ https://www.aksaenerji.com.tr/en/sustainability/our-policies/ https://www.aksaenerji.com.tr/en/sustainability/environmental-sustainability/ https://www.aksainvestorrelations.com/media/6844/aksa_emsf_s360-2.pdf https://www.aksaenerji.com.tr/en/sustainability/our-certificates/ https://www.aksaenerji.com.tr/en/sustainability/reports/ https://www.aksainvestorrelations.com/annual-reports/
The environmental report, which has been within the scope of sustainability reports prepared in accordance with GRI (Global Reporting Initiative) Standards since 2016 and presented to the public, includes explanations regarding the data and constraints.	https://www.aksaenerji.com.tr/en/sustainability/reports/
In order to coordinate its sustainability initiatives, Aksa Energy established the Sustainability Committee in 2015, which reports directly to the Chairman of the Board of Directors and CEO. Information about the Sustainability Committee and its Members can be found on the corporate website, in the annual and/or sustainability reports. In addition, the Environmental Policy, which includes the issue of combating climate change, and the commitment of the CEO and Chairman of the Board of Directors are available on the corporate website.	https://www.aksaenerji.com.tr/en/sustainability/our-policies/environmental-policy/ https://www.aksaenerji.com.tr/en/sustainability/reports/ https://www.aksainvestorrelations.com/en/annual-reports/
The Studies regarding incentives for the management of environmental issues will be carried out after determining the short- and long-term numerical targets of the Company within the scope of ESG.	
Thanks to its strong organizational structure and dynamic governance model, Aksa Energy which takes care to ensure that all business strategies are compatible with the sustainability approach, continually expands the added value it creates in social, environmental and widespread economic areas. Information regarding the integration of environmental problems into business goals and strategies is disclosed in the sustainability report and/or annual report.	https://www.aksaenerji.com.tr/en/sustainability/reports/ https://www.aksainvestorrelations.com/en/annual-reports/
Aksa Energy provides information about its sustainability performances for its business processes or products and services, and the activities to improve this performance on its corporate website with sustainability and/or annual reports.	https://www.aksaenerji.com.tr/en/sustainability/reports/ https://www.aksainvestorrelations.com/en/annual-reports/ https://www.aksaenerji.com.tr/en/sustainability/environmental-sustainability/
The Company strives to make a difference in the sector through its efforts to minimize the environmental effects of energy generation operations, as well as through environmental management practices that cover every step of the value chain. It provides information about its activities in this direction in its sustainability and/or annual reports.	https://www.aksaenerji.com.tr/en/sustainability/reports/ https://www.aksainvestorrelations.com/en/annual-reports/

COMPLIANCE REPORT FOR THE SUSTAINABILITY PRINCIPLES OF THE CAPITAL MARKETS BOARD

NO	PRINCIPLE TYPE	PRINCIPLE NAME	PRINCIPLE DESCRIPTION	COMPLIANCE STATUS	
21	B. ENVIRONMENT	B. Environmental Principles	The company explains whether it is involved in policy-making processes on environmental issues (sectoral, regional, national and international); It explains the cooperation it has made with the associations, related organizations and non-governmental organizations of which it is a member regarding the environment, and the tasks it performs, if any, and the activities it supports.	Partially Compliant	
22		B. Environmental Principles	Reports periodically comparable information regarding environmental impacts in the light of environmental indicators that consist of Greenhouse gas emissions [Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect) 1], air quality, energy management, water and wastewater management waste management, biodiversity impacts.	Partially Compliant	
23		B. Environmental Principles	Describes the standard, protocol, methodology and base year details used to collect and calculate its data.	Partially Compliant	
24		B. Environmental Principles	Describes the status of the environmental indicators (increase or decrease) for the reporting year in comparison with previous years.	Fully Compliant	
25		B. Environmental Principles	Determines short- and long-term targets to reduce their environmental impact and explains these targets. It is recommended that these targets be determined based on Science as suggested by the United Nations Conference of the Parties on Climate Change. Provides information about the relevant subject in case of progress in the targets achieved in the relevant reporting year compared to the predetermined targets.	Partially Compliant	
26		B. Environmental Principles	Explains the strategy and actions to combat the climate crisis.	Partially Compliant	
27		B. Environmental Principles	Describes the programs or procedures to prevent or minimize the potential negative impact of its products and/or services. Explains the actions of third parties to reduce greenhouse gas emissions.	Partially Compliant	
28		B. Environmental Principles	Explains the actions taken to reduce its environmental impacts, the total number of projects and initiatives carried out, and the environmental benefits / revenues and cost savings they provide.	Partially Compliant	
29		B. Environmental Principles	Reports the total energy consumption data (excluding raw materials) and explains the energy consumption as Scope-1 and Scope-2.	Fully Compliant	
30		B. Environmental Principles	Provides information on electricity, heat, steam and cooling generated and consumed in the reporting year.	Fully Compliant	
31		B. Environmental Principles	Conducts studies on increasing the use of renewable energy, transition to zero or low carbon electricity and explains these studies.	Non Compliant	
32		B. Environmental Principles	Explains the renewable energy generation and consumption data.	Non Compliant	
33		B. Environmental Principles	Conducts energy efficiency projects and explains the amount of energy consumption and emission reduction thanks to these studies.	Partially Compliant	

	DESCRIPTION	RELATED LINK(S)
	Information about the memberships of Aksa Energy and the initiatives it supports is disclosed to the public on the corporate website along with sustainability and/or annual reports.	https://www.aksaenerji.com.tr/en/sustainability/reports/ https://www.aksainvestorrelations.com/en/annual-reports/ https://www.aksaenerji.com.tr/en/sustainability/climate-change-and-energy/ https://www.aksaenerji.com.tr/en/sustainability/our-approach-to-sustainability/
	Aksa Energy's information about environmental impacts in the light of environmental indicators is disclosed to the public on the corporate website with sustainability and/or annual reports. These reports also contain indicators such as Scope 3 that have not yet been disclosed.	https://www.aksaenerji.com.tr/en/sustainability/reports/ https://www.aksainvestorrelations.com/en/annual-reports/ https://www.aksaenerji.com.tr/en/sustainability/environmental-sustainability/
	Includes the details on the standard, protocol and methodology used in the processes of collecting and calculating data regarding greenhouse gas described in the sustainability report. Base year information has not been clarified yet, and it is evaluated in the process of determining short- and long-term numerical targets within the scope of Environmental, Social and Governance (ESG) of the company.	https://www.aksaenerji.com.tr/en/sustainability/reports/
	The status of environmental indicators for the relevant reporting year is explained in comparison with previous years in the sustainability and/or annual report of Aksa Energy on the corporate website.	https://www.aksaenerji.com.tr/en/sustainability/reports/ https://www.aksainvestorrelations.com/en/annual-reports/ https://www.aksaenerji.com.tr/en/sustainability/environmental-sustainability/
	With the principle of "efficient use of resources," Aksa Energy takes care to carry out its operations in an environmentally conscious manner for a sustainable future and aims to continuously improve its performance in this area. Information about sustainability performance is shared in the sustainability and/or annual report. The Company's short and long-term numerical targets within the scope of Environmental, Social and Governance (ESG) have not yet been determined and disclosed to the public.	https://www.aksaenerji.com.tr/en/sustainability/reports/ https://www.aksainvestorrelations.com/en/annual-reports/
	Cognizant of the energy sector's impact on the environment and climate change and aware of its own responsibilities, Aksa Energy shares information about its strategy and actions to combat the climate crisis in its sustainability and/or annual report, on its corporate website. The Company's short- and long-term numerical targets, including combating climate change within the scope of Environmental, Social and Governance (ESG) have not yet been determined and disclosed to the public.	https://www.aksaenerji.com.tr/en/sustainability/reports/ https://www.aksainvestorrelations.com/en/annual-reports/ https://www.aksaenerji.com.tr/en/sustainability/environmental-sustainability/ https://www.aksaenerji.com.tr/en/sustainability/climate-change-and-energy/
	Cognizant of the energy sector's impact on the environment and climate change and aware of its own responsibilities, Aksa Energy shares information about the programs or procedures to prevent or minimize the potential negative impact of its products and/or services in its sustainability and/or annual report, on its corporate website. Aksa Energy plans to invest in the field of renewable energy in the medium to long term within the scope of its goal of contributing to the global fight against climate change. Greenhouse gas emission amounts in Scope 3 have not been calculated yet.	https://www.aksaenerji.com.tr/en/sustainability/reports/ https://www.aksainvestorrelations.com/en/annual-reports/ https://www.aksaenerji.com.tr/en/sustainability/environmental-sustainability/ https://www.aksaenerji.com.tr/en/sustainability/climate-change-and-energy/
	With the principle of "efficient use of resources," Aksa Energy takes care to carry out its operations in an environmentally-conscious manner for a sustainable future and aims to continuously improve its performance in this area. The company provides information about activities such as taking measures to reduce its environmental impacts arising from energy production activities, realizing projects and initiatives, and the environmental benefits/gains and cost savings provided by these activities, with sustainability and/or annual report on its corporate website. The report does not yet include explanations regarding the total number of projects, initiatives and cost savings.	https://www.aksaenerji.com.tr/en/sustainability/reports/ https://www.aksainvestorrelations.com/en/annual-reports/ https://www.aksaenerji.com.tr/en/sustainability/environmental-sustainability/ https://www.aksaenerji.com.tr/en/sustainability/climate-change-and-energy/
	Energy Consumption and Scope-1 and Scope-2 Greenhouse Gas Emissions are explained on the basis of electricity and fuel types in the sustainability report of Aksa Energy.	https://www.aksaenerji.com.tr/en/sustainability/reports/
	Information about Aksa Energy's Energy Consumption Per Generation and Greenhouse Gas Emissions per Generation is explained in the sustainability report. In addition, the volumes of electricity generated in power plants are included in the investor presentations.	https://www.aksaenerji.com.tr/en/sustainability/reports/ https://www.aksainvestorrelations.com/financial-reports/
	Aksa Energy aims to contribute to the global fight against climate change. In this context, the Company plans to invest in renewable energy in the medium to long term.	
	Aksa Energy aims to contribute to the global fight against climate change. In this context, the Company plans to invest in renewable energy in the medium to long term.	
	Aksa Energy considers energy efficiency a crucial component of its environmental policy to minimize the environmental impact of its activities and reduce greenhouse gas emissions. Information about energy efficiency projects carried out within this framework and the energy savings provided by these studies is shared in the sustainability report. There is no explanation regarding the amount of emission reduction on a project basis yet.	https://www.aksaenerji.com.tr/en/sustainability/reports/

COMPLIANCE REPORT FOR THE SUSTAINABILITY PRINCIPLES OF THE CAPITAL MARKETS BOARD

NO	PRINCIPLE TYPE	PRINCIPLE NAME	PRINCIPLE DESCRIPTION	COMPLIANCE STATUS
34	B. ENVIRONMENT	B. Environmental Principles	Reports the amount of water withdrawn, used, recycled and discharged from underground or above ground, its sources and procedures (Total water withdrawal by source, water resources affected by water withdrawal; percentage and total volume of recycled and reused water, etc.)	Partially Compliant
35	B. ENVIRONMENT	B. Environmental Principles	Explains whether the operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax).	Non Compliant
36	B. ENVIRONMENT	B. Environmental Principles	Describes information about the carbon credits accumulated or purchased during the reporting period.	Non Compliant
37	B. ENVIRONMENT	B. Environmental Principles	Explains the details if carbon pricing is applied within the partnership.	Non Compliant
38	B. ENVIRONMENT	B. Environmental Principles	Explains all mandatory and voluntary platforms where it discloses environmental information.	Fully Compliant
39	C. SOCIAL PRINCIPLES	C1. Human Rights and Employee Rights	Constitutes a Corporate Human Rights and Employee Rights Policy, in which full compliance with the Universal Declaration of Human Rights, the ILO Conventions ratified by Turkey, and the legal framework and legislation regulating working life in Turkey is guaranteed. It publicly discloses the policy in question and the roles and responsibilities related to its implementation.	Fully Compliant
40	C. SOCIAL PRINCIPLES	C1. Human Rights and Employee Rights	Provides equal opportunity in recruitment processes. Considering the supply and value chain effects, it includes fair labor, improvement of labor standards, women's employment and inclusion issues (such as women, men, religious belief, language, race, ethnic origin, age, disability, refugee, etc.) in its policies.	Fully Compliant
41	C. SOCIAL PRINCIPLES	C1. Human Rights and Employee Rights	Describes the measures taken along the value chain to protect the minority rights/ equal opportunities of segments (low-income groups, women, etc.) sensitive to certain economic, environmental, social factors.	Fully Compliant
42	C. SOCIAL PRINCIPLES	C1. Human Rights and Employee Rights	It reports developments regarding discrimination, inequality, human rights violations, forced labor, and corrective practices. Explains the regulations against child labor.	Fully Compliant
43	C. SOCIAL PRINCIPLES	C1. Human Rights and Employee Rights	Explains its policies regarding investment in employees (training, development policies), compensation, fringe benefits, the right to unionize, work/life balance solutions and talent management. Determines dispute resolution processes by creating mechanisms for employee complaints and dispute resolution. It regularly explains the activities carried out to ensure employee satisfaction.	Fully Compliant
44	C. SOCIAL PRINCIPLES	C1. Human Rights and Employee Rights	Constitutes occupational health and safety policies and discloses them to the public. Explains the precautions taken to prevent occupational accidents and to protect health, and accident statistics.	Fully Compliant
45	C. SOCIAL PRINCIPLES	C1. Human Rights and Employee Rights	Constitutes and publicly discloses personal data protection and data security policies	Fully Compliant
46	C. SOCIAL PRINCIPLES	C1. Human Rights and Employee Rights	Constitutes an ethical policy (including work, work ethics, compliance processes, advertising and marketing ethics, open information, etc.) and discloses it to the public.	Fully Compliant

	DESCRIPTION	RELATED LINK(S)
	At Aksa Energy, innovative initiatives for efficient water use constitute the main practices for the conservation of natural resources, which are declining at an alarming rate. The Company, which shapes its operations with an effective management system to minimize water consumption, uses water from various sources, including network, surface and ground, depending on the region in which the Company's power plants are located. Some data regarding water consumption are explained in the sustainability report.	https://www.aksaenerji.com.tr/en/sustainability/reports/
	Operations or activities of Aksa Energy are not included in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax).	
	There is no information about carbon credits accumulated or purchased during the reporting period.	
	Carbon pricing is not applied at Aksa Energy.	
	Aksa Energy has regularly prepared Greenhouse Gas Emission Reports in order to monitor greenhouse gas emissions its current power plants portfolio since 2015. The information that these reports are submitted to the Ministry of Environment and Urbanization after approval is received from the independent verification firm authorized by the Ministry of Environment and Urbanization, is included in the sustainability and/or annual reports. Apart from this, there is no compulsory or voluntary platform where it discloses its environmental information.	https://www.aksaenerji.com.tr/en/sustainability/reports/ https://www.aksainvestorrelations.com/en/annual-reports/
	Aksa Energy's Human Rights and Human Resources Policy are presented to the public on its corporate website.	https://www.aksainvestorrelations.com/corporate-governance/human-rights-policy/ https://www.aksaenerji.com.tr/en/human-resources/
	Aksa Energy's regulations on this issue are presented to the public with the Human Rights Policy on the corporate website.	https://www.aksainvestorrelations.com/corporate-governance/human-rights-policy/
	Aksa Energy's regulations on this issue are presented to the public with the Human Rights Policy on the corporate website. Information about company practices is shared in sustainability and/or annual reports.	https://www.aksainvestorrelations.com/corporate-governance/human-rights-policy/ https://www.aksaenerji.com.tr/en/sustainability/reports/ https://www.aksainvestorrelations.com/annual-reports/
	Aksa Energy's regulations on this issue are presented to the public with the Human Rights Policy on the corporate website. Information about company practices is shared in sustainability and/or annual reports.	https://www.aksainvestorrelations.com/corporate-governance/human-rights-policy/ https://www.aksaenerji.com.tr/en/sustainability/reports/ https://www.aksainvestorrelations.com/annual-reports/
	Aksa Energy's regulations on this issue are presented to the public with the Human Rights Policy, Human Resources Policy and Ethical Principles on the corporate website. Information about company practices is shared in sustainability and/or annual reports.	https://www.aksainvestorrelations.com/corporate-governance/human-rights-policy/ https://www.aksaenerji.com.tr/en/human-resources/ https://www.aksainvestorrelations.com/corporate-governance/ethical-principles/ https://www.aksaenerji.com.tr/en/sustainability/reports/ https://www.aksainvestorrelations.com/annual-reports/
	Aksa Energy's regulations on this issue are presented to the public with the Human Rights Policy and OHS Policy on the corporate website. Information about company practices is shared in sustainability and/or annual reports.	https://www.aksainvestorrelations.com/corporate-governance/human-rights-policy/ https://www.aksainvestorrelations.com/media/7669/ohs-policy.pdf https://www.aksainvestorrelations.com/sustainability/reports/ https://www.aksainvestorrelations.com/annual-reports/
	Aksa Energy's Terms of Use and Privacy Policy, Information Safety, and Protection of Personal Data Policy are presented to the public on its corporate website. Information Safety Policy has been prepared within Kazancı Holding, the main partner of Aksa Energy, and it also includes Aksa Energy.	https://www.aksaenerji.com.tr/tr/bilgi-guvenligi/ https://www.aksaenerji.com.tr/en/terms-conditions-and-privacy/ https://www.kazanciholding.com.tr/InformationSecurity.aspx https://www.kazanciholding.com.tr/assets/Kazanci_Holding_Annual_Report_2019.pdf https://www.aksainvestorrelations.com/tr/kisisel-verilerin-korunmasi/
	Aksa Energy's Ethical Principles and Information Policy are presented to the public on its corporate website.	https://www.aksainvestorrelations.com/corporate-governance/ethical-principles/ https://www.aksainvestorrelations.com/corporate-governance/public-disclosure-policy/

COMPLIANCE REPORT FOR THE SUSTAINABILITY PRINCIPLES OF THE CAPITAL MARKETS BOARD

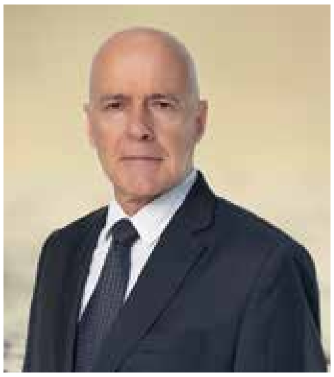
NO	PRINCIPLE TYPE	PRINCIPLE NAME	PRINCIPLE DESCRIPTION	COMPLIANCE STATUS
47	C. SOCIAL PRINCIPLES	C1. Human Rights and Employee Rights	Explain its studies within the scope of social investment, social responsibility, financial inclusion and access to finance.	Fully Compliant
48	C. SOCIAL PRINCIPLES	C1. Human Rights and Employee Rights	Organizes information meetings and training programs for employees on ESG policies and practices.	Fully Compliant
49	C. SOCIAL PRINCIPLES	C2. Stakeholders, International Standards and Initiatives	Conducts its activities in the field of sustainability by considering the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, community and non-governmental organizations, etc.)	Fully Compliant
50	C. SOCIAL PRINCIPLES	C2. Stakeholders, International Standards and Initiatives	Regulates and publicly discloses a customer satisfaction policy regarding the management and resolution of customer complaints.	-
51	C. SOCIAL PRINCIPLES	C2. Stakeholders, International Standards and Initiatives	It conducts stakeholder communication continuously and transparently. It explains which stakeholders, for what purpose, on what issue and how often it communicates, and the developments in sustainability activities.	Partially Compliant
52	C. SOCIAL PRINCIPLES	C2. Stakeholders, International Standards and Initiatives	It publicly discloses the international reporting standards it has adopted [Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-related Financial Disclosures (TCFD), etc.]	Fully Compliant
53	C. SOCIAL PRINCIPLES	C2. Stakeholders, International Standards and Initiatives	It publicly discloses the international organizations or principles (Equator Principles, United Nations Environment Program Finance Initiative (UNEP-FI), United Nations Global Compact (UNGC), United Nations Principles for Responsible Investment (UNPRI), etc.) of which it is a signatory or member, and the international principles (such as the International Capital Markets Association (ICMA) Green/Sustainability Bond Principles) adopted by the company.	Fully Compliant
54	C. SOCIAL PRINCIPLES	C2. Stakeholders, International Standards and Initiatives	It makes concrete efforts to be included in the Borsa Istanbul Sustainability Index and international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices, etc.).	Fully Compliant
55	D. CORPORATE GOVERNANCE	D. Corporate Governance Principles	It makes maximum effort to comply with all Corporate Governance principles as well as the mandatory Corporate Governance principles within the scope of the Capital Markets Board Corporate Governance Communiqué numbered II-17.1.	Partially Compliant
56	D. CORPORATE GOVERNANCE	D. Corporate Governance Principles	It takes into account the sustainability issue, the environmental impacts of its activities and the principles in this regard while determining its corporate governance strategy.	Fully Compliant
57	D. CORPORATE GOVERNANCE	D. Corporate Governance Principles	As stated in the Corporate Governance Principles, it takes the necessary measures to comply with the principles regarding the stakeholders and to strengthen the communication with the stakeholders. It applies to the opinions of stakeholders in determining measures and strategies in the field of sustainability.	Fully Compliant
58	D. CORPORATE GOVERNANCE	D. Corporate Governance Principles	It works on raising awareness on the issue of sustainability and its importance through social responsibility projects, awareness activities and trainings.	Fully Compliant
59	D. CORPORATE GOVERNANCE	D. Corporate Governance Principles	It strives to become a member of international standards and initiatives on sustainability and to contribute to studies.	Fully Compliant
60	D. CORPORATE GOVERNANCE	D. Corporate Governance Principles	Explains the policies and programs for the fight against bribery and corruption and the principle of tax integrity.	Fully Compliant

