Aydem renewables

Energy
for life

2020
Carve-out Annual Report

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About Aydem Renewables

As Aydem Yenilenebilir Enerji, a subsidiary of Aydem Enerji operating in the field of renewable energy generation, we focus on renewable energy with our approach, which takes into account the sustainability of natural resources, the environment and the needs of future generations.

Our venture has begun when we took the courage to build the first hydroelectric power plant in Turkey in 1995 and we continue our journey by adopting an innovative approach with a human focus to seek for the better for today and the future, to contribute to sustainable growth of our country, and to prepare a better future for the future, the society, and next generations by means of renewable energy generation.

With 25 power plants throughout the country and with a total installed capacity 1,020 MW our annual generation has reached 3,930 GWh. Thanks to our hydroelectric, wind, geothermal, and biogas plants, we meet Turkey's energy needs with renewable energy generation. We take the pride in the ability to carry out all project execution works of our 23 power plants in our portfolio under our roof, from designing the power plants to the engineering and operation thereof.

Integrated Management System (ISO 9001: 2015, ISO 45001: 2018, ISO 14001: 2015, ISO 50001: 2018) is implemented in all our plants.

Fields of Activity of AYEAŞ

Hydroelectric
Hydroelectric Power Plants

20 **Power Plants** | **852,1 MW** Installed Capacity | **3.347,1 GWh** Annual Production

Wind
Wind Power Plants

3 **Power Plants** | **160,5 MW** Installed Capacity | **540 GWh** Annual Production

Geothermal
Geothermal Power Plants

1 **Power Plant** | **6,9 MW** Installed Capacity | **38 GWh** Annual Production

Biogas
Biogas Power Plants

1 **Power Plant** | **0,6 MW** Installed Capacity | **5,1 GWh** Annual Production

Board of Directors

İdris Küpeli
Chairman of the Board

İdris Küpeli has a bachelor's degree in Finance and Business Administration from Florida International University and an MBA from the University of Miami. He started his career at Laurel Oak Financial Services. He worked as a director at Morgan Stanley in the United States between 2005 and 2009, following which he served as project director at NextEra Energy in Miami between 2009 and 2012. Mr. Küpeli subsequently returned to Turkey, where he served between 2012 and 2014 as the project finance and commercial director at the Trans Anatolian Natural Gas Pipeline Project between Turkey and Azerbaijan. He then served as the chief investment officer for Turkey's largest foreign investor, SOCAR Turkey, before joining Aydem Holding as CEO in 2018.

Ömer Fatih Keha
General Manager

Ömer Fatih Keha has a bachelor's degree in Electrical-Electronics Engineering from Middle East Technical University. Mr. Keha started his career in September 2007 at Kalen Energy Production, where he served as electrical chief until March 2008 and as facility chief from March 2008 to June 2009. Between 2010 and 2015, Mr. Keha served as electrical power affairs manager and project manager at Adalı Holding, and was subsequently promoted to general manager at Adalı Holding in November 2015. In 2016, Mr. Keha was appointed as general manager consultant to the Turkish Ministry of Energy and Natural Resources - Electricity Generation. Mr. Keha started working as operations director for the Company from November 2018, and has served as General Manager since March 2019.

Board of Directors

Serdar Marangoz

Member of the Board of Directors

Serdar Marangoz has a bachelor's degree in Electrical-Electronics Engineering from Middle East Technical University. Mr. Marangoz started his career as a research and development engineer at Siemens AG in June 2006. From December 2008 to May 2015, he served as the regulatory affairs and strategy development manager at Aydem Group's electricity distribution companies, ADM Elektrik Dağıtım A.Ş. and GDZ Elektrik Dağıtım A.Ş., where he also sat on the executive board between June 2015 and December 2018. Between November 2013 to January 2018, Mr. Marangoz served as board member of Jos Electricity Distribution Company, a Nigerian electricity distribution company that was previously a shareholder of ADM Elektrik Dağıtım A.Ş. Mr. Marangoz has been working as the chief commercial officer of Aydem Holding since January 2019.

Galip Ayköse

Member of the Board of Directors

Galip Ayköse has a bachelor's degree in Business Administration from Middle East Technical University. Mr. Ayköse started his career as an auditor at Arthur Andersen in September 1998 and worked as a senior auditor until September 2002. From September 2002 until January 2006, he served as a manager at Ernst & Young. From January 2006 to December 2006, Mr. Ayköse served as financial reporting and control manager of Polisan Holding A.Ş.. From June 2006 to May 2012, he served as senior manager and director at Ernst & Young. He served as the CFO of Petline from November 2012 to January 2014. From January 2014 to July 2016, Mr. Ayköse served as the internal audit and reporting coordinator to Karadeniz Holding, where he also served as the director of finance from July 2016 to 2018. From December 2018 to April 2019, Mr. Ayköse served as the CFO of Çalık Energy. He has been the CFO of Aydem Holding since May 2019.

Board of Directors

Hamdi Alp

Member of the Board of Directors

Hamdi Alp has a bachelor's degree in Public Relations from Trakya University. Mr. Alp started his career in January 2001 at Reysaş A.Ş., where he served as cost control chief until December 2004. From July 2005 to October 2006, Mr. Alp worked as cost control and budget specialist at Dünya Göz Hospital, and from October 2006 to July 2009, he served as finance assistant manager at Medical Park Hospital. Mr. Alp subsequently worked as the finance affairs manager at Akfel Holding between July 2009 and October 2016 and the finance director at Isystems Industry from November to May 2018. Mr. Alp started working as the financial affairs group manager at the Company in October 2018, and was appointed as the financial director of the Company on August 2019 and was appointed as CFO of the Company in March 2020.

Korhan Tiryaki

Member of the Board of Directors

Korhan Tiryaki, has a bachelor's degree in Civil Engineering from Middle East Technical University. Mr. Tiryaki started his career as a Project Representative at Limak Construction in June 2002 and worked until July 2004 in India. He served as the Planning & Project Controls Engineer at Baytur Construction in Russia between July 2004 and April 2005. Mr. Tiryaki served as the Project Controls Engineer at Ceylan Construction in Kazakhstan between the May 2005 and January 2009 and Project Controls Manager at Yapı Merkezı in Sudan and Gama Industry in Libya. He also worked as the Deputy Project Director at Unit International Company from July 2011 to December 2012 and Business Development Director at Samsung C&T Engineering and Construction Group from December 2012 to June 2018. He was promoted to Deputy General Manager at Samsung C&T Engineering and Construction Group in October 2019. Mr. Tiryaki was appointed as the Chief Operation Officer at Aydem Holding in November 2019.

Yönetim Kurulu

Mehmet Hayati Öztürk

Independent Member of the Board of Directors

M. Hayati Öztürk graduated from Hacettepe University, Faculty of Chemistry and Chemical Engineering in 1976. He started his career at Petkim, a listed company and the sole sizable petrochemicals producer in Turkey, in 1977 and held various positions within Petkim until being appointed as Petkim's Assistant General Manager, responsible for workflows including R&D, finance, projects, investments, planning, sales and marketing. He served as Petkim's General Manager between 2010 and 2012 and as a board member between 2012 and 2015. He worked as an advisor to the CEO of Turkey's largest foreign investor, SOCAR Turkey, until August 2017. He was appointed as an independent board member of the Company in April 2020.