DESCRIPTION	RELATED LINK(S)
Information about Aksa Energy's social/corporate responsibility practices is shared in sustainability and/or annual reports on its corporate website.	https://www.aksainvestorrelations.com/sustainability/reports/ https://www.aksainvestorrelations.com/annual-reports/ https://www.aksaenerji.com.tr/en/sustainability/our-social-responsibilty/
Information regarding employee training organized by Aksa Energy on its ESG policies and practices is shared in sustainability and/or annual reports.	https://www.aksainvestorrelations.com/sustainability/reports/ https://www.aksainvestorrelations.com/annual-reports/
Aksa Energy works to make sustainability an indispensable part of its business model and long-term strategic approach and gives priority to the continuity of communication with its stakeholders. Information on Aksa Energy's practices in this regard is shared in sustainability and/or annual reports.	https://www.aksaenerji.com.tr/en/sustainability/reports/ https://www.aksainvestorrelations.com/en/annual-reports/
Aksa Energy has no customers as there is no service sale to the end consumer.	
Aksa Energy works to make sustainability an indispensable part of its business model and long-term strategic approach and gives priority to the continuity of communication with its stakeholders. Information on Aksa Energy's practices in this regard is shared in sustainability and/or annual reports.	https://www.aksaenerji.com.tr/en/sustainability/reports/ https://www.aksainvestorrelations.com/en/annual-reports/
Aksa Energy has been voluntarily presenting its sustainability performance to the public through sustainability reports issued in accordance with GRI (Global Reporting Initiative) Standards every year since 2016.	https://www.aksaenerji.com.tr/en/sustainability/reports/
Aksa Energy, which signed The Trillion Tonne Communiqué in 2015, has been a signatory of the United Nations Global Compact (UNGC) since 2017. Information on this subject is shared in sustainability and/or annual reports on its corporate website.	https://www.aksaenerji.com.tr/en/sustainability/reports/ https://www.aksainvestorrelations.com/en/annual-reports/ https://www.aksaenerji.com.tr/en/sustainability/our-approach-to-sustainability/ https://www.aksaenerji.com.tr/en/sustainability/climate-change-and-energy/
Aksa Energy, which closely monitors sustainability platforms on a local and global scale, and voluntarily supports sustainable development in all areas, has been included in the BIST Sustainability Index since 2015.	https://www.aksaenerji.com.tr/en/sustainability/ https://www.aksaenerji.com.tr/en/sustainability/reports/ https://www.aksainvestorrelations.com/annual-reports/
Aksa Energy shares information about its practices within the scope of Capital Markets Board Corporate Governance Communiqué numbered II-17.1 with sustainability and/or annual reports on its corporate website and Public Disclosure Platform.	https://www.aksaenerji.com.tr/en/sustainability/reports/ https://www.aksainvestorrelations.com/en/annual-reports/ https://www.aksainvestorrelations.com/corporate-governance/corporate-governance-principles-compliance-report/
Aksa Energy creates its business model in line with a vision integrated with its economic, social and environmental aspects. Accordingly, the company evaluates its current business processes within the scope of sustainability and takes care to integrate the concept of sustainability into the focus of all its activities. Its sustainability approach in this regard is included in the sustainability and/or annual reports and on its corporate website.	https://www.aksainvestorrelations.com/sustainability/our-approach-to-sustainability/ https://www.aksaenerji.com.tr/en/sustainability/reports/ https://www.aksainvestorrelations.com/annual-reports/
Information about Aksa Energy's practices on this subject is shared with sustainability and/or annual reports on its corporate website.	https://www.aksainvestorrelations.com/corporate-governance/public-disclosure-policy/ https://www.aksaenerji.com.tr/en/sustainability/reports/ https://www.aksainvestorrelations.com/annual-reports/
Information about the activities carried out to raise awareness on the issue of sustainability and its importance through Aksa Energy's social responsibility projects, awareness activities and training, is disclosed in the sustainability and/or annual report, on its corporate website.	https://www.aksaenerji.com.tr/en/sustainability/our-approach-to-sustainability/ https://www.aksaenerji.com.tr/en/sustainability/reports/ https://www.aksainvestorrelations.com/annual-reports/ https://www.aksaenerji.com.tr/en/sustainability/our-social-responsibilty/
Information about the activities carried out to become a member of international standards and initiatives on sustainability and to contribute to studies, is disclosed in the sustainability and/or annual report, on its corporate website.	https://www.aksaenerji.com.tr/en/sustainability/our-approach-to-sustainability/ https://www.aksaenerji.com.tr/en/sustainability/reports/ https://www.aksainvestorrelations.com/annual-reports/
Information about the policies and programs for the fight against bribery and corruption and the principle of tax integrity is disclosed in the sustainability and/or annual report, on its corporate website.	https://www.aksainvestorrelations.com/corporate-governance/combating-bribery-and-corruption-policy/ https://www.aksaenerji.com.tr/en/sustainability/reports/ https://www.aksainvestorrelations.com/annual-reports/

BOARD OF DIRECTORS

CEMİL KAZANCI
Chairman of the Board of Directors and CEO

Cemil Kazancı began his professional career working in Kazancı Group companies (family owned company). His first managerial position was in generator manufacturing and sales. He subsequently played an active role in the formation of Aksa Energy, which was set up to expand the Group's operations in the energy industry and to generate electricity starting from 1997. In addition to his duties as the Chairman of the Board of Directors and CEO of Aksa Energy, he is the Vice Chairman and CEO of Kazancı Holding and a Member of the Board of Directors in Group companies.



SERDAR NİŞLİ
Vice Chairman of the Board of Directors

Serdar Nişli graduated from the Department of Mechanical Engineering, Middle East Technical University, earning Bachelor's and Master's degrees. Subsequently, he began his professional career at TEK Çayırhan Thermal Power Plant and worked in various private sector positions for 18 years prior to joining Kazancı Holding in 1996. Nişli, who previously served as the Company's General Manager, holds the Vice Chairman position on the Board of Directors at Aksa Energy.

ÖMER MUZAFFER BAKTIR
Member of the Board of Directors

Ömer Muzaffer Baktır graduated from Istanbul Technical University, Department of Mining Engineering in 1986. He started his professional career at Pamukbank. Mr. Baktır went on to serve in various management roles in the banking sector, including Assistant General Manager in charge of Credits and Marketing at Halkbank; CFO and Executive Board Member of Electricity Distribution Companies at Cengiz Holding; and Assistant General Manager in charge of Marketing and Transformation at Ziraat Bank. He took part in the supervisory and management boards of various foreign companies of the same institution. He served as the Chairman of the Board of Directors of Erdemir Group between 2017-2018. Mr. Baktır, who has been serving as the Vice Chairman of the Board of Directors of Kazancı Holding since February 5, 2018, also serves as a Member of the Board of Directors of Aksa Energy.

TÜLAY KAZANCI
Member of the Board of Directors

Tülay Kazancı, who is a Member of the Board of Directors of Kazancı Holding, has also been a Member of the Board of Directors of Aksa Energy since April 2010. In addition to these duties, she is also a Member of the Board of Directors at Aksa Aksen Enerji Ticareti A.Ş.

MEHMET AKİF ŞAM*
Member of the Board of Directors

Mehmet Akif Şam received his Bachelor's degree from Anadolu University, Faculty of Communication Sciences, Department of Journalism. After starting his career as a Media Planner at Pronto Public Relations & Consultancy, he worked as an Advisor at the Ministry of Environment and Urbanization, Ministry of Transport, Ministry of Communications and Maritime Affairs, and Ministry of Energy and Natural Resources. Şam served as Board Member at EÜAŞ Kemerköy Electricity Generation Inc. and joined Kazancı Holding in 2011. Continuing his duties as Board Members in Kazancı Holding Ankara Representative Office and Aksa Natural Gas Distribution Companies, Aksa Göynük Enerji Üretim A.Ş., Çoruh Elektrik Dağıtım A.Ş. and Fırat Elektrik Dağıtım A.Ş., Şam was assigned as a Member of Aksa Energy's Board of Directors as of 2017.

YAŞAR ERKİN ŞAHİNÖZ**
Independent Member of the Board of Directors

Erkin Şahinöz graduated from the Mechanical Engineering department of Boğaziçi University and received his Master's degree in economy at the University of Nebraska in the USA. Started working as a Research Assistant in 1999; Şahinöz worked as a consultant in Business Development Center, a USA-based consultancy firm. In 2002, he was transferred as an economist to the US Federal Reserve and appointed as Director of the Economic Research Group. In 2007, Şahinöz established the Strategy Coordination and Business Development Department at Arıkanlı Holding. In 2009, he was appointed as General Manager of Erste Bank Turkey, establishing the operations of the Bank from the ground up. He has served as a strategy, business development and economy advisor for many companies and institutions, including the Istanbul Chamber of Industry. Within Tim Consultancy, Mr. Şahinöz also provides training and consultancy services to banks and real sector companies in a wide range of fields. Şahinöz has served as Independent Board Member at Aksa Energy since July 2019.

MURAT YEŞİLYURT
Independent Member of the Board of Directors

Murat Yeşilyurt received his Bachelor's degree from Istanbul University, Faculty of Economics, and completed his MBA at Istanbul Commerce University. He started his career in the banking sector in the Treasury departments and went on to work as a fund manager at finance companies. His role as an educator has come to the forefront, thanks to the experience he has gained in finance over the years. In addition, he has published opinion columns and articles in business magazines. He continues his professional life as an economy and strategy development consultant and trainer in the Turkish banking sector and the real sector. Mr. Yeşilyurt has a training book titled "Gold Banking in Turkey & the World'." Yeşilyurt has been serving as Independent Board Member at Aksa Energy since July 2019.

İLHAN HELVACI
Independent Member of the Board of Directors

İlhan Helvacı graduated from Galatasaray High School in 1983 and from Istanbul University, Faculty of Law in 1987. Helvacı received his Master's degree from Istanbul University, Social Sciences Institute, Department of Private Law in 1989; he started work as a Research Assistant at Istanbul University, Faculty of Law, Department of Civil Law in the same year. Prof. Dr. İlhan Helvacı served as Lecturer at various universities between 2004 and 2010. He currently works as Arbitrator both at the Istanbul Chamber of Commerce and independently regarding disputes in his area of expertise. Serving as Attorney-at-Law since 1991 under Istanbul Bar Association, Helvacı is also Founder and Manager of Att. Prof. Dr. İlhan Helvacı Law Office. Prof. Dr. Helvacı has been serving as Independent Board Member at Aksa Energy since July 2019.

Mr. Mehmet Akif Şam resigned from his current duty as Member of the Board of Directors and the Corporate Governance Committee Member as of January 13, 2021. In accordance with the decision of the Board of Directors of the Company dated January 13, 2021, it was decided to appoint Mr. Korkut Öztürkmen as a Member of the Board of Directors to be submitted to the approval of the first General Assembly to be held, instead of Mr. Mehmet Akif Şam.
*** Mr. Yaşar Erkin Şahinöz resigned from his role as Independent Member of the Board of Directors on December 29, 2020.*

SENIOR MANAGEMENT

CEMİL KAZANCI
Chairman of the Board of Directors and CEO

Please refer to page 84 for background information.

CEM NURİ TEZEL
Vice President, Chief Financial Officer (CFO)

Cem Nuri Tezel graduated from the Department of Finance, Marmara University and continued post-graduate education with an MBA at Leeds University. Mr. Tezel started his professional career in the Arthur Andersen Istanbul Audit Department in 1996, later serving as Senior Manager at Ernst & Young and Internal Audit Manager at Sabancı Holding. Between 2005 and 2007, he served as Finance Director at Enka Pazarlama, and between 2008 and 2018 as CFO at Sabiha Gökçen Airport, Soyak Holding and Assan Aluminum. Mr. Tezel has been serving as CFO of Aksa Energy since December 2018. He has been a member of ISMMMO and a Founding Member of the Corporate Risk Management Association (KRYD). He was also a Member of the Business Council of DEİK Bahrain between 2017 and 2018.

SONER YILDIZ
Vice President, Chief Operating Officer (COO)

Soner Yıldız graduated with a bachelor's degree in Mechanical Engineering from Yıldız Technical University and earned his MBA from Yeditepe University. He started his professional career as a Mechanical Engineer at Çolakoğlu Metalurji A.Ş. in 1998 and served as Chief of Maintenance in the same organization between 2000-2004. He then worked as Chief Mechanical Engineer at ENKA; Senior Business Development Engineer at E.ON Holding; Operations and Maintenance Senior Manager at RWE Turkey; Thermal Power Plant Senior Manager at Vito A.Ş. and Business Development Senior Manager at Acwa Power. Yıldız who was assigned as COO responsible for all operations and investments at Enda Enerji Holding in 2016, was appointed as Chief Operating Officer (COO) responsible for investments and operations at Aksa Energy in October 2018.

MURAT KİRAZLI
Vice President, CEO of Aksa Energy Trading and Sales

Murat Kirazlı graduated from Middle East Technical University (METU), Department of Electrical and Electronic Engineering, and earned his Master's degree in Finance at Bilkent University. He started his professional career as Founding Partner at CCM Ltd. Şti., and then worked as an Energy Industry Senior Consultant at Deloitte and as Energy Trade Director at Espe Enerji San. ve Tic. A.Ş. subsequently, served as Energy Trade Director at Limak Energy Group. In September 2014, Mr. Kirazlı joined Aksa Energy as Energy Trade Director and was later appointed as Vice President in charge of Energy Trade and Sales.

SENLAV GÜNER
Eurasia Power Plants Operation and Maintenance Director

Senlav Güner graduated from Yıldız Technical University, Mechanical Engineering Department and started his professional career in 1997. Mr. Güner worked for Enka İnşaat Sanayii A.Ş. as Piping Engineer and as Commissioning Engineer at the Bursa Natural Gas Combined Cycle Power Plant; at Intergen-Enka Adapazarı Gebze Power Plant as Piping Coordinator, Operations Engineer and Mechanical Maintenance Engineer; at ENKA Rijmond Holland Natural Gas Combined Cycle Power Plant as Commissioning Engineer; at Exxon Mobil on Russia's Sakhalin Island as Commissioning Director; at Enka-Russia Nizhnevartovsk Natural Gas Combined Cycle Power Plant as Engineering Director; at Enka-Russia Berezniki Natural Gas Power Plant as Commissioning Director; at Enka-Erbil Natural Gas Plant as Deputy Project Manager; and on the Gama Zakho and Hartha projects as Project Manager. Since January 2017, Mr. Güner has worked as the Operation and Maintenance Director of Domestic Power Plants Responsible for the Aksa Energy and Cyprus Power Plants. In addition to his current position, he continues to serve as the Operation and Maintenance Director of Eurasia Power Plants, responsible for the Uzbekistan Natural Gas Combined Cycle Power Plant, which is Aksa Energy's new investment.

MUSTAFA KIZILTUNÇ
Investments and Engineering Director

Mustafa Kızıltunç graduated from Uludağ University, Mechanical Engineering Department and currently continues his postgraduate education in Energy Technologies and Management at Sabancı University. In 1998, he commenced his professional career as a Field Installation Engineer at TEKFEN Construction and Installation. Mr. Kızıltunç served as ERDEMİR Group/İsdemir Investments Survey Engineer from 2002 to 2010, as AKSA Energy Antalya Power Plant Chief Installation Engineer from 2010 to 2012, as Responsible for Piping, AGE Energy/Enprode Project Manager from 2012 to 2014, and as Assistant Project Director and Engineering Manager at ACWA POWER between 2014 and 2015. He worked as Limak-İçtaş Energy/Yeniköy and Kemerköy Power Plant Investments Project Manager between 2015 and 2019. Mr. Kızıltunç was appointed Investments and Engineering Director at Aksa Energy as of November 2019.

SENIOR MANAGEMENT

HİKMET APAYDIN*
Central Coordination Director

Hikmet Apaydın graduated from Yıldız Technical University, Electrical Engineering Department. He went on to receive his Master's degree in Electrical Engineering from the same institution. Apaydın started his professional career at Enka Power as Operation Maintenance Engineer. Subsequently, he served as Project Manager at ABB Elektrik, Operations Manager at Akenerji, Engineering Coordinator at Limak Enerji and Project Group Manager at Karadeniz Holding. Apaydın was assigned as Risk and Control Manager at Kazancı Holding in January 2018. He was appointed as Central Coordination Director at Aksa Energy as of July 2019.

CEVDET YALÇIN
Financial Affairs Director

Cevdet Yalçın graduated from Celal Bayar University, Business Administration Department. After completing a certificate program at Long Island University (New York, USA), he started to work at BankPozitif Kredi ve Kalkınma Bankası A.Ş. as Corporate Marketing Specialist in 2008. Yalçın served as Senior Auditor at Deloitte between 2010-2013 and Audit Manager at Ernst & Young between 2013-2017. He worked as Senior Financial Affairs Manager at Assan Alüminyum A.Ş in 2018. Yalçın was appointed Financial Affairs Director at Aksa Energy as of January 2019.

Hikmet Apaydın was appointed as Aksa Energy Commercial Performance Monitoring and Development Director as of March 1, 2021.

MURAT ÇAPTUĞ
West Africa Coordination Director

Murat Çaptuğ graduated from Kocaeli University, Mechanical Engineering Department. He joined Aksa Energy as Project Engineer at Samsun Fuel Power Plant in June 2002. Subsequently, Çaptuğ worked as Northern Cyprus Fuel Oil Power Plant Manager between 2003 - 2015 and Ghana Country Manager between 2015 - 2016. In September 2017, he was appointed as West Africa Power Plants Coordinator. Murat Çaptuğ has been serving as West Africa Coordination Director at Aksa Energy since July 2019.

PINAR SAATCIOĞLU
Investor Relations & Corporate Communications Manager

Pınar Saatcıoğlu graduated from the Department of Business Administration, Istanbul University in 2004, and started her career as an Auditor at PricewaterhouseCoopers (PwC). She then worked as an Equity Research Analyst at HSBC between 2007 and 2009, and as an Investor Relations Specialist at Yapı Kredi Bank between 2009 and 2013. She was appointed as Investor Relations Manager of Turcas Petrol A.Ş in 2013 and served there for seven years. Ms. Saatcıoğlu, who has more than 15 years of experience in the finance sector, began her role as Aksa Energy Investor Relations and Corporate Communications Manager and Corporate Governance Committee Member as of October 1, 2020. She holds Capital Markets Advanced Level and Corporate Governance Rating licenses.

ASSESSMENT OF THE BOARD OF DIRECTORS

RISKS AND ASSESSMENTS OF THE BOARD OF DIRECTORS

Aksa Energy's Board of Directors is responsible for determining and monitoring the overall risk management framework of the Company. The Board of Directors formed the Early Risk Assessment Committee to oversee the development and monitoring of the Company's risk management policies.

Aksa Energy pursues an effective risk management policy to prevent and mitigate all risks. Aksa Energy's risk management philosophy is based on the core principles of protecting asset value, ensuring operational safety and pursuing sustainability.

Risk management policies at the Company are designed to identify and analyze potential risks; determine suitable risk limits; establish controls; monitor risks as well as the correlation between risks and risk limits. Risk management policies and systems are regularly reviewed in order to reflect changes in the Company's activities and evolving market conditions. By administering training and adhering to management standards and procedures, Aksa Energy aims to develop a disciplined and productive control environment where all employees understand their respective roles and responsibilities.

Financial risks faced by the Company are managed in a centralized fashion. Aksa Energy's financial risks and opportunities are effectively managed via policy revisions when deemed necessary. Hedging instruments are purchased when appropriate, in line with policies determined by upper management to minimize risk exposure.

The Early Risk Assessment Committee, which convenes six times a year under the chairmanship of the Independent Board Member, also carries out efforts to identify risks and take due measures. The Committee executes activities to identify and implement the necessary measures regarding potential risks, to manage these within the framework of the risk management system, and to report the results to the Board of Directors.

Operating in an investment-intensive sector, the Company finances its investments through bank loans. Therefore, liquidity, currency and interest rate risk positions and market developments are monitored regularly.

The Company continues analyzing and prioritizing market risks, using methodologies in compliance with its strategic objectives, in order to reach its operational and financial profitability targets.

Operationally, the Company carries no foreign exchange risk. However, the project financing loans used for investments are in foreign currency, which can lead to foreign exchange losses. To reduce foreign currency-denominated project finance loans and to create financing for projects with higher profit margins that will generate EBITDA in foreign currency, the sale process of our renewable power plant portfolio has been completed and the financial debt burden of our Company has been reduced.

The low level of profit margins due to rising costs in the Turkish energy market is another factor with a negative impact on the Company's operations. For this reason, the licenses of the power plants whose competitiveness has decreased in the last 3 years, have been cancelled and three power plants have been commissioned in Ghana, Mali and Madagascar in 2017 using the equipment of these power plants. In addition to the USD-based revenues of Northern Cyprus Kalecik Heavy Fuel Oil Power Plant, the energy generated by the Ghana, Madagascar and Mali power plants in Africa are sold via guaranteed contracts denominated in foreign currency. As well, the use of equipment from the power plants, which had become less competitive on the domestic market, in the construction of the African power plants, kept the total investment amount at optimum levels and shortened the construction process considerably.

ASSESSMENT OF THE BOARD OF DIRECTORS ON THE INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT PRACTICES
Aksa Energy has an Internal Audit Unit that performs risk-based assessments in order to evaluate and develop the control and governance processes of the Company. Internal Audit Unit reports its activities to the Board Member responsible for Internal Audit. Audits are conducted relating to the reliability of the financial reporting system; compliance of the Company's investments and operations with legal requirements and in-house regulations; effectiveness and efficiency of its operations; and the security and reliability of IT systems. To this end, centralized internal audits, as well as some power plant on-site audits, were carried out in 2020.

As a result of these audits, the effectiveness of the risk management, internal control and governance processes were deemed satisfactory. Furthermore, necessary action recommendations have been presented to the Management and it was meticulously monitored whether these actions were implemented in a timely fashion or not.

ASSESSMENT OF THE BOARD OF DIRECTORS ON FINANCIAL AND OPERATIONAL RESULTS
When comparing the fiscal year 2020 performance of our Company with the previous year, we see the positive impact of reducing financial expenses due to the decrease in indebtedness as well as the overseas power plants making guaranteed sales pursuant to capacity payments.
As of year-end 2020, revenues increased 30% compared to the previous year despite the decline in production volumes at domestic power plants. Aksa Energy recorded total revenues of TRY 7.2 billion in 2020. With the positive impact of effective portfolio management and the solid performance of the overseas power plants, consolidated net profit increased by 43% in 2020 to TRY 470 million. In addition, gross profitability rose 18% to TRY 1.2 billion, operating profit jumped 7% to TRY 1,042 million and EBITDA increased 2% to TRY 1.5 billion.

Aksa Energy reduced its net financial debt to TRY 2.6 billion at year-end 2020 from TRY 3.1 billion at year-end 2019. Some 32% of the Company's financial debt is denominated in foreign currency. Therefore, when compared in USD, the financial debt of USD 529 million as of end-2019 was reduced to USD 359 million by end-2020. This successful performance was reflected in the Company's net financial debt/EBITDA ratio, which was 1.76 at end-2020, down from 2.14 at end-2019.

ASSESSMENT OF THE BOARD OF DIRECTORS ON THE COMMITTEES
Audit Committee, Corporate Governance Committee and Early Risk Assessment Committee report directly to the Board of Directors.

The Audit Committee convenes at least four times a year, to be at least once every three months, the Corporate Governance Committee twice a year and the Early Risk Assessment Committee gathers six times a year.

The Committees closely examined and discussed key issues such as audit, corporate governance, risks and strategies, and presented recommendations on these to the Board of Directors.

For detailed information on the committees and their working principles, please visit:
www.aksainvestorrelations.com

COMMITTEES AND POLICIES

AUDIT COMMITTEE

The Audit Committee was established to oversee the operation of the Company's accounting and reporting systems in line with applicable laws, rules and regulations, the public disclosure of financial information, and the effective functioning of the independent audit and internal control systems.

The Committee notifies the Board of Directors in writing of its evaluations on the factuality and accuracy of the annual and interim financial statements and their compliance with the Company's accounting principles, taking into account the opinions of the Company's management and independent auditors.

The Committee's responsibilities include:

- Conducting assessments for the selection of the independent audit company, making a recommendation and presentation to the Board of Directors;
- Evaluating compliance of financial statements and their footnotes to be disclosed to the public with legal and regulatory requirements and international reporting standards;
- Monitoring the operation and effectiveness of the Company's accounting system, public announcement of financial information, independent audit, and the internal control system;
- Examining and finalizing complaints related to the Company's accounting, internal control system, and independent audit.

The Audit Committee consists of at least two members who are elected from among Independent Board Members. Members of the Audit Committee are Erkin Şahinöz* and Murat Yeşilyurt. Mr. Şahinöz* is also the Chairman of the Committee.

The Audit Committee convenes at least once every three months upon the invitation of the Chairman of the Committee. When deemed necessary, the managers, internal and independent auditors are also invited to the meeting to provide information. The Committee may also decide to receive consultancy services from third parties outside of the Company. The Committee expenses are covered by the Board of Directors. The Audit Committee may notify specific issues to the Company's General Assembly if deemed necessary.

In meetings held during 2020, the Audit Committee received information about periodically conducted audit activities, decided whether to expand or narrow the scope of audit activities and made resolutions on amendments to the annual plan. The Committee also provided support to the Board of Directors during the selection of the independent audit firm.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee;

- determines whether the corporate governance principles are implemented in the company; if not, determines the rationale and conflicts of interest emerging due to failure in completely complying with these principles,
- makes recommendations to the Board of Directors to improve corporate management practices, and
- supervises the works of the investor relations department.

The Corporate Governance Committee convenes at least twice per year to fulfill these tasks. In 2020, the Committee oversaw the Company's compliance with the Corporate Governance Principles set forth in the Communiqué on the Determination and Implementation of the Corporate Governance Principles; investigated the reasons (if any) for non-compliance with certain principles; identified the incompatibilities resulting from incomplete compliance; took remedial measures.

At Aksa Energy, the duties of the Nomination Committee and the Remuneration Committee are performed by the Corporate Governance Committee. The Committee supports the Board of Directors with respect to the determination and evaluation of the appropriate candidates for Board membership and managerial positions with executive function.

The Corporate Governance Committee took its final form with the resolution of the Board of Directors dated October 1, 2020. According to this resolution, the Committee consists of Independent Board Member Murat Yeşilyurt, Board Member Mehmet Akif Şam** and Investor Relations and Corporate Communications Manager Pınar Saatcıoğlu; and it is chaired by Murat Yeşilyurt.

EARLY DETECTION OF RISK COMMITTEE
The Early Risk Assessment Committee, which reports to the Board of Directors, is responsible for determining at an early stage all the operational, strategic, financial and compliance risks that may jeopardize the Company's existence, development and continuity; taking the necessary measures concerning the risks thus identified; developing the necessary policies to execute the risk management processes; managing and reporting risks in accordance with the Company's risk-taking profile.

The Committee is established and authorized by the Board of Directors in accordance with the Company's Articles of Association and applicable legislation. The Committee, which convenes at least six times a year, evaluates the situation in its reports to the Board of Directors, points out any threats and recommends solutions.

The Early Risk Assessment Committee consists of Independent Board Members İlhan Helvacı and Erkin Şahinöz*. Mr. Şahinöz* is also the Chairman of the Committee.

POLICIES AND CODE OF ETHICS

For detailed information on the policies and principles below, please visit the Corporate Governance page under www.aksainvestorrelations.com.

Public Disclosure Policy	https://www.aksainvestorrelations.com/corporate-governance/public-disclosure-policy/
Donation and Charity Policy	https://www.aksainvestorrelations.com/corporate-governance/donation-and-aid-policy/
Remuneration Policy	https://www.aksainvestorrelations.com/corporate-governance/remuneration-policy/
Combating Bribery and Corruption Policy	https://www.aksainvestorrelations.com/corporate-governance/combating-bribery-and-corruption-policy/
Dividend Distribution Policy	https://www.aksainvestorrelations.com/corporate-governance/dividend-distribution-policy/
Human Rights Policy	https://www.aksainvestorrelations.com/corporate-governance/human-rights-policy/
Code of Ethics	https://www.aksainvestorrelations.com/corporate-governance/ethical-principles/
Sustainability Policies	https://www.aksainvestorrelations.com/sustainability/our-policies/
Human Resources Policy	https://www.aksaenerji.com.tr/en/human-resources/
Personal Data Protection Law (PDPL)	https://www.aksaenerji.com.tr/tr/kisisel-verilerin-korunmasi/

**Mr. Erkin Şahinöz resigned from his role as Independent Member of the Board of Directors on December 29, 2020.*
***Mr. Mehmet Akif Şam resigned from his current duty as a member of the Board of Directors and the Corporate Governance Committee Member as of January 13, 2021.*

CORPORATE GOVERNANCE COMPLIANCE STATEMENT

Aksa Energy strives to comply with "Corporate Governance Principles" set by the Capital Markets Board ("CMB"). Investor Relations Department, responsible for internalization and development of Corporate Governance practices within the Company continues its activities within the framework of Capital Markets Law, Turkish Commercial Code (TCC), the Company's Articles of Association and the CMB Corporate Governance Principles in the fields of public disclosure and transparency, relations with shareholders and stakeholders.
Aksa Energy is included in the second group according to the classification of CMB considering companies' systemic importance. Within this scope, the Company complies with all the mandatory Corporate Governance Principles.

On the other hand, the Corporate Governance Principles, which are not mandatory and have not yet been implemented/partially implemented within the Company, have not caused any conflict of interest so far. The principles that have not yet been implemented/partially implemented within this scope are listed below:

- Although minority rights are not defined in the Articles of Association for shareholders' holding less than one-twentieth of the company's capital; as per Article 18 of the Articles of Association, the provisions of the Turkish Commercial Code and Capital Markets Board apply to any matters regarding minority rights that are not governed therein.
- With the decision numbered 435 and dated 25.07.2019, the Board of Directors appointed Cemil Kazancı, Chairman of the Board of Directors of Aksa Energy to the position of CEO vacated by Aksa Energy at the end of 2018, in order to increase competitive power in the sector and accelerate growth.
- Remuneration of the Members of the Board of Directors and executives with administrative responsibilities is disclosed in the annual report, not on an individual basis but collectively.
- The Board of Directors evaluates its performance verbally at the end of the year, and a systematic approach has not yet been adopted. It is expected that performance criteria will be determined in the medium-long term.
- As there are three Independent Members of the Board of Directors pursuant to the Articles of Association of our company, the members of the Board of Directors are included in more than one committee.
- There are no limitations on the external duties held by the Members of the Board of Directors. However, it is ensured that they spare sufficient time for their internal duties. Shareholders are informed of board members' external commitments at the general assembly meeting.
- There is not a policy regarding Woman Board Members.
- There is Directors & Officers Liability Insurance. However, the insurance amount does not exceed 25% of the paid capital.
- Job descriptions and performance criteria have been applied to executive or higher-level positions and yet the lower-level positions are still in progress.
- Employees are informed of the decisions regarding internal communication processes that may affect them. However, since employees are not affiliated with any unions, their opinions are not solicited.

The Company's "Corporate Governance Compliance Report" and "Corporate Governance Information Form" for the year 2020 were published on Public Disclosure Platform Website (www.kap.org.tr) on February 25, 2021, in accordance with the CMB's decision dated 10.01.2019 and numbered 2/49. The relevant report and information form can be accessed by selecting the company name, notification type and subject (Corporate Governance Compliance Report) from the detailed query field from the notification inquiries tab.

AMENDMENTS TO ARTICLES OF ASSOCIATION IN 2020 (IF ANY)

There were no amendments to the Articles of Association in 2020.

STATEMENTS OF INDEPENDENCE

I declare myself as a candidate to serve as an “Independent Member” as per the criteria set forth in the Corporate Governance Principles announced by the Capital Markets Board and thereby state that:

a) Between the company, partnerships where the company has managerial control or significant influence, partners or legal entities that hold managerial control or significant influence over the Company; and myself, my spouse, and blood or in-law relatives to the second degree, there was no relationship of employment as a manager with major duties and responsibilities; I did not hold 5% or above of their shares, voting rights or preferred shares either singlehandedly or collectively; I did not establish significant commercial relations with them,

b) In the last five years, I did not serve as a partner (with a stake of 5% and above), a manager with major duties and responsibilities, or a Board Member, particularly in the audit (including tax audit, statutory audit, internal audit), rating and consultancy functions, at any company with which the Company has traded significant amounts of products or services, in periods when such products and services were sold or purchased in line with business agreements,

c) I have the vocational training, knowledge and experience to duly fulfill my tasks as an Independent Board Member,

d) I do not hold a full-time position in any public company or institution,

e) I am a resident of Turkey, in accordance with Income Tax Act No. 193, dated 31.12.1960,

f) As can be seen in my CV, I have strong ethical standards, professional reputation and experience to contribute positively to the Company’s activities, to maintain my objectivity on conflicts of interest between the company and shareholders, to make decisions freely in due consideration of stakeholders’ rights,

g) I will make sufficient time for keeping track of the company’s activities and for fully performing my duties on behalf of the company,

h) Over the last ten years, I did not serve as a Member of the Board of Directors of the Company for more than six years,

i) I did not serve as an independent Board Member in more than three of the companies where the Company or its ultimate controlling partners have managerial control nor in more than five companies traded in the stock exchange.

Best regards,

YAŞAR ERKİN ŞAHİNÖZ*

**Mr. Erkin Şahinöz resigned from his role as Independent Member of the Board of Directors on December 29, 2020.*

I declare myself as a candidate to serve as an “Independent Member” as per the criteria set forth in the Corporate Governance Principles announced by the Capital Markets Board and thereby state that:

a) Between the company, partnerships where the company has managerial control or significant influence, partners or legal entities that hold managerial control or significant influence over the company; and myself, my spouse, and blood or in-law relatives to the second degree, there was no relationship of employment as a manager with major duties and responsibilities; I did not hold 5% or above of their shares, voting rights or preferred shares either singlehandedly or collectively; I did not establish significant commercial relations with them,

b) In the last five years, I did not serve as a partner (with a stake of 5% and above), a manager with major duties and responsibilities, or a Board Member, particularly in the audit (including tax audit, statutory audit, internal audit), rating and consultancy functions, at any company with which the Company has traded significant amounts of products or services, in periods when such products and services were sold or purchased in line with business agreements,

c) I have the vocational training, knowledge and experience to duly fulfill my tasks as an Independent Board Member,

d) I do not hold a full-time position in any public company or institution,

e) I am a resident of Turkey, in accordance with Income Tax Act No. 193, dated 31.12.1960,

f) As can be seen in my CV, I have strong ethical standards, professional reputation and experience to contribute positively to the Company’s activities, to maintain my objectivity on conflicts of interest between the company and shareholders, to make decisions freely in due consideration of stakeholders’ rights,

g) I will make sufficient time for keeping track of the Company’s activities and for fully performing my duties on behalf of the company,

h) Over the last ten years, I did not serve as a member of the Board of Directors of the Company for more than six years,

i) I did not serve as an independent board member in more than three of the companies where the Company or its ultimate controlling partners have managerial control nor in more than five companies traded in the stock exchange.

Best regards,

PROF. DR. İLHAN HELVACI

STATEMENTS OF INDEPENDENCE

I declare myself as a candidate to serve as an “Independent Member” as per the criteria set forth in the Corporate Governance Principles announced by the Capital Markets Board and thereby state that:

a) Between the company, partnerships where the company has managerial control or significant influence, partners or legal entities that hold managerial control or significant influence over the company; and myself, my spouse, and blood or in-law relatives to the second degree, there was no relationship of employment as a manager with major duties and responsibilities; I did not hold 5% or above of their shares, voting rights or preferred shares either singlehandedly or collectively; I did not establish significant commercial relations with them,

b) In the last five years, I did not serve as a partner (with a stake of 5% and above), a manager with major duties and responsibilities, or a board member, particularly in the audit (including tax audit, statutory audit, internal audit), rating and consultancy functions, at any company with which the Company has traded significant amounts of products or services, in periods when such products and services were sold or purchased in line with business agreements,

c) I have the vocational training, knowledge and experience to duly fulfill my tasks as an Independent Board Member,

d) I do not hold a full-time position in any public company or institution,

e) I am a resident of Turkey, in accordance with Income Tax Act No. 193, dated 31.12.1960,

f) As can be seen in my CV, I have strong ethical standards, professional reputation and experience to contribute positively to the company’s activities, to maintain my objectivity on conflicts of interest between the company and shareholders, to make decisions freely in due consideration of stakeholders’ rights,

g) I will make sufficient time for keeping track of the Company’s activities and for fully performing my duties on behalf of the company,

h) Over the last ten years, I did not serve as a member of the Board of Directors of the Company for more than six years,

i) I did not serve as an Independent Board Member in more than three of the companies where the Company or its ultimate controlling partners have managerial control nor in more than five companies traded in the stock exchange.

Best regards,

MURAT YEŞİLYURT

STATEMENT OF RESPONSIBILITY

AKSA ENERJİ ÜRETİM A.Ş.

STATEMENT OF RESPONSIBILITY AS PER ARTICLE 9 OF THE CAPITAL MARKETS BOARD'S COMMUNIQUE II-14.1. ON PRINCIPLES REGARDING FINANCIAL REPORTING CAPITAL MARKETS

RESOLUTION OF THE BOARD REGARDING THE ACCEPTANCE OF FINANCIAL STATEMENTS AND ANNUAL REPORTS

RESOLUTION DATE: 25.02.2021

RESOLUTION NUMBER: 481

We present, for your information, the accompanying 01.01.2020 – 31.12.2020 accounting period "Consolidated Statement of Financial Position," "Statement of Comprehensive Income," " Cash Flow Statement," "Statement of Changes in Equity," and "Annual Report of the Board of Directors," "Corporate Governance Information Form" and Corporate Governance Compliance Report" ("Financial Reports"), all of which, together with their footnotes, have been prepared by our company, have been subjected to a limited-scope audit by the independent auditing firm of DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Deloitte Touche Tohmatsu Limited), and conform to Turkish Accounting Standards/Turkish Financial Reporting Standards (TAS/TFRS) and to CMB-specified formats as required by Capital Markets Board Communique II-14.1 concerning Financial Reporting in Capital Markets ("Communique"). We hereby declare, in accordance with CMB regulations, that these Financial Reports:

- Have been examined by us,

- Within the framework of information available to us by virtue of our duties and responsibilities at the Company, that they contain no inaccurate statement insofar as material issues are concerned nor any omissions that might result in their being misleading as of the date on which such statements are made;

- Within the framework of information available to us by virtue of our duties and responsibilities at the Company, that they honestly reflect the true picture of the Company's assets, liabilities, financial position, and profits or losses, including those of entities whose financial reports conforming to the Communique are subject to consolidation and that the annual report honestly reflects the conduct and performance of business as well as the financial position of and the material risks and uncertainties confronting the Company along with any entities subject to consolidation with it.

We hereby acknowledge our responsibility for the foregoing statements.

Regards,

ŞABAN CEMİL KAZANCI
CHAIRMAN OF THE BOARD OF DIRECTORS AND CEO

MURAT YEŞİLYURT
INDEPENDENT MEMBER OF THE BOARD OF DIRECTORS
MEMBER OF AUDIT COMMITTEE

ANNUAL AFFILIATION REPORT

AKSA ENERJİ ÜRETİM A.Ş AND SUBSIDIARIES' ANNUAL AFFILIATION REPORT FOR THE PERIOD 01.01.2020 - 31.12.2020

1. GENERAL INFORMATION

Term of Report : 01.01.2020 - 31.12.2020
Commercial Title : Aksa Enerji Üretim A.Ş. and Subsidiaries
Trade Registry No. : 366771
Head Office Address : Rüzgarlıbahçe Mahallesi Özalp Çıkmazı, No: 10, Kavacık, Beykoz, Istanbul/Turkey

Branch Addresses of Aksa Energy and Subsidiaries include:

Branch/Plant	Company	Address
Northern Cyprus	Aksa Enerji	Kalecik Köyü, Yeni İskele, G. Magusa, Northern Cyprus
Bolu-Göynük	Aksa Göynük	Himmetoğlu Köyü, Göynük/Bolu
Antalya	Aksa Enerji	Ali Metin Kazancı Enerji San. Antalya Burdur Karayolu 30. km Selimiye (Karadon) Köyü, Antalya
Manisa	Aksa Enerji	Gürle Köyü Yolu Üzeri, Emlakdere Mevkii, 45000 Manisa
Urfa	Rasa Enerji	Organize Sanayi 2 Bölge Koçören Köyü Muhtarlığı bitişiği, Urfa - Antep Karayolu 16 km. Şanlıurfa
Ghana	Aksa Energy Company Ghana Limited	Heavy Industrial Area Plot No.2/8/9 Tema/Ghana
Mali	Aksa Mali S.A.	Kati (Mali) Centrale Thermique de Sirakoro Meguetana Boite Postale 1597/Mali
Madagascar	Aksaf Power Limited Madagascar	Ambohimangakely District Antananarivo, Avadrano/Madagascar
Uzbekistan	Aksa Enerji Tashkent Limited Liability Company	18/1, Oybek street, Mirobod district, 100015, Tashkent, the Republic of Uzbekistan

CONTACT INFORMATION

Telephone : 0216 681 00 00
Fax : 0216 681 57 84
Website : https://www.aksaenerji.com.tr/en
https://www.aksainvestorrelations.com

A. ORGANIZATION, CAPITAL AND SHAREHOLDER STRUCTURE OF THE COMPANY

- Registered Capital: The Company's registered capital is TRY 613,169,118 as of 31.12.2020.
- Shareholding Structure: The Company's Shareholder Structure as of 31.12.2020 is as follows:

Full Name/Title of Shareholder	Share (%)
Kazancı Holding A.Ş.	78.60
Free Float	21.39
Other	0.01

B. THE GOVERNING BODY OF THE COMPANY, EXECUTIVES AND STAFF INFORMATION

Company's Governing Body: The Company's Board of Directors consists of 7 members; details of current members of the Board of Directors are as follows:

Members of the Board of Directors	Members' Name - Last Name
Chairman of the Board of Directors and CEO	Şaban Cemil Kazancı
Vice Chairman of the Board of Directors	Ahmet Serdar Nişli
Member of the Board of Directors	Tülay Kazancı
Member of the Board of Directors	Ömer Muzaffer Baktır
Member of the Board of Directors	Korkut Öztürkmen
Independent Member of the Board of Directors	Murat Yeşilyurt
Independent Member of the Board of Directors	İlhan Helvacı

Executives:

Title	Name - Surname
Energy Group Head, CEO and the Member of the Board of Directors	Şaban Cemil Kazancı
Vice President, Chief Operating Officer (COO)	Soner Yıldız
Vice President, CEO of Aksa Energy Trading and Sales	Murat Kirazlı
Vice President, Financial Affairs	Cem Nuri Tezel
Financial Affairs Director	Cevdet Yalçın
Eurasia Power Plants Operation and Maintenance Director	Senlav Güner
Investments and Engineering Director	Mustafa Kızıltunç
Central Coordination Director	Hikmet Apaydın
Investor Relations & Corporate Communications Manager	Pınar Saatcıoğlu

Number of Personnel: The Company employed 841 personnel in the fiscal year 2020.

C. THE COMPANY'S SUMMARY FINANCIAL STATEMENTS FOR 2020

The Company posted after-tax profit of TRY 558,004,789 in the period 01.01.2020 - 31.12.2020, and as of 31.12.2020, its total assets amounted to TRY 9,502,694,305 and shareholders' equity amounted to TRY 4,625,344,183.

2. INFORMATION ON THE PARENT COMPANY AND ITS OTHER SUBSIDIARIES

A. Information on the Parent Company:

Term of Report:	01.01.2020 - 31.12.2020
Commercial Title:	Kazancı Holding A.Ş.
Head Office Address:	Rüzgarlıbahçe Mahallesi Özalp Çıkmazı, No: 10, Kavacık, Beykoz, Istanbul/Turkey

B. Information on the Subsidiaries of Parent Company

Transactions with other companies of the parent company in the 01.01.2020 - 31.12.2020 accounting period are described in section 3.b.