Ersin Akyüz

Independent Member of the Board of Directors

Ersin Akyüz holds a bachelor's and master's degree in Economics from the London School of Economics and an MBA in Finance from the University of Chicago. He started his career at Bankers Trust International in London in 1989. He joined Morgan Stanley in London in 1996 and then moved to Deutsche Bank in London in 2005. He moved to Deutsche Bank in Turkey in 2008 to serve as the CEO and Chief Country Officer of Deutsche Bank Turkey. He retired from banking in 2019 after a 30 year long career. He was appointed as an independent board member of the Company in April 2020.


Aydem

Reporting Period

01.01.2020 – 31.12.2020

Trade Name, Registry, Address, Contact and Website Information

Trade Registry Office: Denizli
Trade Registration Number: 13798
Trade Name: Aydem Yenilenebi lir Enerji Üretim A.Ş.
Address of Principal Place of Business: Adalet Mah. Hasan Gönüllü Blv. No:15/1 Merkezefendi/Denizli
0 258 242 27 76
www.aydemyenilenebilir.com.tr

Company's Field of Activity

1) To establish, commission, take over, lease, operate, rent out all kinds of electrical power plants in order to generate electrical energy, and to provide engineering, consultancy survey, planning, project and feasibility services related to these facilities.

2) To sell the electricity and / or capacity so generated within the framework of the relevant legislation.

3) To enter into affiliate relations with distribution companies incorporated or to be incorporated without creating any control relationship.

4) To enter into an affiliate relationship with any electric power generation companies incorporated or to be incorporated.

Subsidiaries and Associates of the Company

Subsidiaries	Place of Incorporation	Main Activities	Ownership Percentage As of 31 December 2020
Ey-Tur Enerji Elektrik Üretim ve Ticaret Ltd. Şti. ("Ey-tur") / HES	Kağızman/Kars	Generation of electricity using hydro energy source	100%
Başat Elektrik Üretim ve Ticaret Ltd. Şti. ("Başat") / HES	Üzümlü/Erzincan	Generation of electricity using hydro energy source	100%
Sarı Perakende Enerji Satış ve Ticaret A.Ş. ("Sarı Perakende")	İzmir	Electricity trade	100%

Associates: None.

Our Values

Sustainability

While providing more efficient and cost-effective solutions for today's needs, we also develop approaches that safeguard the sustainability of the needs of the natural resources, the environment and the future generations.

Innovation

Our most powerful corporate competence that has brought us to this day is to be innovative. Taking many initiatives, establishing many firsts for Turkey with a strong will, courage, agility and looking at the incidents from an out of the box perspective even in the most unpredictable times, is something we owe to this approach. Being innovative while seeking for the better for today and for the future is always our main starting point

Human Orientation

We know that our business is serving people. This understanding is our focus point while working to make human life even better quality wise. In our business, we choose not to grow in spite of people, but to develop by creating value for people. We consider the needs of all our stakeholders as a priority while conducting our business.

Our Policies

- Code of Conduct and Business Principles
- Information Security Management
- Protection of Personal Data
- Integrated Management System

Capital and Shareholding Structure

Shareholder	Share(%)	Value(TRL)
Aydem Enerji Yatırımları A.Ş.	99.99	699,975,010
Other	0.01	24,990
Total	**100.00**	**700,000,000**

As of 31 December, the Group's paid-in capital is divided into 700,000,000 shares with a nominal value of TRL 1.00 each.

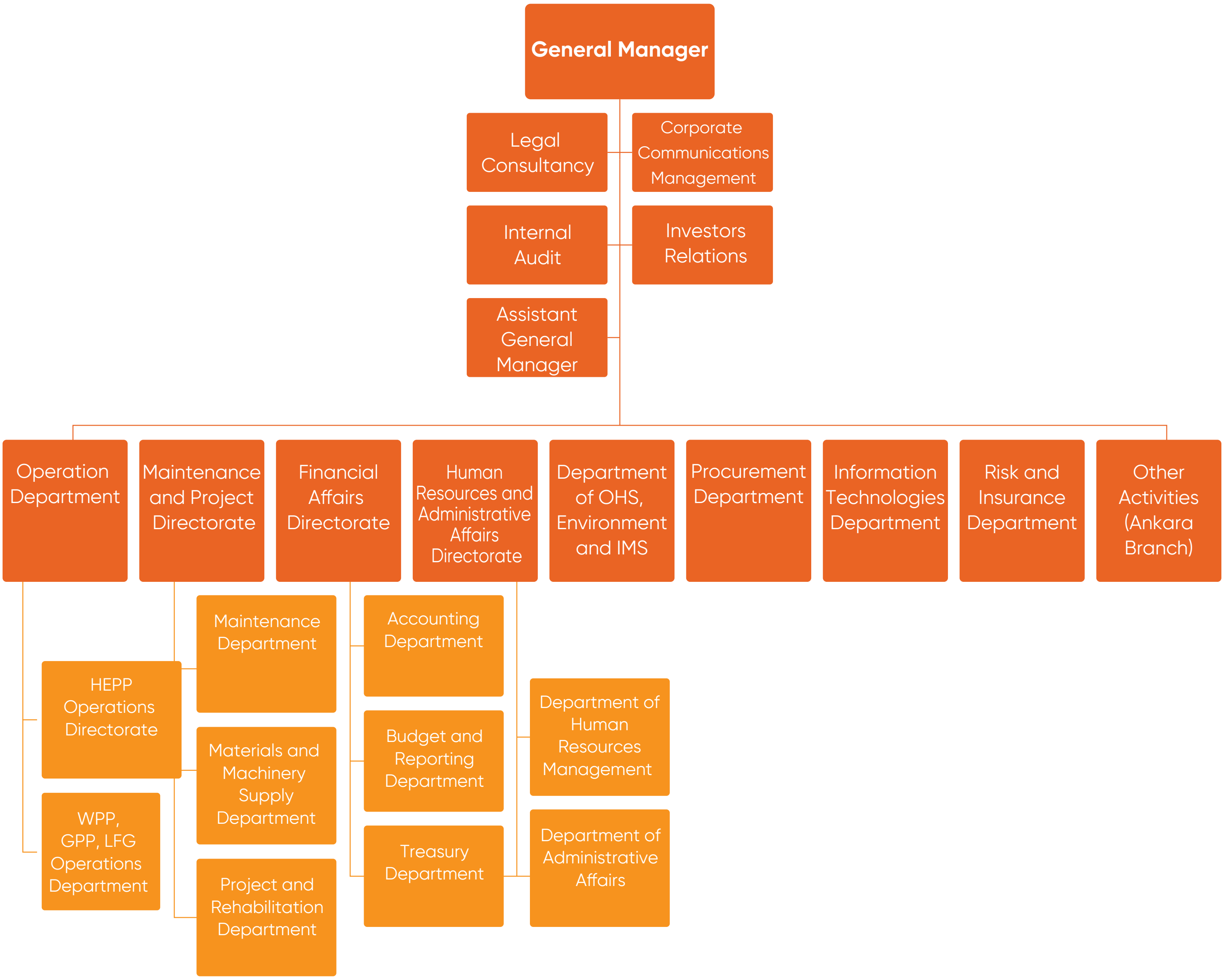
Capital Subscriptions

Unpaid share capital	TRL 0.00

Non-Redeemable Preferred Shares

None.

Organizational Structure



Changes Occurring During the Fiscal Year

Aydem Yenilenebilir has signed an agreement wherein Aydem Yenilenebilir is to sell its 50% shares in Yalova for TRL 38,316,320 on June 30, 2020.

Disclosures on Preferred Shares

The shares representing the share capital of the company are divided into two classes as Class A and Class B. Among these shares, Class A shares have two privileges, namely, nomination of candidates for the purpose of the election of members of the board of directors, and the veto right for the matters listed below.

The information on the privileges and restrictions granted to Class A shares are stated below.

Pursuant to Article 8 "Board of Directors" of the Articles of Association:

(i) The board of directors of the company consists of eight members. The half of the members of the board of directors of the company shall be selected among the candidates to be nominated by the shareholders holding the majority of the Class A shares, provided that the capital represented by Class A shares continues to represent at least 30% of the issued capital of the Company. The members of the board of directors to be selected among the candidates to be nominated by the shareholders holding the majority of the capital represented by the said Class A shares shall be among the members other than the independent members.

(ii) In the event that the capital represented by Class A shares does not continue to represent at least 30% of the issued capital of the Company the privilege to nominate candidates for board of directors specified in item (i) above shall be automatically cease to exist from the moment the legal transaction leading to this situation occurs.

Pursuant to Article 14 "General Assembly and Meetings" of the Articles of Association:

(i) The shareholders holding the majority of the capital represented by the Class A shares must also use a positive vote in order for the General Assembly of the Company to resolve on the following matters, and any amendments of the articles of association related to these matters, provided that the quorums in the Capital Market Law numbered 6362 and the Turkish Commercial Code numbered 6102 are maintained:

- Release of the members of the board of directors from their liabilities upon approval of the annual report, budget and financial statements.
- Amendment of the articles of association, except for capital increases to be made according to the registered capital system.
- Changing the company's business subject, entering new main fields of activities, or ceasing to conduct existing ones.
- Capital increase, liquidation, termination, capital reduction, change of type, except for capital increases to be made according to the registered capital system of the company.
- Application for bankruptcy, or arrangement with creditors of the company, or financial restructuring under the article 309(m) of the Execution and Bankruptcy Law No. 2004.
- Transfer of all or part of the commercial enterprise of the company.

(ii) In the event that the capital represented by Class A shares does not continue to represent at least 30% of the issued capital of the Company the privilege to nominate candidates for board of directors specified in item (i) above shall be automatically cease to exist from the moment the legal transaction leading to this situation occurs.

Number of Preferred Shares

The Company has two types of privileges vested in the Class A shares, namely, nomination of candidates for the purpose of the election of members of the board of directors, and the right to veto on the matters mentioned above. Currently the 60% of shareholders of the Company is Class A shareholders.

Disclosure on the Voting Rights of Preferred Shares

The company does not have any shares to which any privilege has been granted with respect to voting rights.

Management Organ, Senior Managers and Personnel Structure

Management Organ of the Company:

The management of the company consists of 8 members of the board of directors.

Board of Directors	Name And Surname	Company Represented
Chairman of the Board of Directors	İdris KÜPELİ	Aydem Holding A.Ş.
Vice Chairman of the Board of Directors	Ömer Fatih KEHA	Member
Board Member	Serdar MARANGOZ	Member
Board Member	Galip AYKÖSE	Member
Board Member	Hamdi ALP	Member
Board Member	Korhan TİRYAKİ	Member
Board Member	Mehmet Hayati ÖZTÜRK	Member
Board Member	Ersin AKYÜZ	Member

Number of Employees: 519

Rights

Type of Benefit Granted	Annual Gross Amount
Remuneration and Honorarium	TRL 4,631,449

Other Rights

None.

Research and Development Activities

None.

Investments

The investment expenditures of the company have been expended in the construction, acquisition, renewal of power plants, and in the purchase and maintenance of turbines and power plant equipment.

The company builds hydro, wind, solar and bio gas power plants and manufactures and installs the machinery and equipment used in these power plants in accordance with the technical projects of the plant. Investments in power plants require technology and capital investments. Structures built in these power plants require advanced engineering calculations. The costs of the structures built and the machinery and equipment used in the power plants are generally high.

The majority of the company's power plants consist of HPPs and due to the structure of the HPPs, they do not need a significant replacement investment for many years. On the other hand, especially in WPPs, there is a need for replacement investments in order to ensure that existing machinery and equipment are able to generate power until the expiry of license period. In addition, there may be a need for new equipment investment in order to increase efficiency.

The most important investment costs of HPPs consists of water structures included in the structures to be constructed. In such power plants, regulator, spillway, water transmission channel and tunnel, head pond, dam body, powerhouse building, control building, tail water etc. are among the main water structures although this varies depending on the projects. Construction of water structures accounts for approximately 75% to 80% of the total investment costs. The most important machinery and equipment used in such power plants include gates and gates lifting equipment, penstock and branch structure, water turbine, governor, generator, energy transmission line, switchgear, power and unit service transformers, warning system, command and control systems, SCADA and automation systems, communication system, and etc. HPP machinery and equipment group accounts for approximately 10-15% of the total investment costs. The cost of procuring the land on which the HPPs are to be built and making it ready for the use, on the other hand, account for approximately 5-10% of the total investment costs.

The most important investment cost of WPPs include the costs of machinery and equipment group. The WPP machinery and equipment group accounts for approximately 70% to 75% of the total investment costs. The cost of procuring the land on which the WPPs are to be built and making it ready for the use, on the other hand, account for approximately 5-10% of the total investment costs. The construction of the concrete foundation where turbine towers are placed on the ground, which is another investment cost item, accounts for approximately 15% to 25% of the total investment cost.

The company has some power plants built in areas designated as forest areas or in areas expropriated from private title owners. For such power plans concessions have been obtained from concerned Forest Directorate to cover the license period and the annual rental fee has been/will be paid. Lands expropriated from private title owners have been registered to the title deeds on behalf of the Ministry of Treasury and Finance, with the expropriation costs at the account of the Company, and easement rights have been established granted to the Company.

Although investment expenditures are generally financed through external sources of financing, they may also be financed by cash flows from operating activities. New power plant investments are financed with long-term bank facilities borrowed at affordable costs.