ANNUAL AFFILIATION REPORT

3. INFORMATION ON TRANSACTIONS WITH THE PARENT COMPANY AND ITS OTHER SUBSIDIARIES

a) TRANSACTIONS WITH THE PARENT COMPANY

In the accounting period 01.01.-31.12.2020, there were Holding Joint Units Management Support Expense amounting to TRY 13,296,537, an SAP system maintenance expense amounting to TRY 641,361, Financial Consultancy and Consultancy expenses amounting to TRY 32,568, maturity term difference expense amounting to TRY 474,965 and a maturity term difference income amounting to TRY 44,958,790 from Kazancı Holding A.Ş.

i. Products Sold to or Purchased from the Parent Company

In the accounting period from 01.01.2020-31.12.2020, no products were sold to or purchased from the parent company.

ii. Services Sold to or Purchased from the Parent Company

In the accounting period 01.01.-31.12.2020, there were Holding Joint Units Management Support Expense amounting to TRY 13,296,537, an SAP system maintenance expense amounting to TRY 641,361, Financial Consultancy and Consultancy expenses amounting to TRY 32,568, maturity term difference expense amounting to TRY 474,965 and a maturity term difference income amounting to TRY 44,958,790 from Kazancı Holding A.Ş.

i. Methods Used in Transactions with the Parent Company

In the 01.01.2020 - 31.12.2020 accounting period, the comparable price method was used for transactions with the parent company.

ii. Calculations Used to Determine the Price and Profit Margin and Assumptions Made in Transactions with the Parent Company

In the 01.01.2020 - 31.12.2020 accounting period, transactions carried out with the parent company consisted of Holding Joint Units Management Support Expense, SAP system maintenance, Financial Consultancy and Consultancy expenses, income and expenses of maturity term difference.

b) TRANSACTIONS WITH THE SUBSIDIARIES OF THE PARENT COMPANY

For the 01.01.2020 - 31.12.2020 accounting period, the transactions with the other subsidiaries of Kazancı Holding A.Ş are summarized below:

	January 1 - December 31 2020										
	Electricity Sales	Electricity Purchase	Natural Gas Purchase	Interest Incomes	Interest Expenses	Rent Expenses	General Administration Expenses	Reflection of Common Expenses	Material Purchases	Material Sales	Other Expenses and Incomes, Net
AKSA ELEKTRİK SATIŞ A.Ş.	263,740,772	51,101,324	-	30,769,732	3,729	-	5,200	-	-	-	-
ATK SİGORTA ARACILIK HİZ.AŞ.	-	1,829	-	-	-	-	26,972	-	135	-	(674,537)
AKSA DOĞAL GAZ TOPTAN SATIŞ A.Ş.	-	-	228,056,879	1,077	2,828	-	-	-	-	-	(2,641,356)
KAZANCI HOLDİNG A.Ş.	-	-	-	44,958,790	474,965	-	673,929	13,296,537	-	-	(220)
KONİ İNŞAAT SANAYİ 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 TRANSMİSYON SANAYİ A.Ş.	-	-	-	-	4,662	-	-	-	394,079	-	(56,380)
FLAMİNGO ENERJİ ÜRETİM VE SATIŞ A.Ş	-	-	-	134,876	-	-	-	-	-	-	-
FLAMİNGO BİOYAKIT ÜRETİM VE SAN A.Ş.	-	-	-	191,204	-	-	-	-	-	-	-
AKSA JENERATÖR SANAYİ A.Ş. SERVİS Ş	-	-	-	-	-	-	-	-	4,839	-	(4)
AKSA POWER GENERATION (DUBAI)	-	-	-	-	-	-	-	-	-	-	(346,347)
AKSA ANKARA MAKİNA SATIŞ VE SERVİS	-	2,385	-	-	-	-	-	-	-	-	(42,764)
ÇORUH ELEKTRİK PERAKENDE SATIŞ A.Ş.	137,232,800	7,617,862	-	-	2,739,273	-	-	-	-	-	-
FIRAT ELEKTRİK PERAKENDE SATIŞ A.Ş.	105,564,123	13,259,113	-	936,167	1,467,039	-	-	-	-	-	-
AKSA GENERATORS GHANA LTD	34,970	-	-	-	-	-	-	-	32,237	133,345	(589,699)
AKSA SATIŞ VE PAZARLAMA A.Ş.	-	-	-	-	1,666	-	-	-	72,860	-	(22,455)
AKSA ŞANLIURFA DOĞALGAZ DAĞITIM AŞ.	310	-	11,934,126	-	94,035	-	-	-	-	5,000	-
ÇORUH ELEKTRİK DAĞITIM A.Ş.	83,350	89,750	-	19,904	-	-	-	-	-	262,100	-
ELEKTRİK ALTYAPI HİZMETLERİ LTD.	-	-	-	-	3,507	-	-	-	-	-	-
AKSA TURİZM İŞLETMELERİ 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)**

4. LEGAL TRANSACTIONS WITH THE PARENT COMPANY AND ITS OTHER SUBSIDIARIES

a) Legal Transactions to which the Parent Company is a Party

There are no lawsuits between the Parent Company and Aksa Energy as plaintiff or defendant.

b) Legal Transactions to which Another Subsidiary of the Parent Company is a Party

In the 01.01.2020 - 31.12.2020 accounting period, there are no legal transactions that another subsidiary of the parent company is a party.

c) Legal Transactions with the Parent Company's Routing

In the 01.01.2020 - 31.12.2020 accounting period, there were no legal transactions with the parent company's routing.

ANNUAL AFFILIATION REPORT

d) Legal Transactions Carried Out for the Benefit of the Parent Company or Its Subsidiary

In the 01.01.2020 - 31.12.2020 accounting period, there were no legal transactions carried out for the benefit of the parent company or its subsidiary.

5. MEASURES TAKEN REGARDING TRANSACTIONS WITH THE PARENT COMPANY AND ITS SUBSIDIARIES

a) Measures Taken for the Benefit of the Parent Company

In the 01.01.2020 - 31.12.2020 accounting period, there were no transactions made for the benefit of the parent company.

b. Measures Avoided to be Taken for the Benefit of the Parent Company

In the 01.01.2020 - 31.12.2020 accounting period, there were no measures avoided to be taken for the benefit of the parent company.

c) Measures Taken for the Benefit of Another Subsidiary of the Parent Company

In the 01.01.2020 - 31.12.2020 accounting period, there were no transactions made with another subsidiary of the parent company.

d) Measures Avoided to be Taken for the Benefit of Another Subsidiary of the Parent Company

In the 01.01.2020 - 31.12.2020 accounting period, there were no transactions made with another subsidiary of the parent company.

e) Has the Company suffered a loss as a result of transactions made with the parent company and other subsidiaries?

In the accounting period 01.01.-31.12.2020, there were Holding Joint Units Management Support Expense amounting to TRY 13,296,537, an SAP system maintenance expense amounting to TRY 641,361, Financial Consultancy and Consultancy expenses amounting to TRY 32,568, maturity term difference expense amounting to TRY 474,965 and a maturity term difference income amounting to TRY 44,958,790 from Kazancı Holding A.Ş.

f) If the Company has suffered a loss, whether the loss was balanced, and if it was, what are the methods used in the realization of equalization and balancing activities during the year?

In the 01.01.2020 - 31.12.2020 accounting period, there was no loss as a result of transactions received from the parent company Kazancı Holding A.Ş.

6. OTHER ISSUES
There is no other issue to be added.

7. RESULT
It was concluded that in each and every transaction that Aksa Energy executed with its controlling shareholders and the subsidiaries of its controlling shareholders in 2020, based on the situation and conditions known to us at the time the transaction was executed or the measure was taken or the measure was refrained from being taken, the Company had a commensurate gain in return and there was no measure taken or refrained from being taken that will lead to losses for the Company and, accordingly, there were no transactions or measures that require compensation.

This report was prepared in compliance with true and fair accounting principles pursuant to Article 199 of the Turkish Commercial Code, Law No. 6102, and signed and approved by the Board of Directors.

25.02.2021

Şaban Cemil Kazancı
Chairman of the Board of Directors and CEO

Ahmet Serdar Nişli
Vice Chairman of the Board of Directors

Korkut Öztürkmen
Member of the Board of Directors

Tülay Kazancı
Member of the Board of Directors

Ömer Muzaffer Baktır
Member of the Board of Directors

İlhan Helvacı
Independent Member of the Board of Directors

Murat Yeşilyurt
Independent Member of the Board of Directors

AKSA ENERJİ ÜRETİM A.Ş.
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 AND INDEPENDENT AUDITOR'S REPORT

(CONVENIENCE TRANSLATION OF THE REPORT AND THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

Deloitte.

DRT Bağımsız Denetim ve
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Mersis No :0291001097600016
Ticari Sicil No: 304099

**(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 2020, 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 2020, 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.

Deloitte.

Key Audit Matter	How the matter was addressed in the audit
Impairment of Trade Receivables from Third Parties Group's trade receivables from third parties amounting to TL 2,394,534,994 has reached to 25% in total assets as of 31 December 2020. 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. 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. 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: • 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, • Review of basis and arithmetical accuracy of the model that is used for Group's expected credit losses calculation, • 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, • Inquiring about the management of any disputes or proceedings related to collections and obtaining information about the proceedings from legal counsel, • Testing collections after reporting period by sampling method, • Testing of trade receivable balances from third parties by sending external confirmations by sampling method, 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) Other Matters

The consolidated financial statements of the Group for the year ended on 31 December 2019 were audited by another independent auditor who expressed an unmodified opinion on those consolidated financial statements on 27 February 2020.

5) 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.

6) 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.)

Deloitte.

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

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

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

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

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

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

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

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

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 25 February 2021.

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 2020 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, 25 February 2021

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

ASSETS	*Notes*	***Audited/ Current period*** **31 December 2020**	***Audited / Prior period*** **31 December 2019**
Current assets			
Cash and cash equivalents	6	314,171,908	121,503,123
Trade receivables		2,705,620,407	1,932,874,640
- Trade receivables from related parties	*4*	*311,085,412*	*209,200,606*
- Trade receivables from third parties	*5*	*2,394,534,995*	*1,723,674,034*
Other receivables		76,414,447	143,595,524
- Other receivables from related parties	*4*	*42,317,908*	*3,775,899*
- Other receivables from third parties	*9*	*34,096,539*	*139,819,625*
Derivative financial instrument	7	2,148,922	4,387,466
Inventories	10	138,322,794	284,075,323
Prepaid expenses	11	116,007,264	68,121,888
Current tax assets	27	37,623,113	39,110,786
Other current assets	18	73,474,659	90,292,154
Total current assets		**3,463,783,514**	**2,683,960,904**
Non-current assets			
Financial investments	7	412,408	412,408
Other receivables		6,529,795	7,096,176
- Other receivables from third parties	*9*	*6,529,795*	*7,096,176*
Property, plant and equipment	12	5,655,050,521	5,499,257,130
Right-of-use assets	14	73,524,027	48,706,223
Intangible assets		115,884,555	99,461,368
- Other intangible assets	*13*	*115,884,555*	*99,461,368*
Prepaid expenses	11	2,289,464	6,722,646
Deferred tax asset	27	185,220,021	155,505,193
Total non-current assets		**6,038,910,791**	**5,817,161,144**
TOTAL ASSETS		**9,502,694,305**	**8,501,122,048**

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

LIABILITIES	*Notes*	*Audited / Current period* 31 December 2020	*Audited / Prior period* 31 December 2019
Current liabilities			
Short-term borrowings	8	728,277,260	785,721,878
Current portion of long-term borrowings	8	1,292,953,512	1,206,661,882
Short-term finance lease liabilities	8	830,908	11,556,577
- Finance lease liabilities from related parties		-	*4,232,174*
- Finance lease liabilities from third parties	*8*	*830,908*	*7,324,403*
Short-term portion of long-term finance lease liabilities	8	3,396,047	3,033,070
Other financial liabilities	8	11,181,406	79,680,483
Trade payables		779,913,222	599,548,139
- Trade payables to related parties	*4*	*35,657,639*	*17,177,126*
- Trade payables to third parties	*5*	*744,255,583*	*582,371,013*
Payables related to employee benefits	17	8,597,007	8,800,399
Other payables		197,359,546	36,700,505
- Other payables to related parties	*4*	-	*272,784*
- Other payables to third parties	*9*	*197,359,546*	*36,427,721*
Derivative instruments	7	60,716,151	33,642,251
Current tax liabilities	27	183,176,286	167,942,891
Short-term provisions		23,855,979	5,136,526
- Short-term provisions for employee benefits	*17*	*980,104*	*777,554*
- Other short-term provisions	*15*	*22,875,875*	*4,358,972*
Other current liabilities	18	7,406,200	5,985,809
Total current liabilities		**3,297,663,524**	**2,944,410,410**
Non-current liabilities			
Long-term borrowings	8	834,709,520	1,133,695,421
Long-term finance lease liabilities		74,975,209	34,745,275
Other financial liabilities	8	-	8,361,393
Other payables		72,221,252	39,601,341
- Other payables to third parties	*9*	*72,221,252*	*39,601,341*
Long-term provisions		9,346,433	4,715,939
- Long-term provisions for employee benefits	*17*	*9,346,433*	*4,715,939*
Deferred tax liabilities	27	588,434,184	516,631,304
Total non-current liabilities		**1,579,686,598**	**1,737,750,673**
TOTAL LIABILITIES		**4,877,350,122**	**4,682,161,083**

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

EQUITY	*Notes*	*Audited/ Current period* 31 December 2020	*Audited/ Prior period* 31 December 2019
Equity Attributable to Owners of the Company			
Share capital	19	613,169,118	613,169,118
Share premiums	19	247,403,635	247,403,635
Accumulated other comprehensive income not to be reclassified in profit or loss	19	2,196,268,403	2,263,711,269
- Gains on revaluation of property, plant and equipment		*2,196,123,264*	*2,262,917,793*
- Gain on remeasurements of the defined benefit plans		*145,139*	*793,476*
Accumulated other comprehensive income that will be reclassified in profit or loss	19	493,973,142	234,620,434
- Foreign currency translation differences		*520,339,505*	*248,243,241*
-Gain / (loss) of hedging reserve		*(26,366,363)*	*(13,622,807)*
Restricted reserves appropriated from profit	19	68,742,954	64,980,588
Accumulated gain/(loses)	19	129,592,233	(262,622,830)
Net profit for the year		470,035,971	329,182,900
Total equity attributable to equity holders of the Company		**4,219,185,456**	**3,490,445,114**
Non-controlling interests	19	406,158,727	328,515,851
Total equity		**4,625,344,183**	**3,818,960,965**
TOTAL LIABILITIES AND EQUITY		**9,502,694,305**	**8,501,122,048**

The accompanying notes from an integral part of these consolidated financial statements

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

		Audited/ current period	*Audited/ prior period*
Profit or loss:	*Notes*	**1 January - 31 December 2020**	**1 January - 31 December 2019**
Revenue	20	7,230,546,535	5,578,594,781
Cost of sales (-)	20	(6,032,956,098)	(4,563,137,567)
Gross profit		**1,197,590,437**	**1,015,457,214**
Administrative expenses (-)	21	(117,412,617)	(95,606,154)
Sales, marketing and distribution expenses (-)	21	(9,622,641)	(1,521,304)
Other operating income	22	14,082,509	67,206,818
Other operating expenses (-)	22	(42,165,376)	(9,527,013)
Operating profit		**1,042,472,312**	**976,009,561**
Expected credit losses in accordance with TFRS 9 (-)		(10,604,865)	5,096,478
Gain from investing activities	23	156,404	633,402
Operating profit before finance expenses		**1,032,023,851**	**981,739,441**
Financial income	25	356,862,103	398,409,926
Financial expenses (-)	26	(682,056,938)	(828,696,646)
Financial expenses, net		**(325,194,835)**	**(430,286,720)**
Profit before tax from continuing activities		**706,829,016**	**551,452,721**
Tax expense from continuing activities		**(148,824,227)**	**(96,109,432)**
- Current tax expense	27	(180,742,077)	(147,722,478)
- Deferred tax income	27	31,917,850	51,613,046
Profit for the year		**558,004,789**	**455,343,289**
Profit for the year attributable to:			
- Non-controlling interests	19	87,968,818	126,160,389
- Owners of the Company	28	470,035,971	329,182,900
Total		**558,004,789**	**455,343,289**
Earnings per share			
- Attributable to equity holders of the parent (TL)	28	0.767	0.537

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

Other comprehensive income:	*Notes*	***Audited/ Current period*** **1 January - 31 December 2020**	***Audited/ Prior period*** **1 January - 31 December 2019**
Profit for the year		**558,004,789**	**455,343,289**
Items that will not be reclassified to profit or loss			
Gain on revaluation of the property, plant and equipment	12	-	1,855,172,202
Loss on remeasurements of the defined benefit obligation	17	(750,104)	(130,896)
Tax related to other comprehensive income to be reclassified subsequently to profit or loss:			
- Deferred tax income/(expense)	27	101,767	(358,202,175)
Items that will be reclassified subsequently to profit or loss			
Foreign currency translation differences		261,770,322	202,517,176
Loss on cash flow hedging		(13,330,080)	(12,630,351)
Tax related to other comprehensive income to be reclassified subsequently to profit or loss:			
- Deferred tax income/(expense)	*27*	586,524	2,526,070
Other comprehensive income		**248,378,429**	**1,689,252,026**
Total comprehensive income		**806,383,218**	**2,144,595,315**
Total comprehensive income attributable to			
Non-controlling interests		77,642,876	182,873,546
Equity holders of the parent		728,740,342	1,961,721,769
Total		**806,383,218**	**2,144,595,315**

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

			Other comprehensive income and expenses not to be reclassified in profit or loss		Other comprehensive income and expenses that will be reclassified in profit or loss		Retained earnings					
	Share 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 year**	**Attributable to equity holders of the parent**	**Non-controlling interests**	**Total equity**
Balance as of 1 January 2019	**613,169,118**	**247,403,635**	**898,193**	**821,844,347**	**(3,518,526)**	**45,726,065**	**48,267,560**	**(163,783,444)**	**26,094,071**	**1,636,101,019**	**181,851,117**	**1,817,952,136**
- Total comprehensive income	-	-	(104,717)	1,441,073,446	(10,104,281)	202,517,176	-	(108,220,429)	329,182,900	**1,854,344,095**	146,664,734	**2,001,008,829**
-Transfers	-	-	-	-	-	-	16,713,028	9,381,043	(26,094,071)	-	-	-
Balance as of 31 December 2019	**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**
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**

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

	Notes	*Audited* 1 January - 31 December 2020	*Audited* 1 January - 31 December 2020
A. Cash flows from operating activities		**1,265,103,106**	**810,153,303**
Profit for the year		558,004,789	455,343,289
Adjustments to reconcile net profit/loss for the year:		**1,051,024,982**	**654,325,805**
Adjustments related to depreciation and amortization expenses	24	465,598,364	485,469,510
Adjustments related to provision for employee benefits		4,595,006	798,778
Adjustments related to interest expenses	26	450,940,677	489,369,965
Adjustments related to interest income	25	(142,028,021)	(146,334,223)
Adjustments related to expected provision losses on trade receivables	5	11,604,952	(4,777,818)
Adjustments related to legal provision	15	18,516,903	3,321,186
Adjustments related to impairment in inventories		(861,907)	(995,098)
Adjustments related to tax income/(expense)	27	148,824,227	96,109,432
Adjustments related to derivative transactions expense/(income)	25,26	15,982,363	8,744,964
Adjustments related to loss/(gain) on disposal of property, plant and equipment	23	(80,805)	(151,385)
Adjustments related to unrealized currency translation differences		77,933,223	(277,229,506)
Adjustments related to other increase / (decrease) in working capital		**(308,043,847)**	**(279,753,737)**
Increase/(decrease) in inventories		189,417,785	(168,575,415)
Decrease/(increase) in trade receivables from third parties		(684,236,187)	(431,545,230)
Decrease/(increase) in trade receivables from related parties		(101,884,806)	22,992,701
Decrease/(increase) in other operating receivables from related parties		(38,542,009)	170,293,411
Decrease/(increase) in other operating receivables from third parties		106,289,467	(25,904,399)
Increase/(decrease) in trade payables to third parties		161,884,570	292,920,206
Decrease/(increase) in other operating payables to third parties		64,719,631	58,210,400
Increase/(decrease) in trade payables to related parties		18,480,513	(215,842,456)
Increase/(decrease) in other operating payables to related parties		(272,784)	(6,056,143)
Increase/(decrease) in other liabilities related to operations		19,552,167	51,324,958
Decrease/(increase) in prepaid expenses		(43,452,194)	(27,571,770)
Cash flows generated from operations		**(35,882,818)**	**(19,762,054)**
Tax payments	27	(35,188,904)	(18,890,373)
Provision for employee benefits paid	17	(693,914)	(871,681)
B. Cash flows from investing activities		**(274,294,336)**	**(151,758,695)**
Proceeds from sale of property, plant and equipment and intangible assets	12	(19,227,997)	377,023
Purchases of property, plant and equipment	12	(254,327,249)	(122,281,378)
Purchases of intangible assets	12	(739,090)	(792,340)
Cash Outflows Regarding the Purchases of Control of Subsidiaries		-	(29,062,000)
C. Cash flows from in financing activities		**(795,668,105)**	**(589,758,517)**
Cash inflows from borrowings	32	2.875.827.846	3,070,561,746
Cash outflows from borrowings	32	(3,326,659,661)	(3,302,973,642)
Payments of obligations under finance leases		(11,480,377)	(628,699)
Interest paid	26	(475,383,934)	(503,052,145)
Interest received	25	142,028,021	146,334,223
Net increase/(decrease) in cash and cash equivalents before foreign currency translation differences (A+B+C)		**195,140,665**	**68,636,091**
D. Cash and cash equivalents at the beginning of the year		**121,631,133**	**52,995,042**
Cash and cash equivalents at the end of the year (A+B+C+D)		**316,771,798**	**121,631,133**

(*) The Group calculated expected credit loss amounting to TL 2,601,210 on Cash and Cash Equivalents within the scope of TFRS 9 (31 December 2019: 159.330 TL)

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

1 Organization and operations of the Company

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 or energy production capacity to the customers.