In the past three years, the company completed the investment of Akıncı HPP on October 24, 2018 and received the operating rights of Kemer HPP, and of Adıgüzel HPP from EÜAŞ within the scope of privatization on May 5, 2017. In addition, 7.5 MW capacity increase was realized in Uşak WPP in 2017.
The Company has secured a credit facility in amount of USD 202,857,693 from Türkiye Vakıflar Bankası A.Ş. for the financing of its HPP projects. The Company has secured a credit facility in amount of USD 38,719,037.84 from T.C. Ziraat Bankası A.Ş. for the financing of price of transfer of operating rights related to Kemer HPP, and Adiguzel HPP. The said credit facilities were restructured together with other credi facilities of the Company on June 26 ,2019. An additional credit facility in amount of USD 11 millions (TRL 77 million) was borrowed from T.C. Ziraat Bankası A.Ş. to repay the first installment of the price of transfer of operating rights. The Company will pay the last installment of price of transfer of operating rights on May 5, 2021. The balance due in connection with price of transfer of operating rights payable by the Company is TRL 68.9 million as of 31 December 2020.

Investment Strategy

The Investment Committee of the Company ("Investment Committee") manages the investment strategy of the Company and evaluates all investment and business development opportunities amounting more than 1 million USD. Projects pre-approved by the Investment Committee are presented to the Board of Directors for a final investment decision. The company aims to diversify its investments, in particular to invest in portfolio assets that include different Technologies, such as wind, solar, geothermal and hydroelectric related to renewable energy production in different geographical regions. The company relies on the following criteria when evaluating investment projects:

• Not making any investment in power plants where fossil fuels are used to generate power;
• Not making investments that are incompatible with the company's sustainability, environment, occupational health and safety, governance and social policies;
• Not conflicting with obligations of the company under existing agreements/contracts, including loan agreements;
• The equity IRR of any asset under construction, development and/or construction should not be less than 10% in US dollars;
• The investment amount of any asset should not exceed 20% of the total asset value, except for investments that are considered to have a strategic and significant impact in terms of the company's long-term policies and growth plans;
• The total investment costs of the assets under development and/or under construction should not exceed 25% of the total asset value, and
• Avoiding the concentration of counterparty risk by ensuring that the revenues from a single customer does not account for more than 30% of the total revenues.

NAME OF POWER PLANT	TRADE NAME	INSTALLED POWER	LOCATION
Yağmur HPP	Ey-tur Enerji Elektrik Üretim ve Ticaret A.Ş.	23.95 MWe	Kars/Kagizman
Armağan HPP	Başat Elektrik Üretim ve Ticaret A.Ş.	34.10 MWe	Erzincan/Uzumlu

Acquisition of Investments Recognized Through Affiliate / Subsidiary / Equity Method

None.

Acquisition of Non-Controlling Shares

None.

Other Investments

None.

Internal Audit

The current internal control system, which covers such matters as increasing the effectiveness and efficiency in the operations of the Company, ensuring reliability in financial reporting, and compliance with laws and regulations, is audited by the Internal Audit Unit within the framework of the annual internal audit plan.

Subsidiaries of Company and Interests in Subsidiaries

It is disclosed in the section Company's Subsidiaries and Associates.

Independent Audit

Güney Bağımsız Denetim ve Serbest Muha. Mal. Müş. A.Ş has conducted an independent audit during the Fiscal Year.

Litigations

As of 31 December 2020, Aydem Yenilenebilir Enerji A.Ş. has made a provision in amount of TRL 13,064,328 for the lawsuits filed against the Company.

Administrative and Judicial Penalties

None.

Generation

POWER PLANT	TYPE	Annual Net Generation in 2020 (GWh)	Annual Net Generation in 2019 (GWh)
Bereket I-II	Hydroelectric	10	11
Feslek	Hydroelectric	9	12
Dalaman	Hydroelectric	75	105
Gökyar	Hydroelectric	20	30
Mentaş	Hydroelectric	101	133
Koyulhisar	Hydroelectric	177	183
Toros	Hydroelectric	231	241
Aksu	Hydroelectric	82	89
Kemer	Hydroelectric	57	92
Adıgüzel	Hydroelectric	29	52
Çırakdamı	Hydroelectric	100	119
Dereli	Hydroelectric	99	119
Akıncı	Hydroelectric	362	449
Göktaş	Hydroelectric	845	756
Söke RES	Wind	157	151
Uşak RES	Wind	131	120
Yalova RES	Wind	150	137
Kızıldere JES	Geothermal	-	-
LFG	Biogas	3	4
Total		**2,638**	**2,803**

The increase in the generation capacities of the Company and the unit sales price of the electricity compared to the previous periods also led to an increase in sales revenues.

Information on extraordinary general assembly meeting, if any, held within the period

At the Ordinary General Assembly Meeting held on February 26, 2020, it was unanimously resolved to set off the whole of the emission premium which was formed as a result of the period as per the financial statements of FY2019 and which was recognized under "Share premiums" in the balance sheet of the Company, against the Company's losses for the previous periods in accordance with applicable regulations pursuant to related provision stipulated in paragraph three of Article 519 of the Turkish Commercial Code numbered 6102.

In addition, regarding the amendment of the provisions of the Articles of Association of the Company, the draft amendment, which was approved with a letter dated February 25, 2020 and numbered 52661371 of the Directorate General of Domestic Trade of the Ministry of Trade based on letter dated February 21, 2020 and numbered 2141 of the Capital Market Board which adopted a resolution on the matted dated

February 20, 2020 and numbered 11/270, and letters of authorizations were read out loud and discussed and subsequently new versions of the draft amendments were unanimously approved.

Within the scope of the above-mentioned draft amendment to the articles of association, it was unanimously resolved that the Company may adopt the registered capital system, that the cap of registered capital will be TRL 2,000,000,000 for the years between 2020 and 2024 (5 years), and that the share capital of the Company will be TRL 2,000,000,000 divided into 2,000,000,000 shares with a nominal value of TRL 1 (one Turkish Lira) each. It was unanimously resolved that due to the division of the Company's shares into two Class within the scope of the above-mentioned amendment to the articles of association, 700,000,000 of shares of the Company with a total nominal value of TRL 700,000,000, representing the part of the share capital of the Company, shall be divided into 420,000,000 Class A registered shares with a total nominal value of TRL 420,000,000, and into 280,000,000 Class B registered shares with a total nominal value of TRL 280,000,000.

In the Extraordinary General Assembly meeting held on 03.04.2020, it was unanimously resolved that the current members of the Board of Directors shall be elected to the Board of Directors to expire on 03.04.2023, pursuant to Article 8 of the Company's Articles of Association, titled Board of Directors.

At the meeting held on 14.08.2020, the determination of the monthly net / gross wages and / or the financial rights of the Members of the Board of Directors was discussed, and the Independent Board Members were unanimously paid TL 40,000.00 per month to start from the April 2020 period in which the appointment was made.

At the meeting held on 14.08.2020, the "Profit Distribution Policy" was unanimously accepted with the decision of the Board of Directors dated 06/07/2020 and number 2020/27.

At the meeting held on 14.08.2020, the "Remuneration Policy" was unanimously accepted with the decision of the Board of Directors dated 06/07/2020 and number 2020/27.

Donations and Aids

The Company donated TRL 3,039,000 to the Government of the Republic of Turkey due to Covid-19 pandemic.

Measures

Our company has discussed with the controlling shareholder all the measures taken or omitted to be taken for the benefit of the affiliate or subsidiary for the operating period between 01.01.2020 - 31.12.2020. We hereby declare that to the best of our knowledge our company has not suffered such a loss due to a transaction occurring in 2020, nor has our company obtained any benefit as a result of such transaction, and that there has been no equalization of the interests obtained, or losses suffered by the dominant partner.

Analysis

The Board of Directors has evaluated the results and planning for FY2020 and has determined that the targets were realized to a large extent. The company had a net loss in amount of TRL 557,431,333 in 2020.

As of 31 December 2020, the Group has an accumulated loss of TRL 1,000,467,490 and a net loss of TRL 557,431,333 for the year. On the other hand, the Group generated an operating profit of TRL 683,241,931, cash in amount of TRL 1,072,720,477, a profit before interest, tax and depreciation of TRL 1,039,205,100 from operating activities. In addition, as of 31 December 2020, short-term liabilities exceeded current assets by TRL 582,149,053 (as of 31 December, 2019 it was TRL 544,444,116).

The group generates electricity sales revenues and collects such revenues in less than a month. On the other hand, all debts payable within one year are included in short-term liabilities. The high turnover of the receivables of the group provides an advantage in terms of timely payment of short term liabilities. As a result of the sales denominated in USD realized within the scope of the Group's Renewable Energy Resources Support Mechanism ("YEKDEM"), the total revenues have increased significantly in the year ended as of 31 December 2020 (It is TRL 1,340,375,223 as of 31 December 2020, and it was TRL 1,197,000,764 as of 31 December 2019). The Group has obtained a financing for a period of total 11 years (end of maturity is 2030) under a restructuring agreement made with its creditors at on 26 June 2019, and this agreement would have a positive impact on the cash flow of the Group.

The parent has strengthened its capital structure by injecting cash into Group through a capital increase in amount of TRL 399,950,000 and issuance of a share premium in amount of TRL 1,310,500,000 on December 26, 2019 and the Group has utilized such funds in the re-payment of its financial debts and had reduced its financial liabilities. In this context, the financial liabilities, which was TRL 5,899,755,376 as of December 31, 2018, decreased to TRL 4,363,999,234 as of December 31, 2019.

Insolvency

The consolidated financial statements have been prepared on the going concern basis.
There has been no development that took place after the reporting date, indicating that there has been no uncertainty about the continuity of the business of the company.

Having both an average collection period of the Group's trade receivables which is formed by electricity sales of less than 29 days and also a high collection ability creates an advantage in paying short-term liabilities on time. Therefore, the group does not need any financing to fund its working capital.
As of November 2018, Akıncı Hydroelectric Power Plant, which is the second largest hideroelectric power

plant ("HPP") of the Group, started its operations and the Group increased its total energy generation capacity to 1,020 MWh. As of 31 December 2020, the Group's revenues within the scope of FIT constitute approximately 89% of its total revenues. In addition, the income of the group under FIT is expected to continue for at least five years in accordance with the existing agreements.

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

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

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

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

Dividend Policy

Pursuant to the Capital Markets Law, public companies are required to have a dividend distribution policy which must be determined by the general assembly of shareholders of the relevant company. Pursuant to the mandatory provisions of the Communiqué on Dividend Distribution (II-19.1) of the CMB, the dividend distribution policy is required to consist of information as to whether the public company will distribute dividends and if so, the relevant dividend distribution ratio, form of payment, timing of dividend distribution and whether interim dividends will be paid by the public company. Based on the non-mandatory provisions of the Corporate Governance Principles (as defined herein), the dividend distribution policy should include the minimum information allowing the investors to foresee the procedures and the principles that will apply to the distribution of profits in the upcoming periods.

Our dividend policy has been approved by Board of Directors decision no. 2020/27 dated July 6, 2020 and was approved by the General Assembly on August 14, 2020. Our dividend policy has established a dividend distribution target of at least 50% of our distributable net profit in either cash, bonus shares or a combination thereof. The timing and amount of any future dividend payments will depend on our existing and future financial condition, results of operations, contractual obligations, liquidity needs and other matters that we may consider relevant from time to time, including, without limitation, capital expenditures, our financial performance and equity market conditions. Our Board of Directors will submit a dividend distribution proposal for approval by our shareholders in each ordinary General Assembly, which will take into consideration our long-term strategies, financing needs, short term liabilities and the conditions under our agreements and our profitability. For the avoidance of doubt, the Board of Directors may not submit a dividend distribution proposal and/or the General Assembly may not allow a dividend distribution, based on the considerations mentioned above. Also, in accordance with applicable law, we may consider making interim dividend payments or making the dividend payment in installments.

Our policy is to pay dividends when permitted by applicable regulations and the Articles of Association. The level of dividend payments will depend upon various factors, including the level of available cash and cash equivalents, available retained earnings and projected levels of capital expenditure and other investment plans. Our financial condition, and, therefore, our ability to pay dividends are affected by any decrease in the value of the Turkish lira against other currencies, especially the US dollar. This is because any depreciation in the Turkish lira increases our non-cash foreign exchange losses recorded, as our dollar-denominated indebtedness rises in Turkish lira terms and this is reflected as foreign exchange losses. Furthermore, our interest expense would increase in Turkish lira terms. Foreign exchange losses and interest expenses are subtracted from operating profit in order to calculate our net income or net loss. A significant increase in foreign exchange losses or interest expenses would result in our recording net losses, even though we generate operating profit. Because of this, we did not pay any dividends to our shareholders in the past three years, because we did not generate any distributable profits in these periods. While we are targeting paying a dividend by the end of 2023, once we recover our retained losses and achieve positive retained earnings, if the Turkish lira continues to depreciate against other currencies, especially the US dollar, or if other factors cause our retained earnings to not be positive, we may not be able to distribute dividends in the near future.

The CTA requires that the Company distribute at least 50% of the Excess Cash accumulated for the relevant year as dividends until the Selling Shareholder Loan Facility is fully repaid in 2022, provided that distribution is allowed under applicable law. To the extent that we do not generate any distributable profits, there will be no Excess Cash and dividends will not be distributed. For further information, see also "Risk Factors—Risks Relating to an Investment in the Offer Shares—We may not pay dividends to holders of the Shares or declare dividends in the future."

Risk Management

It is anticipated that the company may be exposed to the following risks depending on the use of financial instruments.

- **Credit Risk** is the risk that a customer or counterparty does not fulfill its obligations under a contract and it is largely resulted from sums due from customers.

- **Liquidity Risk** is the risk which entails the company not being able to meet its future financial liabilities. The liquidity risk of the company is managed by obtaining sufficient financing facilities from various financial institutions so as not to damage the Company or damage its reputation in order to fund the current and future possible debt requirements under normal conditions or crisis situations.

- **Market Risk** is the risk of changes in the money market, such as exchange rates, interest rates, or prices of instruments traded in the securities markets, are a risk of changing the value of the Company's income or financial assets. Market risk management aims to optimize return while controlling market risk exposure within acceptable limits.

- **Operational Risk** refers to risks, such as Personnel Risk, Legal Risks, Technological Risks, Organization Risks and Generation Risks arising from the structure of the enterprise.