The shares of Company have been registered in the Borsa İstanbul A.Ş. ("BIST") on 21 May 2010 under the name "AKSEN" and the shares are now publicly traded on the Istanbul Stock Exchange. As of 31 December 2020, 20.58% of the Group's shares are listed on BIST (31 December 2019: 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. The details of the subsidiaries included in the consolidation as of 31 December 2020 and 31 December 2019 are as follows:

			Voting power held (%)	
Name of Subsidiary – Foreign Branch	**Principal activity**	**Place of operation**	**31 December 2020**	**31 December 2019**
Aksa Aksen Enerji Ticareti A.Ş. ("Aksa Aksen Enerji")	Electricity production	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 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")	Good and 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 LLC (****)	Electricity production	Uzbekistan	100.00	-

(*) Aksa Indonesia BV changed its title in 2020 and operates with the title of Aksa Uzbekistan Investment BV.
(**) Aksa Enerji Kongo is at investment process and has not started its operations of electricity generation yet.
(***)Aksa Enerji Kamerun has been established but not started its operations yet.
(****) Aksa Energy Tashkent LLC is at investment process and has not started its operations of electricity generation yet.

As of 31 December 2020, the number of employees of the Group is 841 (31 December 2019: 907).

1 Organization and operations of the Company *(cont'd)*

Aksa Aksen Enerji:

Aksa Aksen Enerji was founded on 8 July 2015 by the Aksa Enerji with an ownership percent of 100,00% for the purpose of selling the electricity produced by the Group companies.

Aksa Enerji 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. Unit of power plant with a capacity 192.5 MW 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 2018 MW to 370 MW and thus the guaranteed capacity has been increased from 235,5 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 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 5-year contract with Electricity Distribution Company of Turkish Northern Cyprus ("KIB-TEK") in 2003 has been extended on 1 April 2009 as 15+3 years until 2027. Aksa Enerji Y.Ş. sells the whole electricity generated during this period to Electricity Distribution Company of Turkish Northern Cyprus on tariff based on USD within the scope of the guaranteed sales contract.

In accordance with the capacity increase investments of Kalecik Power Plant in TRNC, the installed capacity has been increased by 33 MW by the instalment of two units with the same engine specifications from the power plants whose licenses were cancelled. The installed capacity of our TRCN Kalecik Power Plant has increased to 153 MW, thus its percentage of availability has also grown by the increase in spare units capacity.

Aksa Energy Company Cameroon Plc

Aksa Energy Company Cameroon Plc was established in 2019 as a holding company of Aksa Enerji 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 main shareholder 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 Netherlands to coordinate the foreign investments as a holding Company. Aksa Madagascar B.V., Aksa Uzbekistan Investment B.V. and Aksa Energy Company Cameroon Plc are affiliates of Aksa Global B.V.

Aksa Göynük Enerji:

Aksa Göynük Enerji has an 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.

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1 Organization and operations of the Company (*cont'd*)

Aksa Madagascar B.V:

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

Aksa Mali S.A.:

On 6 February 2017, Aksa Mali SA was established for operating and maintenance coordination of Mali plant. On 4 August 2017, 10 MW powered portion from the first phase has been put in use. On 28 September 2017, the remaining 30 MW portion of 40 MW installed powered plant in total has been put in use.

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 to 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 and the remaining 16 MW powered portion from the first phase of 66 MW installed powered in total, has been put in use on 5 September 2017. Second phase of 54 MW installed power will be planned to put in use subsequent to the completion of transmission lines in the area. 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:

In 2001, İdil İki Enerji was acquired by Koni İnşaat Sanayi A.Ş. ("Koni İnşaat"), a related party, from Bilkent Group. Idil İki Enerji has a fuel oil fired power plant located in Şırnak with a capacity of 24 MW. The power plant started its operations in 2001. On 5 June 2010, Aksa Enerji acquired 99.99% of all shares of İdil İki İnşaat from Koni İnşaat. Licence of power plant has been cancelled on 7 February 2017.

Rasa Enerji:

Rasa Enerji was established on 2000 for production and distribution of electricity. Rasa Enerji's 99.99% shares have been acquired by Aksa Enerji on 5 June 2010 from Koni İnşaat, one of the related parties of the Group. Rasa Enerji 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 in 8 October 2012. As of 18 November 2015, the installed capacity of Şanlıurfa Natural Gas Power Plant has been increased by 18 MW to 147 MW.

Aksa Enerji Kongo:

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

Aksa Enerji Kamerun:

It was established in Cameroon in 2019 to develop projects.

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. Overseas Power is the partner of Aksa Enerji Kongo.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

1 Organization and operations of the Company (*cont'd*)

Aksa Energy Tashkent LLC:

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 a natural gas combined cycle power plant with an installed capacity of 240 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 the reporting date, the Company has not started its operations yet and is at the investment stage.

There is no change in electricity production licenses compared to prior year. As of 31 December 2020, electricity production licenses held by the Group are as follows:

Licence owner	Location	Type of facility	Date of licence	Licence Duration	The capacity of the plant (MWhe)
Aksa Enerji	TRNC	Fuel oil	1 April 2009	15+3	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 August 2017	6.5 years	370
Aksa Mali S.A	Mali	Fuel Oil	28 September 2017	6.25 years	40
Aksaf Power	Madagascar	Fuel Oil	5 September 2017	20 years	66
Rasa Enerji	Şanlıurfa	Natural gas	12 May 2011	49 years	147
Total					**1,946**

License Owner	Location	Plant Name	Type of facility	Date of licence	Licence Duration	Contract Type	The capacity of the plant (MWhe)
Societe Jiro Sy Rano Malagasy (Jirama)	Madagascar	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 consolidated 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. 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"). TFRS Standards include Standards and Interpretations published as Turkish Accounting Standards ("TAS"), Turkish Reporting Standards, TAS Interpretations and TFRS Interpretations.

The consolidated financial statements are presented in accordance with the TFRS Taxonomy developed on the basis of the financial statement illustrations specified in the Illustrative Financial Statements and User Guide published by the POA dated 15 April 2019.

The consolidated financial statements have been prepared on the historical cost basis *except for certain properties and financial instruments that are measured at revalued amounts or fair values.* 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 2020 were approved by the Board of Directors of the Company on 25 Fabruary 2021. 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.

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2 Basis of preparation of financial statements (cont'd)

2.1 Basis of preparation (cont'd)

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.

c) Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis and for the Group's Turkish entities as adjusted for the effects of inflation that lasted by 31 December 2004, except for the followings:

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

d) Fuctional and presentation currency

The functional currency of the Group, except for its subsidiaries in foreign countries, is Turkish Lira ("TL"). The accompanying consolidated financial statements expressed in TL. All financial information presented in TL has been rounded to the nearest TL amounts, except when otherwise indicated.

The table below summarizes functional currencies of the Group entities.

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 Gana	USD
Aksa Gana B.V.	EUR
Aksa Global B.V.	EUR
Aksa Madagascar B.V.	EUR
Aksa Mali S.A.	EUR
Aksaf Power	USD
Overseas Power	USD
Aksa Enerji Tashkent	USD
Aksa Enerji Kongo	USD
Aksa Enerji Kamerun	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 of the Group have been re-measured to the related functional currencies.

2 Basis of preparation of financial statements (cont'd)

2.1. Basis of Preparation *(Cont'd)*

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.

(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.

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2 Basis of preparation of financial statements *(cont'd)*

2.1. Basis of Preparation *(cont'd)*

e) Basis of consolidation (cont'd)

(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 interim 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 2020	31 December 2019
EUR / TL	9.0079	6.6506
USD / TL	7.3405	5.9402
GHS / USD	0.1745	0.1807
TL / USD	0.1362	0.1683

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.

2 Basis of preparation of financial statements *(cont'd)*

2.1 Basis of Preparation *(cont'd)*

f) Foreign currency (*cont'd)*

Foreign operations (*cont'd)*

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>New and amended TFRS Standards that are effective as of 2020</u>

Amendments to TFRS 3	*Definition of a Business*
Amendments to TAS 1 and TAS 8	*Definition of Material*
Amendments to TFRS 9, TAS 39 and TFRS 7	*Interest Rate Benchmark Reform*
Amendment to TFRS 16	*COVID-19 Related Rent Concessions*
Conceptual Framework	*Amendments to References to the Conceptual Framework in TFRS Standards*

Amendments to TFRS 3 *Definition of a Business*

The definition of "business" is important because the accounting for the acquisition of an activity and asset group varies depending on whether the group is a business or only an asset group. The definition of "business" in TFRS 3 Business Combinations standard has been amended. With this change:

- By confirming that a business should include inputs and a process; clarified that the process should be essential and that the process and inputs should contribute significantly to the creation of outputs.
- The definition of a business has been simplified by focusing on the definition of goods and services offered to customers and other income from ordinary activities.
- An optional test has been added to facilitate the process of deciding whether a company acquired a business or a group of assets.

Amendments to TAS 1 and TAS 8 *Definition of Material*

The amendments in Definition of Material (Amendments to TAS 1 and TAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

Amendments to TFRS 9, TAS 39 and TFRS 7 *Interest Rate Benchmark Reform*

The amendments clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

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2 Basis of presentation of financial statements *(cont'd)*

2.2 Standards issued but not yet effective and not early adopted (*cont'd*)

a) New and amended TFRS Standards that are effective as of 2020 (cont'd)

Amendment to TFRS 16, *COVID-19 Related Rent Concessions*

The changes in COVID-19 Related Rent Concessions (Amendment to TFRS 16) brings practical expedient which allows a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 31 December 2021 and
- there are no substantive changes to other terms and conditions of the lease.

The amendment is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

POA has made changes on TFRS 16 Lease Liabilities standard regarding to rent concessions given to lessees due to Covid-19 pandemic on 5 June 2020. The lessees who take advantage of these rent concessions should recognize any change in rent payment according to current sentences of the standard same as applied for as unchanged in lease liabilities.

The Group has decided to not to take any advantage of rent concessions mentioned above. So, no assessment has been made by the Group whether if there is any change in rent conditions or not.

Amendments to References to the Conceptual Framework in TFRS Standards

The references to the Conceptual Framework revised the related paragraphs in TFRS 2, TFRS 3, TFRS 6, TFRS 14, TAS 1, TAS 8, TAS 34, TAS 37, TAS 38, TFRS Interpretation 12, TFRS Interpretation 19, TFRS Interpretation 20, TFRS Interpretation 22, and TFRS Interpreation 32. The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted. If all other changes made by the *Amendments to References to the Conceptual Framework in TFRS Standards* are applied, early application is allowed.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

2 Basis of presentation of financial statements *(cont'd)*

2.2 Standards issued but not yet effective and not early adopted *(cont'd)*

b) <u>New and revised TFRSs in issue but not yet effective</u>

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, TFRS 16 and TAS 41*
Amendments to TFRS 4	*Extension of the Temporary Exemption from Applying TFRS 9*
Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16	*Interest Rate Benchmark Reform — Phase 2*

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 deferred and 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.

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2 Basis of presentation of financial statements *(cont'd)*

2.2 Standards issued but not yet effective and not early adopted *(cont'd)*

b) New and revised TFRSs in issue but not yet effective (cont'd)

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 recognises 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 (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments 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 International 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 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.

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.

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 2019 and in the year ending on the same date.

2 Basis of presentation of financial statements *(cont'd)*

2.3 Summary of significant accounting policies (cont'd)

a) Revenue

<u>General model for revenue recognition</u>

The Group recognizes the revenue generated by the sale of electricity produced by official authorities and in the market. When control of an asset passes to the customer, the asset is transferred.

The Group recognized the revenue in accordance with the following 5 basic principles:

(a) Identification of customer contracts
(b) Identification of performance obligations
(c) Determination of transaction price in the contract
(d) Allocation of price to performance obligations
(e) Recognition of revenue when performance obligation is fulfilled

A contract is considered within the scope of TFRS 15 if all the conditions of the contract are legally enforceable, the rights and payment terms for the goods and services are identifiable, the contract has commercial substance, the contract is approved by the parties and all the conditions are met by the parties to fulfill their obligations.

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

The Group takes into account the contract terms and commercial practices in order to determine the transaction price. Transaction price is the price that the Group expects to deserve in return for transferring the promised goods or services to the customer, excluding the amounts collected on behalf of third parties (eg some sales taxes). While evaluating, it is taken into consideration whether the contract includes elements of variable amounts and a significant financing component.

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

b) Financial instruments

i) Recognition and measurement

Trade receivables and debt securities 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.

ii) Classification and subsequent measurement

According to TFRS 9, when a financial asset is included in the financial statements for the first time; measured at amortized cost; - investments in debt instruments - measured at fair value through other comprehensive income; the difference is measured by reflecting on other comprehensive income - investments made in equity instruments or classified as measured by reflecting the difference to profit or loss.

Financial assets are not reclassified after initial recognition unless the Group changes its operating model to manage financial assets. In this case, all affected financial assets are reclassified on the first day of the first reporting period following the change in operating model.

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2 Basis of presentation of financial statements *(cont'd)*

2.3 Summary of significant accounting policies *(cont'd)*

b) Financial instruments *(cont'd)*

ii) Classification and subsequent measurement (cont'd)

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

- 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 and equity investments measured at FVTPL. 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 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; managing daily liquidity needs, maintaining a specific interest yield, or aligning the maturity of financial assets with the maturity of the debts that fund those assets;
- how the performance of the portfolio is evaluated and reported to the Group's 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, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales. Financial assets that are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

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.

2 Basis of presentation of financial statements *(cont'd)*

2.3 Summary of significant accounting policies *(cont'd)*

b) Financial instruments *(cont'd)*

Financial assets- Assessment whether contractual cash flows are solely payments of principal and interest (cont'd)

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 meets the solely payments of principal and interest criteria. It is managed in accordance with the business model based on collection of these receivables.

The following accounting policies are valid for the subsequent measurements 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. The amortized cost is reduced by impairment losses. 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.

2 Basis of presentation of financial statements *(cont'd)*

2.3 Summary of significant accounting policies *(cont'd)*

b) Financial instruments *(cont'd)*

Financial liabilities

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 income 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 first recorded on the transaction date when the Group becomes a party to the contractual terms of the relevant financial instrument.

Non Derivative financial liabilities were comprised of loans, trade and other payables, payables to related parties 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.

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.

2 Basis of presentation of financial statements *(cont'd)*

2.3 Summary of significant accounting policies *(cont'd)*

b) Financial instruments *(cont'd)*

Financial liabilities (cont'd)

iv. Financial asset and liability offsetting

The Group clarifies its financial assets and liabilities only when it has a legal right to netting and intends to perform the transaction on a net basis or to realize the asset and fulfill the obligation simultaneously and show the net amount in its financial statements.

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. The Group defines certain derivatives and non-derivative financial liabilities as hedging instruments for net investment in foreign operations.

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.

Hedge accounting

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.

The change in the fair value of the forward value of the forward foreign exchange purchase and sale contracts (the "forward element") is accounted as a hedge fund as a separate component in equity as 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.

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2 Basis of presentation of financial statements *(cont'd)*

2.3 Summary of significant accounting policies *(cont'd)*

b) Financial instruments *(cont'd)*

Financial liabilities (cont'd)

Hedge accounting (cont'd)

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 classified as profit or loss in the period or periods in which the estimated future cash flows are affected by 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 assets

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.

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

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) Impairment in 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.

2 Basis of presentation of financial statements *(cont'd)*

2.3 Summary of significant accounting policies *(cont'd)*

c) Impairment in assets *(cont'd)*

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 (either partially or in full) 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.

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

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.

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2 Basis of presentation of financial statements *(cont'd)*

2.3 Summary of significant accounting policies *(cont'd)*

c) Impairment in assets *(cont'd)*

Non-derivative financial assets (cont'd)

If the registered value of CGU exceeds the recoverable value, the depreciation expense is recorded.

Impairment losses are recognized in profit or loss. Impairment losses allocated in previous periods are re-evaluated in each reporting period, in case there is a decrease in value or there are indications that the impairment is not valid. Impairment is reversed in case of a change in estimates used in determining the recoverable amount.

If the depreciation of non-financial assets reserved in previous periods were not recorded for the depreciation of this asset, the registered value to be determined for the asset will be reversed in a way that does not exceed the amount after the depreciation or amortization shares are deducted.

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.

e) Related parties

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 Company,
- (ii) has significant influence over the Company; or,
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the Company,

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

- (i) The entity and the Company 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 Company or an entity related to the Company. If the Company itself has 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).

2 Basis of presentation of financial statements *(cont'd)*

2.3 Summary of significant accounting policies *(cont'd)*

f) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment except for land and buildings and land improvements and 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 and buildings and land improvements and machinery and equipment in the tangible fixed assets by revaluation method in accordance with TAS 16 "Prpoerty, Plant and Equipment". The revalued amount is the value found by deducting the subsequent accumulated depreciation and subsequent accumulated impairment losses from its fair value at the date of revaluation. The increase arising from the revaluation of the said lands, land improvements, buildings and plant, machinery and equipment is recorded after netting off the deferred tax effect on the revaluation reserve in equity. Decreases arising from the valuation made over the recorded amounts of the re-evaluated lands, land improvements, buildings and plant, machinery and equipment are also reflected as expense, if any, exceeding the amount of revaluation reserve arising from 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 "Gain/(loss) from investing activities" in profit or loss.

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.

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2 Basis of presentation of financial statements *(cont'd)*

2.3 Summary of significant accounting policies *(cont'd)*

f) Property, plant and equipment (*cont'd*)

(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 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. 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.

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

After initial recognition, the stripping activity asset is initially measured at its cost less depreciation and less impairment losses. Stripping activity asset is depreciated on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.

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

	Year
Buildings	10 - 50
Plant, 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.

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

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

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

2 Basis of presentation of financial statements *(cont'd)*

2.3 Summary of significant accounting policies *(cont'd)*

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 registered value of intangible fixed assets is reduced to the recoverable amount.

(ii) Subsequent costs

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, is 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, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

h) Leases

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.

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2 Basis of presentation of financial statements *(cont'd)*

2.3 Summary of significant accounting policies *(cont'd)*

h) Leases *(cont'd)*

Group as a lessee *(cont'd)*

The lease liability is presented as a separate line in the consolidated 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 Group 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.

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 Group 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 right-of-use assets are impaired or not, and accounts for all 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.

2 Basis of presentation of financial statements *(cont'd)*

2.3 Summary of significant accounting policies *(cont'd)*

h) Leases *(cont'd)*

<u>Group as a lessor</u>

The Group enters into lease agreements as a lessor with respect to some of its investment properties. The Group also rents equipment to retailers necessary for the presentation and customer fitting and testing of footwear and equipment manufactured by the Group.

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 provisions in TFRS 9 to the net lease investment. The Group regularly reviews the estimated unguaranteed residual values used in the calculation of the gross lease investment and revises the distribution of income over the lease term in the event of a decrease in the estimated unguaranteed residual value and reflects the decrease in the accrued amounts directly to the financial statements.

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

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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money where appropriate, and the risks specific to the liability.

2 Basis of presentation of financial statements *(cont'd)*

2.3 Summary of significant accounting policies *(cont'd)*

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. Such payments are calculated on the basis of 30 days' pay maximum TL 7,639 as at 31 December 2020 (31 December 2019: TL 6,379) per year of employment at the of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the financial statements on a current basis. The management of the Group used some assumptions (detailed in Note 17) in the calculation of the retirement pay provision. All actuarial gains and losses are recognized for in other comprehensive income.

k) Contingent assets and liabilities

It is defined as an existing asset or liability that will result in the exit or entry of resources that are arising from past events and that contain economic benefits. Contingent liabilities are disclosed in the notes to the consolidated financial statements, except in cases where the possibility of the outflow of resources embodying economic benefits is remote. If the situation requiring resource transfer is probable, contingent liabilities are reflected in the consolidated financial statements. If it becomes probable that the economic benefit will enter the business, an explanation is made in the footnotes of the consolidated financial statements regarding the contingent asset. If it is certain that the economic benefit will enter the business, the asset and the related income change are included in the consolidated financial statements at the date of their change.

l) Income from investing activities and expenses from investing activities

Income from investing activities includes profits from sales of subsidiaries, and income from sales of fixed assets and scrap. Includes expenses from investing activities, fixed assets, expenses and losses from sales of subsidiaries.

2 Basis of presentation of financial statements *(cont'd)*

2.3 Summary of significant accounting policies *(cont'd)*

m) Finance income and finance expenses

Finance income consists of interest income from bank deposits, which are part of the cycle used for financing, interest income from funds made, foreign exchange income on financial assets and liabilities (other than trade receivables and payables) and derivative instruments, which are recorded in profit or loss and received from related parties and interest and maturity difference earnings.

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

Foreign exchange gains and expenses on financial assets and liabilities (excluding trade receivables and payables) are reported as gross in finance income or finance expenses. Exchange difference and rediscount income on trade receivables and payables are reported under other operating income, while exchange difference and rediscount expenses are reported as gross in other operating expenses.

n) Earnings/(loss) per share

Earnings / (loss) per share stated in the consolidated statement of profit or loss and other comprehensive income, dividing the net profit / (loss) or total comprehensive income / (expense) of the parent company has been found by the weighted average number of stocks in the market during the relevant period.

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.

The current tax asset and liability can only be cleared when certain conditions are met. Tax legislation in Turkey does not permit a parent company and its subsidiary to fill out consolidated tax return. Therefore, the tax provision reflected in the consolidated financial statements is calculated separately for companies.

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2 Basis of presentation of financial statements *(cont'd)*

2.3 Summary of significant accounting policies *(cont'd)*

o) Tax *(don't'd)*

(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 that occur in the following situations:.

- Temporary differences arising from initial recognition of assets or liabilities resulting from a transaction that is not a business combination and affects neither accounting profit nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries that are unlikely to reverse in the foreseeable future and where the Group can control the reversal time; and
- Taxable temporary differences arising during the initial recognition of goodwill.

Unused prior year's financial losses, tax advantages and deductible temporary differences can be taxed at an amount sufficient to offset them in the future, and a deferred tax asset is recognized if it is probable that a profit will be obtained. 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 it will gain taxable profit in the future, a deferred tax asset that has not been recognized beforehand is recognized, limited to these amounts.

The Group measures deferred tax liabilities and deferred tax assets consistently with the tax consequences of its expectations at the end of the reporting period regarding how its assets will recover their book values or how they will pay their debts.

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 netting has been made on a consolidated basis. Deferred tax is calculated over the tax rates expected to be valid in the period when assets are created or liabilities are fulfilled.

(iii) Tax risk

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

p) Reporting according to segments

The operating segment is a part of the Group, which is engaged in operating activities where it can generate revenue and spend, and whose operating results are regularly reviewed by the authority to make decisions regarding the activities in order to make decisions regarding the resources to be allocated to the department and to evaluate the performance of the department and separate financial information about it.

Explanations regarding the activity segments for the periods ending on 31 December 2020 and 31 December2019 are presented in Note 3.

2 Basis of presentation of financial statements *(cont'd)*

2.3 Summary of significant accounting policies *(cont'd)*

r) Share capital

Ordinary Shares

Ordinary shares are classified as paid-in capital. Additional costs directly attributable to the issuance of ordinary shares are recognized as a decrease in equity after deducting any tax effect, if any.

2.4 Significant accounting judgements, estimates and assumptions

Other matters that significantly affect the financial statements or are required to be disclosed in order to make the financial statements clear, interpretable and understandable

Group has been implementing several contingency plans to mitigate the potential negative impacts of COVID 19 on the Group's operations and financial statements. It has been some partial hitches in sales process due to curfews and due to closure in countries that Group operates in parallel with the effects on global markets in terms of macro-economic uncertainty. Meanwhile Group has taken series of actions to minimize operational costs and has reviewed current cash flow strategies to maintain strong balance sheet and liquidity figures. Lifting of curfews and decreasing in restrictions regarding to pandemic has positive effect on both market demand and Group's operations.

While preparing its consolidated financial statements dated 31 December 2020, the Group 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 the financial statements dated 31 December 2020, the Group evaluated the possible effects of the COVID-19 outbreak on the important estimates and assumptions used in the preparation of the financial statements and concluded that there is no material effect. The Company Management takes the necessary precautions to keep the possible negative effects under control and to minimize its exposure. This approach, which is preferred for the period of 31 December 2020, will be reviewed in the upcoming 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 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. 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 activity asset is initially measured at its cost less depreciation and less impairment losses. Stripping activity asset is depreciated on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.

2 Basis of presentation of financial statements *(cont'd)*

2.4 Significant accounting judgements, estimates and assumptions *(cont'd)*

Useful lives of property, plant and equipment (cont'd)

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
Coal plants	43

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

Depreciation methods, useful lives and residual values 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 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 necessary and significant differences are disclosed.

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3 Operating segments

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 2020		
	Turkey (*)	**Africa**	**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 2019		
	Turkey (*)	**Africa**	**Total**
Total segment income	4,296,532,062	1,282,062,719	**5,578,594,781**
Profit before interest, tax, depreciation and amortization (EBITDA)	571,067,845	895,507,704	**1,466,575,549**

	1 January – 31 December 2020		
	Turkey (*)	**Africa**	**Total**
Reconciliation of EBITDA with profit before tax	506,721,786	990,744,025	**1,497,465,811**
Depreciation and amortisation	(162,520,695)	(303,077,669)	**(465,598,364)**
Finance 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**

	1 January – 31 December 2019		
	Turkey (*)	**Africa**	**Total**
Reconciliation of EBITDA with profit before tax	571,067,845	895,507,704	**1,466,575,549**
Depreciation and amortisation	(287,430,679)	(198,038,831)	**(485,469,510)**
Finance income/(expenses), net	(463,660,006)	33,373,286	**(430,286,720)**
Income from investing activities, net	633,402	-	**633,402**
Profit before tax	**(179,389,438)**	**730,842,159**	**551,452,721**

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3 Operating segments *(cont'd)*

	31 December 2020		
	Turkey (*)	**Africa**	**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**
	31 December 2019		
	Turkey (*)	**Africa**	**Total**
Segment assets	5,691,940,213	2,809,181,835	**8,501,122,048**
Segment liabilities	3,787,152,257	895,008,826	**4,682,161,083**

(*) TRNC included.

4 Related party disclosures

(a) Related party balances

Short-term receivables from related parties as of 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020		**31 December 2019**	
Short-term receivables	**Trade**	**Other**	**Trade**	**Other**
Short-term receivables	311,085,412	42,317,908	209,200,606	3,775,899
Total	**311,085,412**	**42,317,908**	**209,200,606**	**3,775,899**

i) Receivables from related parties:

	31 December 2020		**31 December 2019**	
	Trade	**Other**	**Trade**	**Other**
Aksa Elektrik Satış A.Ş.	250,470,646	42,317,908	157,669,120	3,770,092
Koni İnşaat Sanayi A.Ş.	20,886,486	-	32,497,061	-
Fırat Elektrik Perakende Satış A.Ş.	22,072,262	-	7,693,333	-
Çoruh Elektrik Perakende Satış A.Ş.	8,064,709	-	2,077,944	-
Aksa Doğalgaz Toptan Satış A.Ş.	4,986,827	-	-	-
Aksa Power Generation FZE	1,282,697	-	5,966,648	-
Flamingo Bioyakit Üretim ve Sanayi A.Ş.	-	-	1,263,465	-
Other	3,321,785	-	2,033,035	5,807
Total	**311,085,412**	**42,317,908**	**209,200,606**	**3,775,899**

Maturity difference is calculated by taking into account the legal interest rate for the receivables from related parties.

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4 Related party disclosures *(cont'd)*

(a) Related party balances *(cont'd)*

ii) Payables to related parties:

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

	31 December 2020		31 December 2019	
Short-term payables	**Trade**	**Other**	**Trade**	**Other**
Short-term payables	35,657,639	-	17,177,126	272,784
Total payables	**35,657,639**	**-**	**17,177,126**	**272,784**

	31 December 2020		31 December 2019	
	Trade	**Other**	**Trade**	**Other**
Aksa Doğalgaz Toptan Satış A.Ş.	23,732,705	-	-	-
ATK Sigorta Aracılık Hizmetleri A.Ş.	10,308,746	-	11,479,357	-
Kazancı Holding A.Ş.	1,347,985	-	1,580,435	269,188
Aksa Elektrik Satış A.Ş.	208,971	-	167,186	-
Koni İnşaat Sanayi A.Ş.	30,722	-	49,419	-
Aksa Jeneratör Sanayi A.Ş.	6,603	-	1,816,970	3,000
Fırat Elektrik Perakende Satış A.Ş.	-	-	7,619	-
Çoruh Elektrik Perakende Satış A.Ş.	-	-	5,957	-
Aksa Şanlıurfa Doğal Gaz Dağıtım A.Ş.	-	-	2,013,906	-
Other	21,907	-	56,277	596
Total	**35,657,639**	**-**	**17,177,126**	**272,784**

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4 Related party disclosures *(cont'd)*

(b) Related party transactions

i) Purchases from and sales to related parties:

	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)**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

4 Related party disclosures (cont'd)

(b) Related party transactions (cont'd)

i) Purchases from and sales to related parties (cont'd):

1 January – 31 December 2019

	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	79,435,398	22,103,980	-	46,607,927	16,424	-	4,806	-	19,001	-	-
ATK Sigorta Aracılık Hizmetleri A.Ş.	-	-	-	-	-	-	162	-	331,240	263,265	(4,394,322)
Aksa Doğal Gaz Toptan Satış A.Ş.	-	-	3,316,914	-	-	-	-	-	-	-	-
Kazancı Holding A.Ş.	-	-	-	1,289,364	361,322	-	590,370	8,655,210	-	-	(275)
Koni İnşaat Sanayi A.Ş.	11,824	-	-	7,464,278	32,055	3,263,650	785,429	-	92,153	948,282	252,113
Aksa Jeneratör Sanayi A.Ş.	-	-	-	938,122	235,912	-	164,942	-	62,788	-	(3,418)
Flamingo Enerji Üretim A.Ş.	-	-	-	68,428	-	-	-	-	-	-	-
Flamingo Bioyakıt Üretim Sanayi A.Ş.	-	-	-	142,440	-	-	-	-	-	-	-
Aksa Power Generation (Dubai)	-	-	-	-	-	-	2,436	-	-	-	(1,185,063)
Aksa Ankara Makine Sat. ve Servis A.Ş.	-	-	-	-	-	-	565	-	-	-	(22,239)
Çoruh Elektrik Perakende Satış A.Ş.	18,447,697	1,820,259	-	1,630,685	14,125,229	-	-	-	52,976	-	-
Fırat Elektrik Perakende Satış A.Ş.	18,301,905	5,547,072	-	316,828	12,937,778	-	-	-	-	-	-
Fırat Elektrik Dağıtım A.Ş.	-	-	-	-	52,872	-	-	-	-	735	-
Aksa Satış ve Pazarlama A.Ş.	-	-	-	-	2,468	-	-	-	-	118,794	(8,371)
Aksa Şanlıurfa Doğal Gaz Dağıtım A.Ş.	-	-	45,272,009	-	-	-	-	-	-	-	-
Çoruh Elektrik Dağitim A.Ş.	16,374	-	-	2,443	17,395	-	500	-	-	-	-
Elektrik Altyapi Hizmetleri	-	-	-	-	108,830	430,354	340,671	-	-	-	(29,104)
Aksa Teknoloji ve Müşteri Hiz. A.Ş.	-	-	-	5,453	-	-	-	-	-	-	-
Aksa Servis Kirlama A.Ş.	-	-	-	-	-	-	-	-	6,075	-	-
	116,213,198	**29,471,311**	**48,588,923**	**58,465,968**	**27,890,285**	**3,694,004**	**1,889,881**	**8,655,210**	**564,233**	**1,331,076**	**(5,390,679)**

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 13,952,026,500 as of 31 December 2020 (31 December 2019: TL 10,161,287,700).

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

Key management personnel consists of members of Board of Directors. The compensation of key management personnel includes salaries, bonus, health insurance, communication and transportation and total amount of compensation is explained below. The remuneration of key management personnel for the year ended on 31 December 2020 is TL 1,650,000 (31 December 2019: TL 1,460,000).

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5 Trade receivables and payables

(a) Short-term trade receivables

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

Current trade receivables	**31 December 2020**	**31 December 2019**
Trade receivables	2,424,480,022	1,740,243,835
Expected credit losses (-)	(29,945,027)	(16,569,801)
Total trade receivables from third parties	**2,394,534,995**	**1,723,674,034**

The Group’s foreign currency risk, liquidty risk and impairment risk regarding to current trade receivables disclosed in Note 30.

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

	31 December 2020	**31 December 2019**
Balance as at 1 January	16,569,801	24,961,521
Provision made / (reversed) during the period	9,163,072	(4,937,148)
Currency translation adjustment	4,212,154	(3,454,572)
31 December	**29,945,027**	**16,569,801**

(b) Short-term trade payables

As of 31 December 2020 and 31 December 2019, trade payables to third parties consist of the following items:

Current trade payables	**31 December 2020**	**31 December 2019**
Trade payables	744,255,583	582,371,013
Total trade payables to third parties	**744,255,583**	**582,371,013**

The Group’s foreign currency risk and liquidty risk regarding to short term trade payables disclosed in Note 30.

6 Cash and cash equivalents

As of 31 December 2020 and 31 December 2019, cash and cash equivalents are detailed below:

	31 December 2020	31 December 2019
Cash in hand	606,541	242,200
Banks	313,565,367	121,260,923
- Demand deposit	*39,228,508*	*42,814,483*
- Time deposit (*)	*274,335,539*	*78,415,120*
- Blocked deposit	*1,320*	*31,320*
Total	**314,171,908**	**121,503,123**
Restricted cash amount	(1,320)	(31,320)
Cash and cash equivalents in the statement of cash flows	**314,170,588**	**121,471,803**

(*) As of 31 December 2020, the Group has;

- time deposit denominated in USD equivalent of TL 3,400.00 at 15.62% interest rate with maturity of 4 January 2021; and
- TL 273,213,410 at 0.67% interest rate with maturity of 4 January 2021.
- (As of 31 December 2019, the Group has time deposit denominated in USD equivalent of TL 41,878,410 at 14.30% interest rate with maturity of 4 January 2021, in Euro equivalent of TL 10,408,000 at 0.01% interest rate with maturity of 2 January 2020, and in TL 26,440,000 at 10.5% interest rate with maturity of 2 January 2020).

Explanations about the nature and level of risk related to cash and cash equivalents are provided in Note 30.

7 Financial investments

(a) Financial assets

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

Financial Asset	Acquisition %	31 December 2020	31 December 2019
Enerji Piyasaları İşletme A.Ş. (*)	0.67	412,408	412,408
Total		**412,408**	**412,408**

(*) The Group invest to Enerji Piyasaları İşletme A.Ş. and obtained 412,408 number of Group C share on 20 November 2014.

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

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7 Financial investments *(cont'd)*

(b) Derivative financial assets and liabilities

Derivative financial instruments are recognized as derivative financial instruments in the consolidated financial statements when they are not designed in a hedging relationship required for hedge accounting. Hedging transactions that fulfill the requirements of hedge accounting of the Group are classified as derivative financial instruments for hedging purposes.

As of 31 December 2020 and 31 December 2019, derivative financial instruments are detailed below:

	31 December 2020		31 December 2019	
	Fair value		Fair value	
Short-term financial instruments	**Asset**	**Liability**	**Asset**	**Liability**
Instruments intended for cash flow hedging	-	(30,358,076)	-	(17,027,994)
Held for trading	2,148,922	(30,358,075)	4,387,466	(16,614,257)
Total	**2,148,922**	**(60,716,151)**	**4,387,466**	**(33,642,251)**

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

Explanations about the nature and level of risk related to derivative financial instruments are provided in Note 30.

8 Borrowings

Short-term	**31 December 2020**	**31 December 2019**
Short-term bank loans	728,277,260	785,721,878
Short-term portion of long-term bank loans	1,292,953,512	1,206,661,882
Total Current Borrowings	**2,021,230,772**	**1,992,383,760**
Long-term		
Long-term bank loans	834,709,520	1,133,695,421
Total Borrowings	**2,855,940,292**	**3,126,079,181**

The maturity information on the borrowings is stated in Note 16.

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8 Borrowings *(cont'd)*

The maturities and terms for the open loans as of 31 December 2020 and 31 December 2019 are as follows:

Currency	Interest rate	31 December 2020
TL	7.50% - 20.50%	1,931,765,729
USD	Libor6M +6.35% , 6.75%-8.35%	911,057,249
EUR	Euribor6M+1.95%	13,117,314
Total		**2,855,940,292**

Currency	Interest rate	31 December 2019
TL	11.50% - 28.90%	1,510,079,050
USD	6MLibor +0.15%- 6MLibor +8.35%	1,582,930,035
EUR	Euribor6M+1.95% - 3.84%	33,070,096
Total		**3,126,079,181**

31 December 2020			
Maturity	**Currency**	**Currency amount**	**TL amount**
Less than 1 year	USD	104,663,974	768,285,902
	EUR	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
	TL	214,024,170	214,024,170
2-3 Years	USD	24,453,680	179,502,235
	TL	9,592,701	9,592,701
3-4 Years	USD	21,264,144	156,089,449
4-5 Years	USD	9,550,926	70,108,575
Total			**2,855,940,292**

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8 Borrowings *(cont'd)*

31 December 2019

Maturity	**Currency**	**Currency amount**	**TL amount**
Less than 1 year	USD	120,490,666	715,738,654
	EUR	3,555,751	23,647,876
	TL	1,252,997,230	1,252,997,230
1-2 Years	USD	66,975,270	397,846,496
	EUR	1,416,747	9,422,220
	TL	232,375,291	232,375,291
2-3 Years	USD	27,003,097	160,403,798
	TL	24,706,529	24,706,529
3-4 Years	USD	23,252,747	138,125,965
4-5 Years	USD	19,922,058	118,341,009
+5 Years	USD	8,833,728	52,474,113
Total			**3,126,079,181**

Other financial liabilities as of 31 December 2020 and 31 December 2019 are as follows:

Other short-term financial liabilities	**31 December 2020**	**31 December 2019**
Factoring liabilities	11,181,406	79,680,483
Total	**11,181,406**	**79,680,483**

Other long-term financial liabilities	**31 December 2020**	**31 December 2019**
Factoring liabilities	-	8,361,393
Total	**-**	**8,361,393**

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8 Borrowings *(cont'd)*

The details of factoring payables as of 31 December 2020 and 31 December 2019 are as follows:

31 December 2020		
Maturity	**Currency**	**TL**
Less than 1 year	TL	11,181,406
Total		**11,181,406**

31 December 2019		
Maturity	**Currency**	**TL**
Less than 1 year	TL	79,680,483
1-2 Years	TL	8,361,393
Total		**88,041,876**

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 2020 and 31 December 2019, the TL equivalent values and the repayment schedule of financial lease payables as of the balance sheet date are as follows:

Currency	Interest Type	Payment Period	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**

Currency	Interest Type	Agreement Date	Interest Rate	31 December 2019
TL	Fixed	1 March 2038	21.29%-29.40%	47,499,812
USD	Fixed	1 November 2020	7.70%	819,884
EUR	Fixed	1 August 2020	7.00%	1,015,226
Total				**49,334,922**

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9 Other receivables and payables

(a) Other short-term receivables

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

Other short-term receivables	31 December 2020	31 December 2019
Receivables from sales of subsidiaries (*)	29,900,499	128,680,219
Deposits and guarantees given	1,404,117	8,043,101
Other	2,791,923	3,096,305
Total	**34,096,539**	**139,819,625**

(*) Receivables from Borusan EnBW Enerji Yatırımlar ve Üretim A.Ş. is in relation to sale of Alenka Enerji.

Explanations about the nature and level of risk related to other short term receivables are provided in Note 30.

(b) Other long-term receivables

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

Other long-term recaivables	31 December 2020	31 December 2019
Deposits and guarantees given	6,529,795	7,096,176
Total	**6,529,795**	**7,096,176**

Explanations about the nature and level of risk related to other long term receivables are provided in Note 30.

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9 Other receivables and payables *(cont'd)*

(c) Other short and long-term payables

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

Other short-term payables	31 December 2020	31 December 2019
Taxes and funds(*)	143,258,756	-
Payable VAT	18,762,058	27,069,501
Deposits and guarantees received	7,736,744	6,784,864
Other (**)	27,601,988	2,573,356
Total	**197,359,546**	**36,427,721**

Explanations about the nature and level of risk related to other short term payables are provided in Note 30.

Other long-term payables	31 December 2020	31 December 2019
Taxes and funds (*)	47,752,919	-
Other payables (**)	24,468,333	39,601,341
Total	**72,221,252**	**39,601,341**

(*) Corporate tax installment payment for its subsidiaries.
(**) Aksa Madagascar B.V., a wholly-owned subsidiary of Aksa Enerji Üretim A.Ş. ("Aksa Energy") has acquired 416.5 shares, each with a nominal value of 1 (one) USD, in AKSAF Power Ltd, a company established for the construction of a power plant and electricity sales in Republic of Madagascar, in which Aksa Madagascar B.V. had a 58.35% stake and our foreign partner AF Power Ltd had a 41.65% stake, for a consideration of USD 15,000,000. USD 5,000,000 portion of the share transfer price has been paid up on the transfer date and the remaining portion will be paid in quarterly installments of USD 833,333 to be completed by 31 December 2022.

10 Inventories

As of 31 December 2020 and 31 December 2019, the inventories are as follows:

	31 December 2020	31 December 2019
Raw material	101,764,109	198,600,078
Other material inventories	21,305,102	28,308,095
Work-in-progress	15,794,633	58,570,107
Provision for impairment on inventories (-)	(541,050)	(1,402,957)
Total	**138,322,794**	**284,075,323**

As of 31 December 2020, the inventories of the Group mainly consist of fuel oil, oil, fuel and operating materials, and there are no pledges, annotations or guarantees given on the inventories.

As a result of aging, whether there is an impairment related to the inventories is tested by determining the inventories that have not moved for a long time and by taking into account their net realizable value according to the reason of not moving.

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11 Prepaid expenses and deferred income

(a) Prepaid expenses – short-term

Short-term prepaid expenses	31 December 2020	31 December 2019
Advances given for raw material purchase	91,775,806	41,919,414
Prepaid insurance expenses	16,130,210	14,166,930
Other prepaid expenses	8,101,248	12,035,544
Total	**116,007,264**	**68,121,888**

(b) Prepaid expenses- long-term

Long-term prepaid expenses	31 December 2020	31 December 2019
Advances given for tangible assets	882,980	4,120,355
Prepaid guarantee letter commissions	1,406,484	2,592,472
Other prepaid expenses	-	9,819
Total	**2,289,464**	**6,722,646**

12 Property, plant and equipment

As of 31 December 2020 and 31 December 2019, property, plant and equipment consists of other tangible assets and mining assets.