Works of Early Risk Detection Committee

Our company has assessed and evaluated all possible risks and has taken all necessary measures to avoid any negative consequences or to mitigate them with the least damage.

Future Risks of the Company

1. The operation, maintenance and renewal of power plants pose significant risks that may lead to unexpected power outages, low efficiency and unexpected investment expenditures.
2. If one of the important power plants of the Company becomes out of service or damaged, this may have adversely affects on the operations of the Company.
3. The company is subject to certain risks related to the supply and maintenance of the equipment and services that the company needs for its current and future operations.
4. The company may not be able to maintain relationships with its suppliers.
5. The acquisitions planned by the company may not be completed or, if completed, the related acquisitions may not provide the expected benefit. Acquisitions may cause the focus of the Company's management to divert and an increase of debt to equity ratio of the Company. Failure of such acquisitions may reduce the profitability of the Company.
6. Any failure of the Company to comply with the contract for the transfer of operating rights for Adıgüzel

HPP and Kemer HPP may lead the competent authorities to take measures or the revocation of the operating rights arising from the contract.

7. Any legal action, compliance activities and/or cessation of the generation activity at the power plants as a result of a claim alleging that any damage to the natural environment has been caused by the construction or operation of the power plants of the Company may lead to an increase in costs.

8. Operations carried out during electricity generation activities can be dangerous and may cause accidents. In certain circumstances, it may cause personal injury or material damage. This situation may cause significant interruptions in the operations of the Company and/or may expose the Company to judicial and administrative sanctions.

9. The company's existing insurance policies may not be sufficient to cover all potential damages. It is not possible to take out an insurance policy to cover all risks that may occur as a result of an accident or damage or otherwise.

10. The activity of the company depends largely on the information technology ("IT") infrastructure. Any delays, interruptions in the company's IT systems and in networks of the Company, or cyber-attacks on these systems and networks may adversely affect the Company's operations.

11. The company may be exposed to risks due to the possible unethical or illegal behavior of its employees, suppliers, agents or other third parties.

12. The company has, and will continue to carry out, related party transactions with its indirect controlling shareholder, as well as other related parties.

13. The loss of key personnel or the failure to recruit key personnel and qualified employees in the company may limit the growth of the Company and may adversely affect its operations.

14. Union representation of workers working at company's power plants may increase the Company's employment-related expenses. Increasing the number of slowdown actions may adversely affect the operations of the Company.

15. The company may be adversely affected by changes in applicable tax legislation or practices, or any increases in tax rates or tax audits.

16. The company is jointly and severally responsible for its subcontractors' violation of applicable laws and regulations. As a result of the activities of subcontractors, the Company may become liable, or the Company may be subject to legal proceedings.

17. The company may be responsible for some debts of Parla Solar due to the carve-out.

18. The indebtedness and financial liabilities of the Company may adversely affect the operations, financial status, and results of the Company.

19. The company is required to fulfill certain commitments within the scope of loan agreements.

20. Failure to secure a credit facility or capital due to fluctuations in credit facility and capital markets or other factors may make it more difficult for the Company to develop its projects or to finance its acquisitions.

21. The company has provided guarantees in favor of one of its affiliates, i.e. Aydem Holding, the indirect shareholder of the Company. Share pledge has been established on the shares representing 65% of the Company's share capital in favor of the creditors of the IPO Shareholder. The occurrence of a default under any relevant loan agreements may lead to a change of control.

22. The setbacks caused by widespread public health concerns, including the COVID-19 outbreak, may adversely affect the Company's activities, its operating results, its future expectations, or its financial status.

23. The generation of electricity from renewable energy sources relies heavily on favorable meteorological conditions (including the supply of appropriate amounts of water and wind).

24. Demand for electricity may decrease.

25. The activities of the company depend on the obtaining and maintaining of the licenses, permits and regulations required for the operation of the power plants and mandatory agreements with public institutions.

26. Electricity market prices and estimated prices may vary significantly.

27. Any reduction or revocation of the Government's support for renewable energy or other changes in the Government's energy policy and in energy legislation may adversely affect the Company's future investment and growth plans.

28. The Company is subject to possible exchange rate risk in Completion Payments within the scope of YEKDEM incentive, and when the YEKDEM period ends for the Company's power plants, the Company's currency risk will increase.

29. The company may face significant uncertainties regarding the development of new power plants. New projects may not be efficient, may not be completed at all, or may not perform as expected.

30. The operational difficulties related to the transmission and distribution network may adversely affect the Company's ability to sell the electricity it generates.

31. The company is subject to collection risk arising from electricity sales.

Events after the reporting period

None.

Additional Information

At the meeting held on 16.03.2020, the unlicensed electricity generation of Bereket GES with 902,400 kW power, with main installation number 941457, consumption installation number 637864, located in Denizli Province, Tavas District, Yukarıbogaz Mahallesi, Parcel 1985 and 1987, whose provisional acceptance was made on 16.09.2015, it has been decided to approve the transfer of the Denizli Trade Registry Directorate to Ayges Solar Enerji Üretim A.Ş.

In order to compensate the material damage and loss of income caused by the overflow of the spillway channel as a result of the breakdown in Göktaş II HEPP, one of the operations of our company, on 02.05.2019, within the scope of CMI insurance policy numbered 519223018/519225018; According to the result of the second appraisal report, the amount of USD 2,193,104 of the total of USD 5,047,850 agreed in the first appraisal report was paid in 2020, without prejudice to any claim and objection right regarding the amount to be paid. In addition, a collection of USD 2,283,797 was made on February 17, 2021. Yalova RES Elektrik Üretim A.Ş.'s 50% share of Aydem Renewable was sold to Aydem Holding A.Ş. on 30 June 2020.

The company revised its profit distribution policy with the decision of the board of directors dated 6 July 2020 and numbered 2020/27.

Accordingly, it is the General Assembly of the Company which adopts a resolution whether or not any dividend is to be distributed, and if distributed how, and when such dividend(s) will be distributed upon a proposal of the board of directors.

As long as the relevant regulations and financial position allow and taking into account market expectations, long-term strategies of the Company, capital requirements of subsidiaries and affiliates, investment and financing policies, contractual obligations, profitability and cash status, it is intended to distribute to the shareholders and other persons participating in the profit at least 50% of the net distributable profit for the period calculated in accordance with the Articles of Association, TCC, Capital Market Law, Communiqué on Dividends, and tax regulations. Dividends may be distributed in cash and/or as bonus shares and/or in combination of both methods in varying degrees.

Dividends are distributed equally among all existing shares as of the date of distribution, regardless of their date of issue and acquisition. Of the all shares of the company, there is not any share that grants dividend privilege. Payments related to the dividend may also be made in installments of equal or different amounts, provided that a resolution for this effect has been adopted at the general assembly meeting where the distribution of a dividend has been adopted.

Unless the reserves, which must be set aside in accordance with TCC and the Articles of Association, and the dividend has been set aside for the shareholders specified in the Articles of Association or in this dividend distribution policy; It may not be resolved to set aside other reserves, to carry profits forward, and to distribute dividends to dividend owners, members of the board of directors, company employees, foundations and persons and institutions other than shareholders, and nor any dividends may be distributed to such persons unless the dividend determined for shareholders has been paid in cash.