	31 December 2020	31 December 2019
Property, plant and equipments	5,599,044,159	5,468,215,676
Mining assets	56,006,362	31,041,454
Total	**5,655,050,521**	**5,499,257,130**

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12 Property, plant and equipment *(cont'd)*

a) Other tangible assets

	Lands	Land improvements	Buildings	Plant, machinery and equipment	Vehicles	Furniture and Fixture	Leasehold improvements	Construction in progress	Total
Cost									
Opening balance as of January 1, 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	3,157,884	12,709	32,111,302	372,508	1,816,134	-	173,311,049	212,864,894
Disposals	-	-	-	-	(199,459)	-	-	-	(199,459)
Transfers	-	695,398	-	42,016,833	-	203,172	-	(85,718,752)	(42,803,349)
Currency translation effect	-	1,376,735	20,408,997	541,089,570	1,486,278	1,548,202	-	41,322,709	607,232,491
Closing balance as of December 31, 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									
Opening balance as of January 1, 2020	**-**	**2,899,113**	**32,214,490**	**1,929,664,937**	**3,134,271**	**14,704,316**	**5,130,043**	**-**	**1,987,747,170**
Charge of period	-	711,675	9,167,858	415,039,369	907,686	1,066,610	2,747,288	-	429,640,486
Disposals	-	-	-	(19,459,419)	(48,842)	-	-	-	(19,508,261)
Currency translation effect	-	244,188	8,708,009	225,147,777	868,368	1,165,527	-	-	236,133,869
Closing balance as of December 31, 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**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

12 Property, plant and equipment *(cont'd)*

a) Other tangible assets *(cont'd)*

	Lands	Land improvements	Buildings	Plant, machinery and equipment	Vehicles	Furniture and Fixture	Leasehold improvements	Construction i progres	Total
Cost									
Opening balance as of January 1, 2019	**43,488,513**	**6,541,481**	**100,433,931**	**4,975,385,471**	**4,312,293**	**14,233,479**	**26,810,511**	**78,220,961**	**5,249,426,640**
Additions	2,992,937	1,576,173	-	58,539,475	672,965	644,048	4,577	88,542,818	152,972,993
Disposals	(225,638)	-	-	-	-	-	-	(385,674)	(611,312)
Revaluation of property, plant and equipment	44,695,964	(1,873,205)	16,467,714	1,792,844,315	2,056,616	980,798	-	-	1,855,172,202
Currency translation effect	-	2,315,483	403,090	(36,775,763)	379,908	499,317	-	9,427,032	(23,750,933)
Transfers	-	-	325,982	237,295,367	-	-	-	(14,868,093)	222,753,256
Closing balance as of December 31, 2019	**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**
Accumulated depreciation									
Opening balance as of January 1, 2019	-	**1,995,509**	**14,531,808**	**1,502,744,760**	**1,231,642**	**10,566,137**	**3,886,227**	-	**1,534,956,083**
Charge of period	-	849,364	12,369,723	442,565,761	1,614,200	3,763,517	1,243,816	-	462,406,381
Disposals	-	54,240	5,312,959	(15,645,584)	288,429	374,662	-	-	(9,615,294)
Currency translation effect	**-**	**2,899,113**	**32,214,490**	**1,929,664,937**	**3,134,271**	**14,704,316**	**5,130,043**	**-**	**1,987,747,170**
Closing balance as of December 31, 2019	**90,951,776**	**5,660,819**	**85,416,227**	**5,097,623,928**	**4,287,511**	**1,653,326**	**21,685,045**	**160,937,044**	**5,468,215,676**

(*) Group's lands, building and land improvements, plant, machinery and equipment are measured at their fair value amount which their accumulated depreciation has been reduced from fair value on the date of revaluation. Measurement of lands, building and land improvements, plant, machinery and equipment has been made by an independent valuation expert as of 31 December 2019. Fair value of lands, building and land improvements, plant, machinery and equipment have been determined according to cost method. Gain in value for the relevant lands, building and land improvements, plant, machinery and equipment have been identified as TL 1,855,172,202. Net book value has brought to their revalued amounts and as a result, the incremental value has been recorded at the amount of TL 1,496,943,832 by netting effect of deferred tax to revaluation gain fund in equity. As of the reporting date, the fair value level of the relevant lands, building and land improvements, plant, machinery and equipment is Level 2.

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12 Property, plant and equipment *(cont'd)*

a) Other tangible assets *(cont'd)*

As of 31 December 2020 and 31 December 2019, the details of the expenditures classified under the construction in progress item of the projects under construction are as follows:

Project	31 December 2020	Technical completion rate (%)	31 December 2019	Technical completion rate (%)
Ghana	209,245,929	99%	117,138,279	99%
Uzbekistan Tashkent	18,962,685	-	-	-
Kıbrıs Kalecik	-	-	15,092,713	99%
Other (*) (**)	61,643,436	-	28,706,052	-
Total	**289,852,050**		**160,937,044**	

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

(**) Technical completion rates indicates the completion of the planned phases of the related investment.

b) Mining assets

As of 31 December 2020 and 31 December 2019, mining assets consist of mine site development and deferred mining costs.

Cost:	**31 December 2020**	**31 December 2019**
Stripping costs	94,728,199	53,265,844
Mining development assets	5,477,772	5,477,772
	100,205,971	**58,743,616**
Accumulated depreciation:		
Stripping costs	43,967,276	27,469,829
Mining development assets	232,333	232,333
	44,199,609	**27,702,162**
Carrying amount	**56,006,362**	**31,041,454**

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13 Intangible assets

Movements of intangible assets as of 31 December 2020 and 2019 are as follows:

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
Currency translation effect	21,193,766	-	21,193,766
Balance as of 31 December 2020	**131,577,883**	**841,612**	**132,419,495**
Amortization interest			
Balance as of 1 January 2020	**10,404,174**	**621,097**	**11,025,271**
Current period amortization expense	2,886,521	44,093	2,930,614
Currency translation effect	2,579,055	-	2,579,055
Balance as of 31 December 2020	**15,869,750**	**665,190**	**16,534,940**
Carrying value	**115,708,133**	**176,422**	**115,884,555**

Cost	**Rights**	**Other**	**Total**
Balance as of 1 January 2019	**99,735,678**	**626,510**	**100,362,188**
Additions	692,240	100,100	792,340
Currency translation effect	9,332,111	-	9,332,111
Balance as of 31 December 2019	**109,760,029**	**726,610**	**110,486,639**
Amortization interest			
Balance as of 1 January 2019	**7,909,337**	**607,759**	**8,517,096**
Current period amortization expense	2,452,875	13,338	2,466,213
Currency translation effect	41,962	-	41,962
Balance as of 31 December 2019	**10,404,174**	**621,097**	**11,025,271**
Carrying value	**99,355,855**	**105,513**	**99,461,368**

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14 Right-of-use assets

	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	(10,236,127)	(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**

	Land of Power Plants	Buildings	Vehicles	Total
Balance as of 1 January 2019	**63,767,476**	**5,620,506**	**3,726,356**	**73,114,338**
Additions	9,945,058	-	-	9,945,058
Disposals	(21,532,967)	(2,546,597)	(2,071,580)	(26,151,144)
Amortization and depreciation for the period	(5,189,606)	(1,912,290)	(1,100,133)	(8,202,029)
Balance as of 31 December 2019	**46,989,961**	**1,161,619**	**554,643**	**48,706,223**

The Group, as a lessee, has included the right-of-use asset representing the right to use the underlying asset and the lease payables representing the lease payments for which the rent is required to be paid in the consolidated financial statements.

15 Provisions, contingent assets and liabilities

Short-term provisions

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

Short-term provisions	31 December 2020	31 December 2019
Provision for lawsuit	22,875,875	4,358,972
Total	**22,875,875**	**4,358,972**

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

	Lawsuit provisions
Opening 1 January 2020	4,358,972
Provision for current period (Note 21)	18,516,903
Closing 31 December 2020	**22,875,875**
Opening 1 January 2019	1,037,786
Provision for current period (Note 21)	3,321,186
Closing 31 December 2019	**4,358,972**

Provision for lawsuit includes, reemployement and expropriation cases.

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16 Commitments

(a) Guarantees, pledges and mortgages given

As of 31 December 2020 and 31 December 2019, the table regarding the Group's guarantee, pledge and mortgage (GPM) position is as follows:

GPM Given by the Group	31 December 2020	31 December 2019
A. GPM given for companies own legal personality	2,172,067,306	2,161,287,700
B. GPM given in behalf of fully consolidated companies	6,275,339,013	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 CPM	**8,447,406,319**	**8,789,680,113**

The details of the letters of guarantee given by the Group as of 31 December 2020 and 31 December 2019 are as follows:

31 December 2020	TL	USD	EUR	CHF	TL Equivalent
Energy Market Regulatory Authority	35,458,000	-	-	-	**35,458,000**
Electricity Distribution Companies	191,494,053	6,525,463	-	-	**239,394,214**
Turkey Electricity Transmission Corporation (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**
Other	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**

31 December 2019	TL	USD	EUR	CHF	TL Equivalent
Energy Market Regulatory Authority	23,108,000	-	-	-	**23,108,000**
Electricity Distribution Companies	93,552,659	8,441,001	-	-	**143,693,893**
Turkey Electricity Transmission Corporation (TEIAS)	28,981,241	2,062,080	300,000	-	**43,225,589**
Turkish Coal Enterprises Institution(TKI)	15,874,115	-	-	-	**15,874,115**
Botaş–Petroleum Pipeline Corporation	665,042	-	-	-	**665,042**
Enforcement Offices	10,561,169	-	-	-	**10,561,169**
Other	35,094,380	3,000,000	370,000	800,000	**60,250,262**
Total	**207,836,606**	**13,503,081**	**670,000**	**800,000**	**297,378,070**

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16 Commitments *(cont'd)*

(b) Guarantees received

The details of the letters of guarantee received by the Group as of 31 December 2020 and 31 December 2019 are as follows:

Type of Guarantees	TL	USD	EUR	31 December 2020 TL amount
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**

Type of Guarantees	TL	USD	EUR	31 December 2019 TL amount
Letter of guarantee	80,832,604	75,000,000	1,625,750	537,159,817
Notes taken for colleterals	26,268,905	1,034,174	1,184,169	40,287,540
Cheques taken for colleterals	11,387,533	28,000	3,456,000	34,538,332
Mortgage	700,000	-	-	700,000
Total	**119,189,042**	**76,062,174**	**6,265,919**	**612,685,689**

17 Employee benefits

(a) Provision for unused vacation

Short-term provisions for employee benefits consist of unsued vacation provisions. For the accounting period ended 31 December 2020, TL 980,104 (31 December 2019: TL 777,554) provision for unsued vacation has been recorded.

Provision for unsued vacation is calculated by multiplying the remaining leave days by the daily wage. Current period provision expenses are recorded in the cost of sales and general administrative expenses accounts in the consolidated financial statements.

(b) Employment termination benefit

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

The amount payable consists of one month's salary limited to a maximum of TL 7,638.96 for each period of service at 31 December 2020 (2019: TL 6,379.86).

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

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2020, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of 3,67% real discount rate (31 December 2019: 4,86 %) calculated by using 9% annual inflation rate and 13% discount rate. Estimated amount of retirement pay not paid due to voluntary leaves is also taken into consideration as 19,65% for employees with 0-15 years of service, and 0% for those with 16 or more years of service. Ceiling amount of TL 7.638,96 which is in effect since 1 January 2021 is used in the calculation of Groups' provision for retirement pay liability (1 January 2020: TL 6,730.15).

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

17 Employee benefits *(cont'd)*

(b) Provision for employment termination benefit *(cont'd)*

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

- If the discount rate had been 1% lower/(higher), provision for employee termination benefits would increase/(decrease) by TL 508,425 / (620,977).
- If the anticipated turnover rate had been 1% higher/(lower) while all other variables were held constant, provision for employee termination benefits would decrease/(increase) by TL (180,347) / 201,192.

	2020	2019
Opening 1 January	4,715,939	4,350,528
Service cost	4,324,417	1,022,732
Payments (-) (*)	(622,673)	(762,038)
Actuarial gain	750,104	104,717
Translation difference	178,646	-
Closing 31 December	**9,346,433**	**4,715,939**

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

(c) Payables within the scope of employee benefits

Payables within the scope of employee benefits as of 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Payables to personnel	6,437,983	6,692,044
Social security deductions to be paid	2,159,024	2,108,355
Total	**8,597,007**	**8,800,399**

18 Other assets and liabilities

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

Other current assets	**31 December 2020**	**31 December 2019**
Deferred Value Added Tax ("VAT")	67,790,175	87,595,241
Other	5,684,484	2,696,913
Total	**73,474,659**	**90,292,154**

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

Other current liabilities	**31 December 2020**	**31 December 2019**
Advances received	6,267,400	5,084,690
Other	1,138,800	901,119
Total	**7,406,200**	**5,985,809**

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19 Share capital, reserves and other equity items

(a) Issued capital

The Company has switched to the registered capital system with the permission of the CMB dated 16 April 2010 and numbered 10/330, and the registered capital ceiling is TL 4,750,000,000 (31 December 2019: TL 4,750,000,000). The registered capital ceiling permission given by the Capital Markets Board is valid for the years 2014-2018 (5 years). Since the permitted registered capital ceiling has not been reached at the end of 2018, the Board of Directors must obtain authorization from the General Assembly for a new period by obtaining permission from the Capital Markets Board for the previously allowed ceiling or a new ceiling amount in order to take a decision to increase the capital.

As of 31 December 2020, the issued capital of the Company is TL 613,169,118 (31 December 2019: TL 613,169,118). The issued capital consists of 613,169,118 shares each with a nominal value of TL 1 (31 December 2019: 613,169,118).

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

	31 December 2020		31 December 2019	
Shareholders	**Share rate (%)**	**Amount**	**Share rate (%)**	**Amount**
Kazancı Holding	78.607	481,991,868	78.607	481,991,868
Public share (*)	21.390	131,158,000	21.390	131,158,000
Other	0.003	19,250	0.003	19,250
Total	**100.00**	**613,169,118**	**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 79.42%. As of 31 December 2020, these shares are 4,958,962 (31 December 2019: 4,958,962).

The details of the shares on a group basis as of 31 December 2020 are as follows:

	31 December 2020		31 December 2019	
Group	**Share rate (%)**	**Amount**	**Share rate (%)**	**Amount**
A Group (Registered share)	47.93	293,896,220	47.93	293,896,220
B Group (Bearer share)	52.07	319,272,898	52.07	319,272,898
Paid in Capital	**100.00**	**613,169,118**	**100.00**	**613,169,118**

TL 131,158,000 of the bearer B group shares are traded on BIST.

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19 Share capital, reserves and other equity items *(cont'd)*

(a) Issued capital *(cont'd)*

Due to a loan agreement ("the Old Loan") amounting to USD 500 million between the ultimate partner of the Company, Kazancı Holding and Goldman Sachs International, China Development Bank, Türkiye Garanti Bankası A.Ş.("Garanti Bankası") and Türkiye İş Bankası A.Ş. ("İş Bankası"), the Company has established a pledge as a collateral for loan agreement in favor of Türkiye Garanti Bankası A.Ş., which is the loan collateral representative, on the shares corresponding to 68.86% of the capital.

Under the leadership of Garanti Bank and İşbank, a new loan agreement with a total amount of USD 800 million ("the New Loan") was signed between the consortium consisting T.C. 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. on 2 August 2016. With this financing, the above-mentioned Old Loan was fully repaid and Aksa Energy shares owned by Kazancı Holding, which were pledged, has become free. In addition to these liberalized shares belonging to the Kazancı Holding, representing 61.98% capital shares of Aksa Energy which is owned by Kazancı Holding and is 9.74% shares of Kazancı Holding, was pledged to be a guarantee for the new loan, to the Guarantee Representative Türkiye İş Bankası A.Ş. by Kazancı Holding. In addition, Aksa Energy shares representing 16.62% of the capital that Kazancı Holding bought back has been pledged by Kazancı Holding to provide additional security for the new loan.

(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 2020, TL 96,523,266 of the total issue amounting to TL 247,403,635 (31 December 2019: TL 247,403,635) have occurred as a result of first public offering in 2012 and TL 150,880,369 have occurred as a result of allocated capital increase in 2012.

(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 2020, the Group's Loss on Remeasurement of Defined Benefit Plans are TL 145,139 (31 December 2019: TL 793,476).

(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 2020, the Group's hedging losses are TL 26,366,363 (31 December 2019: TL 13,622,807).

(e) Foreign currency translation differences:

Foreign currency translation differences consist of all foreign currency exchange differences arising from the conversion of foreign currency based financial statements to TL, which is the Company's functional currency. As of 31 December 2020, the Group's foreign currency translation differences are TL 520,339,505 (31 December 2019: TL 248,243,241).

(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 2020, the Group's property, plant and equipment valuation increase is TL 2,196,123,264 (31 December 2019: TL 2,262,917,793).

19 Share capital, reserves and other equity items *(cont'd)*

(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 2020, the Group's total legal reserves are TL 68,742,954 (31 December 2019: TL 64,980,588).

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.

In publicly held partnerships, dividends are distributed equally to all of the existing shares as of the date of distribution, regardless of their issue and acquisition dates.

(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 2020 and 2019, the amounts classified under the line item "Non-controlling interests" in the consolidated statement of financial position are positive TL 406,158,727 and positive TL 328,515,851, 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 2020 and 2019, the profit and loss of non-controlling interests out of the total comprehensive income is TL 87,968,818 and TL 126,160,389, respectively, within the item "Non-controlling interests".

(i) Prior years' losses:

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 accumulated profit and presented in this item. As of 31 December 2020, the Group's prior years' profit is TL 129,592,233 (31 December 2019: prior years' loss is TL 262,622,830).

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20 Revenue

Revenue for the years ended as at 1 January- 31 December is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Domestic sales	5,772,391,255	4,060,126,680
Foreign sales	1,458,155,280	1,518,468,101
Net sales income	**7,230,546,535**	**5,578,594,781**
Cost of sales (-)	(6,032,956,098)	(4,563,137,567)
Total	**1,197,590,437**	**1,015,457,214**

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

	1 January - 31 December 2020	1 January - 31 December 2019
Revenue – Amount		
Electricity	7,222,478,926	5,574,585,776
Other	8,067,609	4,009,005
Total	**7,230,546,535**	**5,578,594,781**
Gross profit		
Electricity	1,196,254,205	1,014,727,465
Other	1,336,232	729,749
Total	**1,197,590,437**	**1,015,457,214**

21 General administrative expenses, sales, marketing and distribution expenses

The details of the Group's general administrative expenses, sales, marketing and distribution expenses for the years ended as at 1 January- 31 December are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
General administrative expenses	117,412,617	95,606,154
Sales, marketing and distribution expenses	9,622,641	1,521,304
Total	**127,035,258**	**97,127,458**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

21 General administrative expenses, sales, marketing and distribution expenses *(cont'd)*

The details of administrative expenses, for the years ended on 1 January-31 December is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Consultancy and legal expenses	33,029,045	23,181,114
Personnel expenses	31,241,696	31,670,357
Lawsuit provision expenses (Note 15)	18,516,903	3,321,186
Management support expenses	13,383,886	11,762,139
Travelling, vehicle and transportation expenses	12,179,398	13,509,820
Insurance expenses	1,316,913	801,791
Communication expenses	454,986	368,255
Electricity, gas and water expenses	311,320	237,419
Depreciation expenses	159,616	126,381
Representation expenses	124,401	1,120,664
Tax and duties	93,269	400,782
Other	6,601,184	9,106,246
Total	**117,412,617**	**95,606,154**

The details of sales, marketing and distribution expenses, for the years ended on 31 December is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Advertising expenses	7,500,000	-
Freight and export expenses	77,656	741,946
Other	2,044,985	779,358
Total	**9,622,641**	**1,521,304**

22 Other operating income and expenses

The details of income and expenses from main operations, for the years ended on 1 January-31 December is as follows:

Other income from operating activities	1 January - 31 December 2020	1 January - 31 December 2019
Foreign exchange gain related to commercial activities	10,044,049	2,805,250
Provisions no longer required	-	34,364,092
Insurance damage compensation	1,209	10,737,544
Other income(*)	4,037,251	19,299,932
Total	**14,082,509**	**67,206,818**

(*) Amounting to TL 10,749,257 of other income between dates of 1 January - 31 December 2019 is the collection amount of the payment for the excess transpotation fee paid to BOTAŞ for the previous years.

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22 Other operating income and expenses *(cont'd)*

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

Other expenses from operations	1 January - 31 December 2020	1 January - 31 December 2019
Foreign exchange losses related to operations	1,010,213	907,290
Donations	6,619,013	411,854
Discount expenses regarding receivables	-	142,649
Commission expenses	2,018,334	1,298,397
Other (*)	32,517,816	6,766,823
Total	**42,165,376**	**9,527,013**

(*) Balances included in other expenses consists of tax installments paid at power plants in foreign countries and other provision for impairment during the period.

23 Income from investing activities

The income from investment activities for the years ended as at 1 January - 31 December is as follows:

Income from investment activities	1 January - 31 December 2020	1 January - 31 December 2019
Gain on disposals of property, plant and equipment	80,805	151,385
Gain on disposal of subsidiaries (Note 30)	75,599	482,017
Total	**156,404**	**633,402**

24 Expenses by nature

The expenses classified by its nature for the years ended as at 1 January - 31 December is as follows:

Depreciation and amortization expenses	1 January - 31 December 2020	1 January - 31 December 2019
Cost of sales	465,438,748	484,889,717
General administrative expenses	159,616	579,793
Total	**465.598.364**	**485.469.510**

Personnel expenses	1 January - 31 December 2020	1 January - 31 December 2019
Cost of sales	81,788,751	87,387,103
General administrative expenses	31,241,696	31,670,357
Total	**113,030,447**	**119,057,460**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

25 Financial income

Financial income for the years ended as at 1 January - 31 December are as follows:

Finance income	1 January - 31 December 2020	1 January - 31 December 2019
Interest income	142,028,021	146,334,223
Foreign exchange income (*)	153,786,445	227,549,718
Income from Derivative transactions	61,047,637	24,525,985
Total	**356,862,103**	**398,409,926**

(*) Foreign exchange gains and losses are offset on company basis in subsidiaries of the consolidation.

26 Finance expenses

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

Finance expenses	1 January - 31 December 2020	1 January - 31 December 2019
Interest and discount expenses	450,940,677	489,369,965
Foreign exchange losses (*)	162,591,215	235,723,207
Expenses from derivative transactions	44,208,855	42,128,991
Other	24,316,191	61,474,483
Total	**682,056,938**	**828,696,646**

(*) Foreign exchange gains and losses are offset on company basis in subsidiaries of the consolidation.

27 Taxation

Turkey

Corporate tax

In accordance with the tax laws, the corporate tax rate applied in Turkey to the legal tax base to be found by adding the non-deductible expenses to the commercial earnings of the companies and deducting the exemptions included in the tax laws is 22%. The corporate tax rate was increased from 20% to 22% for 2018, 2019 and 2020 within the scope of the "Law on Amendments to Some Tax Laws and Some Other Laws" numbered 7061, which was published in the Official Gazette dated 5 December 2018. Within the scope of the aforementioned law, deferred tax assets and liabilities in the consolidated financial statements dated 31 December 2020, it is calculated with a rate of 20% for the part of temporary differences that will have tax effect in 2021 and following years.

According to the Corporate Tax Law, if 75% of the revenues obtained from the sales of subsidiaries and property, plant and equipment owned for at least two years are recorded in equity accounts to be used in capital increase within five years from the date of sale, it becomes subject to tax exemption. The remaining 25% is subject to corporate tax. This rate has been revised as 50% for immovables, effective from 2018.

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.

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

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27 Taxation *(cont'd)*

Turkey (cont'd)

Corporate tax (cont'd)

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.

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 2019: 23.5%).

Republic of Ghana

The applicable corporate tax rate in Republic of Ghana is 25% (31 December 2019: 25%).

Netherlands

Corporate income tax is levied at the rate of 20% (31 December 2019: 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 2018. 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 the Dutch taxation system, tax losses can be carried forward to be offset against future taxable income for nine years. Tax losses can be carried back to offset profits up to one year. Entities must file their tax returns within six 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 returns are open for five years from the date of final assessment of the tax return 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 re-assessments based on their findings.

Republic of Mauritius

There is no corporate tax in Mauritius (31 December 2019: none).

Republic of Mali

The applicable corporate tax rate in Mali 25% (31 December 2019: 25%).

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27 Taxation *(cont'd)*

Madagascar

The applicable corporate tax rate in Madagascar 20% (31 December 2019: 20%).

	31 December 2020	31 December 2019
Corporate tax to be paid	180,742,077	147,722,478
Prepaid corporate tax	(35,188,904)	(18,890,373)
Total tax asset	**145,553,173**	**128,832,105**

Since the taxes payable amounting to TL 374,187,961 as of 31 December 2020 (31 December 2019: TL 167.942.891) are related to the tax assets and liabilities of different subsidiaries within the scope of consolidation, it has not been netted off with the prepaid taxes amounting to TL 37,623,113 (31 December 2019: TL 39,110,786), which are assets related to current tax.

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 first recorded assets and liabilities that are not subject to accounting and tax.

As of 31 December 2020 and 31 December 2019, items of deferred tax assets and deferred tax liabilities consist of the following:

	31 December 2020	31 December 2019
	Asset / (Liability)	Asset / (Liability)
The difference between carrying values of property, plant and equipment and intangible assets and tax base	(425,484,289)	(389,095,003)
Unused losses carried forward	4,665,471	21,205,461
Adjustments under TFRS 9	7,553,389	3,604,862
Provision for impairment of inventory	117,627	325,751
Provision for employment termination benefit	1,894,773	943,188
Provision for unused vacation	201,086	170,687
Provision for legal cases	1,515,708	357,193
Derivative transactions	4,020,007	2,864,107
Adjustment related to interest discount for bank loans	(1,091,519)	(3,096,886)
Other	3,393,584	1,594,529
	(403,214,163)	**(361,126,111)**
Deferred tax assets	185,220,021	155,505,193
Deferred tax liability	(588,434,184)	(516,631,304)
Net deferred tax asset /(liability)	**(403,214,163)**	**(361,126,111)**

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27 Taxation *(cont'd)*

The movement of deferred tax for the years 2020 and 2019 is as follows:

	1 January 2020	*Effects of currency translation*	*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)**

	1 January 2019	*Effects of currency translation*	*Recognized in profit or loss*	*Recognized in other comprehensive income*	*31 December 2019*
Total deferred tax asset/(liabilities)	**(62,359,590)**	5,296,538	51,613,046	(355,676,105)	**(361,126,111)**

The reported income tax expense for the years ended 31 December are different than the amounts computed by applying statutory tax rate to profit before tax as shown in the following reconciliation:

	1 January- 31 December 2020	**1 January - 31 December 2019**
	Amount	**Amount**
Profit before tax	706,829,016	551,452,721
Income tax rate	22%	22%
Tax at the domestic income tax rate	(155,502,384)	(121,319,599)
Non deductible expenses	(3,699,325)	(1,235,734)
Revenue that is exempt from taxation	16,715,982	60,728,027
Unused tax losses not recognized as deferred tax assets previously and used in the current period	(44,701,784)	(46,327,056)
Effect of different tax rates in foreign jurisdictions	(21,194,100)	(15,821,737)
Temporary differences which no deferred tax asset is recognized	96,604,616	37,496,565
Tax rate change	(26,804,019)	-
Other, net	(10,243,213)	(9,629,898)
Tax income/(expense)	**(148,824,227)**	**(96,109,432)**

28 Earning per share

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

	1 January - 31 December 2020	**1 January - 31 December 2019**
Profit attributable to parent company	470,035,971	329,182,900
Weighted avarege number of published shares	613,169,118	613,169,118
Earnings per share of nominal value of TL 1	0.767	0.537

29 Financial instruments

Grup risk management

The Group 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 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 electric instutions in Turkey, and similarly, in foreign operations, there are trade receivables arising from agreements with the governments or ministries of those 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.

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29 Financial instruments *(cont'd)*

Liquidity risk

Liquidity risk is the possibility of failure to meet 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 Euro and the changes in the value of Turkish Lira against USD and Euro.

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

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

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 Lira (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 2020 and 2019:

31 December 2020	Receivables				Deposits at banks
	Trade receivables		Other receivables		
	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 renegotiated 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	-	-	-	-	-

31 December 2019	Receivables				Deposits at banks
	Trade receivables		Other receivables		
	Related Parties	Other	Related Parties	Other	
Maximum credit risk exposed as of the reporting date (A+B+C+D+E)	209,200,606	1,723,674,034	3,775,899	146,915,801	121,503,123
A. Carrying amount of financial assets not overdue or not impaired	209,200,606	1,631,320,389	3,775,899	19,140,877	121,503,123
B. Carrying amount of financial assets with renegotiatedconditions that are considered overdue or impaired if not rediscussed	-	-	-	-	-
C. Carrying amount of financial assets overdue but not impaired	-	92,353,645	-	127,774,924	-
D. Carrying amount of assets impaired	-	-	-	-	-
- Overdue (gross book value)	-	16,569,801	-	-	159,330
- Impairment (-)	-	(16,569,801)	-	-	(159,330)
E. Off balance sheet items with credit risk	-	-	-	-	-

(*) Deposits and guarantees are not included in other receivables.

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30 Nature and level of risks arising from financial instruments *(cont'd)*

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 2020 and 31 December 2019, are as follows:

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 inflow	-	404,640,345	62,780,700	323,849,645	18,010,000	-
Cash outflow	-	(450,752,440)	(65,686,930)	(363,962,616)	(21,102,894)	-

Expected majurity	**Carrying amount**	**Total expected 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	-

31 December 2019	**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	**3,263,455,979**	**3,875,746,836**	**1,027,682,725**	**1,276,275,552**	**1,339,589,358**	**232,199,201**
Financial liabilities	3,126,079,181	3,604,119,633	990,024,202	1,211,251,610	1,324,425,223	78,418,598
Other financial liabilities	88,041,876	99,635,293	37,510,916	50,581,902	11,542,475	-
Leases	49,334,922	171,991,910	147,607	14,442,040	3,621,660	153,780,603
Derivative financial assets, net	**29,254,785**	**6,772,317**	**1,315,083**	**5,457,234**	**-**	**-**
Cash inflow	-	234,193,205	117,010,980	117,182,225	-	-
Cash outflow	-	(227,420,888)	(115,695,897)	(111,724,991)	-	-

Expected majurity	**Carrying amount**	**Total expected 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	**715,451,326**	**715,451,326**	**660,999,493**	**14,850,500**	**39,601,333**	**-**
Trade payables to related parties	17,177,126	17,177,126	17,177,126	-	-	-
Trade payables to third parties	621,972,354	621,972,354	621,972,354	-	-	-
Other payables to related parties	272,784	272,784	272,784	-	-	-
Other payables to third parties	76,029,062	76,029,062	21,577,229	14,850,500	39,601,333	-

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30 Nature and level of risks arising from financial instruments *(cont'd)*

Market risk

Foreign currency risk

As of 31 December 2020, the Group's foreign currency position arises from foreign currency-based assets and liabilities stated in the table below. The currency risk table shows the **foreign currency position of companies whose functional currency is TL, since the reporting currency is TL. Companies whose functional currency is foreign currency stated in section 2 article 1.d. are not presented in the foreign currency risk table.**

FOREIGN CURRENCY POSITION					
	31 December 2020				
	TL Equivalent	**USD**	**EURO**	**GBP**	**CHF**
1. Trade receivables	698,720,628	28,959,849	53,838,232	-	141,409
2a. Monetary financial assets (including cash, 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. Short-term 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. Long-term 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. Off balance sheet derivative items' net asset/(liability) position (19a-19b)	**(58,700,136)**	**(7,996,749)**	**-**	**-**	**-**
20. Net foreign currency asset/ (liability) position (9-18+19)	**60,595,516**	**(61,055,975)**	**57,923,742**	**(67,267)**	**(1,487,848)**
21. Net foreign currency asset / (liability) position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**87,714,448**	**(57,044,418)**	**57,665,313**	**(67,267)**	**(1,487,848)**
22. Fair value of derivative instruments used in foreign currency hedge	**(58,700,136)**	**(7,996,749)**	**-**	**-**	**-**
23. Hedged portion of foreign currency assets	**-**	**-**	**-**	**-**	**-**
24. Hedged portion of foreign currency liabilities	**417,249,472**	**56,842,105**	**-**	**-**	**-**

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30 Nature and level of risks arising from financial instruments *(cont'd)*

Market risk *(cont'd)*

Foreign currency risk *(cont'd)*

As of 31 December 2019, the Group's foreign currency position arises from foreign currency-based assets and liabilities stated in the table below. The currency risk table shows the **foreign currency position of companies whose functional currency is TL, since the reporting currency is TL. Companies whose functional currency is foreign currency stated in section 2 article 1.d. are not presented in the foreign currency risk table.**

FOREIGN CURRENCY POSITION					
	31 December 2019				
	TL Equivalent	USD	EUR	GBP	CHF
1. Trade receivables	598,879,062	82,063,750	16,750,966	-	-
2a. Monetary financial assets (including cash, bank accounts)	66,503,464	7,146,484	3,613,266	2,769	-
2b. Non-monetary financial assets	15,820,757	582,530	1,858,541	-	-
3. Other	127,774,927	21,510,206	-	-	-
4. Current assets (1+2+3)	**808,978,210**	**111,302,970**	**22,222,773**	**2,769**	-
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)	**808,978,210**	**111,302,970**	**22,222,773**	**2,769**	-
10. Trade payables	255,209,373	38,398,388	3,733,611	70,114	285,445
11. Financial liabilities	409,050,724	64,068,658	4,280,829	-	-
12a. Other monetary liabilities	5,084,690	800,000	50,000	-	-
12b. Other non-monetary liabilities	-	-	-	-	-
13. Short-term liabilities (10+11+12)	**669,344,787**	**103,267,046**	**8,064,440**	**70,114**	**285,445**
14. Trade payables	-	-	-	-	-
15. Financial liabilities	664,951,375	110,354,728	1,416,747	-	-
16a. Other monetary liabilities	-	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-	-
17. Long-term liabilities (14+15+16)	**664,951,375**	**110,354,728**	**1,416,747**	-	-
18. Total liabilities (13+17)	**1,334,296,162**	**213,621,774**	**9,481,187**	**70,114**	**285,445**
19. Off balance sheet derivative items' net asset/(liability) position (19a-19b)	**(17,027,993)**	**(2,866,569)**	-	-	-
20. Net foreign currency asset/ (liability) position (9-18+19)	**(542,345,945)**	**(105,185,373)**	**12,741,586**	**(67,345)**	**(285,445)**
21. Net foreign currency asset / (liability) position of monetary items (IFRS 7,B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(668,913,636)**	**(124,411,540)**	**10,883,045**	**(67,345)**	**(285,445)**
22. Fair value of derivative instruments used in foreign currency hedge	**(29,254,785)**	**(4,936,775)**	**10,622**	-	-
23. Hedged portion of foreign currency assets	-	-	-	-	-
24. Hedged portion of foreign currency liabilities	**450,204,639**	**75,789,475**	-	-	-

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30 Nature and level of risks arising from financial instruments *(cont'd)*

Market risk *(cont'd)*

Foreign currency risk *(cont'd)*

Sensitivity analysis

The Group's currency risk generally consists of changes in the value of TL against Euro 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 revenues it generates. For short-term loans, borrowings are made in TL, Euro and USD balanced under the pool/portfolio model.

Statement of Foreign Currency Sensitivity Analysis				
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
10% appreciation / depreciation of TL against the USD				
1 - USD net asset / liability	(41,873,455)	41,873,455	(41,873,455)	41,873,455
2- Portion secured from USD risk (-)	41,724,947	(41,724,947)	41,724,947	(41,724,947)
3- USD net effect (1 +2)	**(148,508)**	**148,508**	**(148,508)**	**148,508**
10% appreciation / depreciation of TL against EUR				
4 - Euro net asset / liability	51,944,337	(51,944,337)	51,944,337	(51,944,337)
5 - Portion secured from Euro risk (-)	-	-	-	-
6 - Euro net effect (4+5)	**51,944,337**	**(51,944,337)**	**51,944,337**	**(51,944,337)**
10% appreciation / depreciation of TL against other currencies				
7- Other foreign currency net asset/liability	(1,299,437)	1,299,437	(1,299,437)	1,299,437
8- Portion secured from other currency risk (-)	-	-	-	-
9- Other currency net effect (7+8)	**(1,299,437)**	**1,299,437**	**(1,299,437)**	**1,299,437**
Total (3+6+9)	**50,496,392**	**(50,496,392)**	**50,496,392**	**(50,496,392)**
Statement of Foreign Currency Sensitivity Analysis				
31 December 2019				
	Profit/Loss		**Equity**	
	The appreciation of foreign currency	The depreciation of foreign currency	The appreciation of foreign currency	The depreciation of foreign currency
10% appreciation / depreciation of TL against the USD				
1 - USD net asset / liability	(73,902,943)	73,902,943	(73,902,943)	73,902,943
2- Portion secured from USD risk (-)	45,020,464	(45,020,464)	45,020,464	(45,020,464)
3- USD net effect (1 +2)	**(28,882,479)**	**28,882,479**	**(28,882,479)**	**28,882,479**
10% appreciation / depreciation of TL against EUR				
4 - Euro net asset / liability	7,237,878	(7,237,878)	7,237,878	(7,237,878)
5 - Portion secured from Euro risk (-)	-	-	-	-
6 - Euro net effect (4+5)	**7,237,878**	**(7,237,878)**	**7,237,878**	**(7,237,878)**
10% appreciation / depreciation of TL against other currencies				
7- Other foreign currency net asset/liability	(226,298)	226,298	(226,298)	226,298
8- Portion secured from other currency risk (-)	-	-	-	-
9- Other currency net effect (7+8)	**(226,298)**	**226,298**	**(226,298)**	**226,298**
Total (3+6+9)	**(21,870,899)**	**21,870,899**	**(21,870,899)**	**21,870,899**

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30 Nature and level of risks arising from financial instruments *(cont'd)*

Market risk *(cont'd)*

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 2020	**31 December 2019**
Fixed rate financial instruments		
Financial assets	274,335,539	78,415,120
Financial liabilities (Note 8)	1,995,602,611	2,198,511,832
Financial lease (Note 8)	79,202,164	88,041,876
Other financial liabilities (Note 8)	11,181,406	49,334,922
Variable rate instruments		
Financial liabilities	860,337,684	927,481,808

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 (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:

Change of increase / decrease in equity, profit and loss before tax in the 100 basis point is presented below as of 31 December 2020. 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 2019.

	Profit or loss		Equity	
	1% increase	**1% decrease**	**1% increase**	**1% decrease**
31 December 2020				
Variable rate instruments	(15,298,564)	14,399,296	(15,298,564)	14,399,296
Cash flow sensitivity (net)	**(899,268)**		**(899,268)**	
31 December 2019				
Variable rate instruments	(18,778,906)	18,049,918	(18,778,906)	18,049,918
Cash flow sensitivity (net)	**(728,988)**		**(728,988)**	

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

30 Nature and level of risks arising from financial instruments *(cont'd)*

Market risk *(cont'd)*

Interest rate risk*(cont'd)*

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 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Total financial liabilities	2,946,323,862	3,263,455,979
Less: cash and cash equivalents	(314,170,588)	(121,471,803)
Net financial debt	**2,632,153,274**	**3,141,984,176**
Total equity	4,635,925,341	3,818,960,965
Gearing ratio (net financial debt / equity ratio)	**57%**	**82%**

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

Fair values

The fair values of financial assets and liabilities, together with the carrying amounts as of 31 December 2020 and 2019 shown in the statement of financial position, are as follows:

		31 December 2020		31 December 2019	
	Note	Carrying value	Amortized Cost (***)	Carrying value	Amortized Cost (***)
Financial assets					
Cash and cash equivalent	6	314,171,908	314,171,908	121,503,123	121,503,123
Financial Investments	7	412,408	412,408	412,408	412,408
Trade Receivables	5	2,705,620,407	2,705,620,407	1,932,874,640	1,932,874,640
Other Receivables (*)	9	74,508,139	74,508,139	135,363,852	135,363,852
Derivative Instruments	7	2,148,922	2,148,922	4,387,466	4,387,466
Financial Liabilities					
Borrowings	8	2,855,940,292	2,855,940,292	3,126,079,181	3,126,079,181
Financial lease	8	79,202,164	79,202,164	49,334,922	49,334,922
Trade payables	5	779,913,222	779,913,222	599,548,139	599,548,139
Other financial liabilities	8	11,181,406	11,181,406	88,041,876	88,041,876
Derivative Instruments	6	60,716,151	60,716,151	33,642,251	33,642,251
Other payables (**)	9	243,081,996	243,081,996	42,447,481	42,447,481

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(*) Items such as deposits and guarantees given and receivables from the tax office are not included in other receivables.

(**) Items such as taxes and funds payable and deposits and guarantees received are not included in other payables.

(***) The Group Management believes that the carrying values of its financial instruments reflect fair values.
Derivative instruments are shown at their fair values.

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
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31 Financial instruments (fair value disclosures and explanation on hedge accounting) ***(cont'd)***

Fair value (Cont'd)

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 variable rate loans are updated taking into account the changing market conditions, it is considered that the fair values of the loans represent the value they carry. Due to the short-term nature of trade payables, it is predicted 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 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value:				
Risk management and held for trading derivative financial assets	-	2,148,922	-	2,148,922
	-	**2,148,922**	**-**	**2,148,922**
Financial liabilities measured at fair value:				
Risk management and held for trading derivative financial liabilities	-	(60,716,151)	-	(60,716,151)
	-	**(60,716,151)**	**-**	**(60,716,151)**

31 December 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value:				
Risk management and held for trading derivative financial assets	-	4,387,466	-	4,387,466
	-	**4,387,466**	**-**	**4,387,466**
Financial liabilities measured at fair value:				
Risk management and held for trading derivative financial liabilities	-	(33,642,251)	-	(33,642,251)
	-	**(33,642,251)**	**-**	**(33,642,251)**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

32 Notes to the statement of cash flows

Changes in the Group's obligations resulting from financing activities between 1 January – 31 December 2020 and 1 January 2019 – 31 December 2019 are as follows:

	1 January 2020	**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**

	1 January 2019	**Cash inflows**	**Cash outflows**	**Other non-cash movements**	**31 December 2019**
Financial borrowings	**3,745,498,591**	3,070,561,746	(3,303,602,341)	(249,002,017)	**3,263,455,979**
Total financial liabilities	**3,745,498,591**	3,070,561,746	(3,303,602,341)	(249,002,017)	**3,263,455,979**

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 statement of cash flow.

33 Events after the reporting period

- According to our Company's Material Event Disclosure dated 12 May 2020, an agreement was signed with National Electric Grid of Uzbekistan for the construction of a 240 MW natural gas combined cycle (CCGT) power plant in Tashkent, the capital of Uzbekistan, and sale of the energy generated in the plant based on a guaranteed capacity payment for a duration of 25 years.

On 20 January 2021, above mentioned agreement has been amended with 230 MW capacity expansion and additionally, another agreement has been signed regarding construction of 270 MW CCGT in Bukhara. Accordingly:

i) On top of 240 MW CCGT power plant, 230 MW CCGT power plant will be constructed in the same location in Tashkent. The amended agreement involves sale of the energy generated in these power plants based on a guaranteed capacity payment for a duration of 25 years.

ii) Additionally, in Bukhara which is located in southwest of Tashkent, 270 MW CCGT power plant will be constructed. This additional agreement involves sale of the energy generated in Bukhara power plant based on a guaranteed capacity payment for a duration of 25 years.

470 MW CCGT power plants in Tashkent and 270 MW CCGT power plant in Bukhara are expected to start commercial operations within the fourth quarter of 2021. Our Company's total installed capacity in Uzbekistan will reach 740 MW with the completion of these investments. The necessary power plant equipment are planned to be supplied from existing power plants owned by Aksa Energy. Therefore, capital expenditures will be optimized while economic value will be added.

- On 21 January 2021, Aksa Enerji Üretim A.Ş.'s 100% subsidiary Aksa Energy Company Congo has signed a concession agreement with Republic of Congo about obtaining operating rights of a 50 MW natural gas power plant in the city of Pointe-Noire. Accordingly, Aksa Energy Company Congo will increase the existing installed capacity to 100 MW with additional investment. Natural gas is expected to be supplied from Congo's local gas reserves. Electricity generated is expected to be exported to Democratic Republic of Congo via existing transmission lines.

33 Events after the reporting period *(cont'd)*

- As of 24 January 2021, Up to 150 MW capacity over the Turkey-Iraq power transmission line electrical energy export operations has started to Iraq. Thus, the number of countries where Aksa Energy operates has reached to six.
- As stated in the Material Event Disclosures dated 17 November 2020 and 31 December 2020 published by our Company, The current contract with Energie Du Mali S.A. ("EDM") for Aksa Enerji Üretim A.Ş.'s 40 MW Fuel Oil Power Plant in Mali, which has expired, was extended until 31 January 2021 to determine the terms of the new contract.

In accordance with the agreements signed between EDM and Aksa Enerji Üretim A.Ş. and its 100% subsidiary Aksa Mali SA on 27 January 2021:

i) Power generated by 30 MW out of 40 MW installed capacity in the Power Plant will be purchased by EDM for 3 years based on a guaranteed Euro denominated price

ii) On top of existing power plant, Aksa Enerji Üretim A.Ş. will initiate a power plant with an installed capacity of 20 MW within the second quarter of 2021. Power generated by 20 MW installed capacity will also be purchased by EDM for 3 years based on a guaranteed Euro denominated price

Aksa Enerji Üretim A.Ş. has achieved both maturity and capacity extension from 30 MW to 50 MW via new agreement and strengthened its position in Africa in parallel with its globalization stratregy.

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