The dividend distribution formalities begin on the date specified during the general assembly meeting, provided that it shall no later begin at the end of the fiscal year in which the general assembly meeting was held.

Pursuant to the Articles of Association, a resolution on dividend adopted by the general assembly may not be withdrawn unless permitted by law. If the board of directors proposes to the general assembly to not make any distribution from the profit, the reasons for such proposal and the method of using the undistributed profit shall be stated in the agenda item on distribution of profit and this issue shall be presented to the shareholders at the general assembly for consideration.

Distribution of Advance Dividend

The general assembly of the company may resolve for the distribution of an advance dividend to shareholders within the framework of the provisions of the CMB and other relevant legislation. The calculation and distribution of the advance dividend amount shall comply with provisions of the relevant legislation.

Advance dividend is distributed in cash from the profits of the Company as reported in the financial statements. Advance dividend for a specific period may not be distributed in installments.

Advance dividend is distributed to all existing shares on equal terms as of the date of distribution, regardless of date of issue and acquisition thereof.

The advance dividend to be distributed may not exceed half of the balance of net profit less reserves, which must be set aside in accordance with TCC and the Articles of Association, and losses for the previous periods.

The total amount of advance dividend to be distributed in any given fiscal year may not exceed the lesser of the following:
a) Half of the net profit for the previous year,
b) other sources that may be considered for profit distribution, except for the net profit for the period as reported in the relevant financial statements.

If more than one advance dividend payment is made within the same fiscal year; the advance dividends paid in the previous periods are deducted from the calculated amount while calculating the advance dividends to be paid in the following periods.

Unless the advance dividends paid in the previous fiscal periods have been set off, no additional advance dividends may be paid and dividends may be distributed in the following fiscal periods.
Advance dividends may not be distributed to persons other than shareholders and advance dividends are paid to Preferred shares without considering privileges.

In accordance with the relevant legislation, five committees, namely the Audit Committee, the Corporate Governance Committee, the Early Detection of Risk Committee, the Investment Committee and

the Occupational Health, Safety and Environment Committee, have been established within the governance structure of company with the resolution of the Board of Directors, dated 6 July 2020 and numbered 2020/27.

Details of duties and working principles of the committees are given below. In accordance with the Articles of Association, any changes to the working principles of the committees shall be subject to the approval of the Board of Directors.

Audit Committee

The Audit Committee fulfills the duties and responsibilities specified in the working principles and assumes the duties assigned to it under the Articles of Association and the Communiqué on Corporate Governance. The main purpose of the Audit Committee is to oversight the Company's accounting system and practices, the functioning of the internal control system, public disclosures made on financial information about the Company, the effectiveness of the Company's internal audit activities and independent audit activities, and the Company's compliance with the relevant legislation and corporate code of conduct.

The Audit Committee consists of at least two members, and the members of the Audit Committee are selected from among the independent members of the Board of Directors. At least one of these members must have five years of experience in auditing / accounting and finance. If any member of the Board of Directors loses their status as a member, or an independent member of the Board of Directors as per the Capital Market Law, s/he loses her/his status as a member of the Committee. Independent Board Members Mehmet Hayati Öztürk and Ersin Akyüz were elected to the Audit Committee upon resolution of the Board of Directors, dated July 6, 2020 and numbered 2020/27.

Audit Committee members and Committee Chairman are selected by the Board of Directors. The term of office committee members may not exceed three years, and committee members whose term of office has expired may be re-appointed.

The Committee convenes with the participation of the simple majority of its members and passes decisions with the majority of the members present at the meeting. Except for the urgently held meetings of the Committee within the scope of the Principles Regarding Related Party Transactions, the Committee meets at least quarterly and for a minimum of four times per year. Committee meetings shall be timed to coincide with the Board meetings to the extent possible and shall be held prior to each Board meeting at the Company's headquarters or at another location where the members of the Committee are present.

The Committee shall put all its work in writing, keep records thereof and report to the Board of Directors regarding the results of the work conducted and the and meetings held by the Committee. The findings and recommendations of the Committee within the scope of its duties and responsibilities shall be immediately reported to the Board of Directors in writing. The minutes of the Committee meetings shall be approved by the Committee members and kept together with the decisions of the Committee.

The Company's internal audit manager or a member appointed by the committee takes the responsibility as a Rapporteur under the Chair of the Committee. The Rapporteur ensures the participation of the people whose chairperson wants to attend the meeting and is responsible for facilitating the meetings through, preparation of the agenda, informing the participants of the meetings, keeping meeting minutes and sharing the relevant documentation.

The Secretariat of the Board of Directors is responsible for the administrative organization of the meetings and the distribution of meeting minutes to the members of the Board of Directors and keeping the records in the resolution book in the resolution book.

No one other than the members of the Committee shall attend the meetings of the Committee unless invited by the chairman of the Committee.

The Audit Committee performs the following duties including but not limited to:

• The Committee shall provide the Board of Directors with its written evaluation after having received the opinions of the Company's relevant executives and independent external auditors regarding the compliance and accuracy of the annual and financial statements (including footnotes thereof) to be disclosed to the public with the accounting principles followed by the Company.

• The selection of the independent audit firm, the preparation of independent audit contracts and the initiation of the independent audit process, and the work of the independent audit firm at every stage are carried out under the supervision of the Audit Committee.

• The independent auditing firm from which the Company will receive services and the services to be procured from this firm are determined by the Audit Committee and submitted to the Board of Directors for the approval of the shareholders of Company. The Committee shall obtain a written statement from the independent external auditor confirming its independence in respect of the independent audit activities, examine the issues (if any) which might jeopardize the independence of the external auditor prior to recommending the election of such independent auditor to the Board of Directors and report its analysis on the matter to the Board of Directors.

• The Committee supervises the fulfillment by the independent external auditor of its obligations to share with the Committee the major issues regarding the accounting policies and practices of the Company, alternative practices and public disclosure options in line with the accounting standards and accounting principles previously communicated to the Company and the potential consequences thereof, the recommendations of the independent external auditor in respect of the foregoing and the material communication between the Company's management and the independent external auditor.

• The Committee shall organize extraordinary meetings to examine the terms and conditions of each One-Off Related Party Transaction of the Company exceeding 3% of the net sales in the previous year's Profit and Loss Statement or the total assets in the Balance Sheet for the previous year and submit a report to the Board of Directors in respect of each One-Off Related Party Transaction that exceeds the applicable threshold.

• To the extent the preparation of an independent valuation report is required under the Communiqué or other rules and regulations, the Committee shall ensure that such independent evaluation report is

obtained and references to such independent evaluation report are attached to the report of the audit committee.

• During the meetings to be held by the Committee following the announcement of the relevant quarter financial tables, the Committee shall examine the Related Party Transactions entered into within the scope of the Continuous Related Party Transactions, in respect of which the annual approvals have been obtained. Following its examination of the Related Party Transactions, the Committee shall submit a report to the Board of Directors.

• The Committee shall make sure that all kinds of measures are taken in order to ensure the sufficient and transparent conduct of the Internal Audit. It constantly reviews Internal Audit responsibilities, resources, activities and performance. It reviews and approves the regulations and procedures in which Internal Audit authorities, responsibilities and processes are defined. It reviews and approves the Internal Audit organization, operating principles, annual audit plan and possible updates to these matters.

• It supervises the difficulties that may be encountered in the execution of Internal Audit activities, including restrictions on access to the necessary information within the scope of the audit principles. It reviews the reports, findings, actions and action situations prepared by the internal audit department.

• The Committee shall submit its opinions and recommendations regarding the internal control system to the Board of Directors, also taking into account the feedback of the Company's senior management and independent external auditor.

• The Committee shall make sure that all kinds of measures are taken in order to ensure the sufficient and transparent conduct of the internal audit and the independent external audit.

• It reviews the policies and procedures regarding unethical transactions, abuse and ensures their implementation. It oversees the establishment of the necessary mechanisms to refer the relevant issues to the committee.

• The Committee shall monitor the compliance with the Company's internal regulations aimed at preventing conflicts of interest between the Board members, senior managements or other related parties, and the abuse of commercial secrets or information which may influence the value of the Company's shares.

• The Committee shall receive reports from the Company's Legal and Compliance Department regarding regulations in compliance with the legislation.

• Where necessary, the Committee shall examine, together with the independent external auditor, the acts of the officers performing material tasks in the accounting and internal control system of the Company, which violate the regulations hereunder, and share its findings and recommendations on the matter with the Board of Directors.

• The Committee shall determine the methods and criteria to be applied when examining and resolving on the complaints communicated to the Company in relation to the Company's accounting system, internal control system and independent audit, and evaluating the feedback of the Company's employees regarding the Company's accounting and independent audit.

• Upon the request of the Board of Directors, the Committee undertakes other duties and responsibilities, which could be considered to fall within the scope of its duties.

• The Committee shall evaluate the effectiveness of the risk management system carried out within the Company and for this purpose, it shares information with other committees established by the Board of Directors and works in cooperation with them.

• In the event that the Company's shares are offered to the public, the Committee shall, for the two years' period following the date on which the relevant shares are first traded at the stock exchange, prepare a report analyzing whether or not the assumptions relied on when determining the public offering price have materialized, and if not, the reason thereof.

The decisions of the Audit Committee are of advice to the board of directors, and the works and recommendation of the committee do not remove the responsibilities of the board members arising from the TCC. The Board of Directors shall provide the Committee with the resources and support it needs in order to perform its duties and obligations. The Committee may obtain information from the managers and employees of the Company (subject to confidentiality, if needed) in relation to the issues it examines or to the extent it deems necessary and may also invite such persons to the meetings of the Committee. The Committee may resort to the opinions of independent experts if it deems necessary in connection with its activities.

Corporate Governance Committee

The Corporate Governance Committee fulfills the duties and responsibilities specified in the working principles and undertakes the duties assigned to it under the Articles of Association and the Communiqué on Corporate Governance The main purpose of the Corporate Governance Committee is to assist the board of directors in compliance with corporate governance principles, including investigations in case of non-compliance with corporate governance principles and determining conflicts of interest, to oversee the investor relations unit, and to fulfill the duties assigned to the nomination committee and wage committee.

The Committee shall consist of at least three members who are either Board members or individuals who are not Board members but experts in their fields, and the chairperson of the Committee shall be elected from among the independent members of the Board of Directors. The majority of the Committee members are elected from the non-managing Board members. Manager of the investor relations unit is a natural member of the Committee. Board of Directors Member Serdar Marangoz, Independent Board Members Mehmet Hayati Öztürk and Ersin Akyüz were elected to the Corporate Governance Committee with the Board of Directors Resolution, dated July 6 2020 and numbered 2020/27. In the same resolution, it was also resolved that the Investor Relations Unit Manager shall be appointed to the Committee upon his/her appointment to the position.

Members of the Committee are appointed by the Board of Directors. Term of office shall not exceed three years and the Committee members whose term of office expired may be re-appointed.

To the extent possible, members of the Committee are appointed from among persons who do not have executive duties. Members of the Committee may be persons who are specialized in fields such as accounting, finance, audit, law, management etc.

The Committee shall convene at the Company's headquarters or at another location where the members of the Committee are present, with the frequency deemed necessary for the efficiency of its operations, but in any event at least four times per year. Committee meetings shall be timed to coincide with the Board meetings to the extent possible.

The Committee convenes with the participation of the simple majority of its members and passes decisions with the majority of the members present at the meeting. The Committee shall put all its work in writing, keep records thereof and report to the Board of Directors regarding the results of the work conducted and the meetings held by the Committee. The findings and recommendations of the Committee within the scope of its duties and responsibilities shall be immediately reported to the Board of Directors in writing. The records of the Committee meetings shall be approved by the Committee members and kept together with the decisions of the Committee. The records are shared with the Committee members before the next meeting and officially approved during the next meeting.

The Company's investor relations unit manager or a member appointed by the committee takes the responsibility as a Rapporteur under the Chair of the Committee. The Rapporteur submits the meeting agenda and related documents to the Committee members before the meeting. The Rapporteur ensures the participation of the people whose chairperson wants to attend the meeting. S/he writes down the minutes and decisions of the meeting and ensures their distribution to the relevant parties.

The Secretariat of the Board of Directors is responsible for the administrative organization of the meetings and the distribution of meeting minutes to the members of the Board of Directors and keeping the records in the resolution book.

The Corporate Governance Committee performs the duties, including but not limited to the following:
• Preparing proposals for the appointment of members to the board of directors,
• Ensuring the efficiency and independence of board members within the scope of corporate governance principles,
• Ensuring the adoption and observance of corporate governance principles by the board of directors,
• Providing coordination and supervision for the realization of corporate governance evaluation and rating activities,
• Conducting annual evaluation within the scope of compliance with corporate governance principles and submitting the results to the board of directors,
• Making suggestions regarding the functionality of the board of directors and committees,
• Oversight of the investor relations unit,
• Determining the principles and guidelines for evaluations regarding remuneration and performance payments for board members and senior executives,
• Making suggestions to the board of directors for remuneration and performance payments of board members and senior executives,
•Examining and resolving the complaints received in relation to the shareholders,
• Providing communication with the relevant committees in case the complaints received by the company are an issue concerning the audit and risk management,
• Determining whether the corporate governance principles have been observed or not and the conflicts of interest that may occur due to not fully complying with these principles, and making suggestions to the board of directors to improve the practices,
• Working on other issues that can be evaluated within the scope of corporate governance requested by the board of directors,
• Making proposals to ensure that public disclosures and analyst presentations are made in accordance with the Company's Public Disclosure Policy, especially laws and regulations development,
• Ensuring coordination and oversight regarding the execution of corporate governance evaluation and rating activities,
• Submitting the studies and recommendations to the board of directors as a report,

• The Committee conducts studies aimed at establishing a transparent system for the identification of proper candidates to the Board, the evaluation, training and awarding of such persons, and the determination of policies and strategies in connection with the foregoing. The Committee also makes recommendations regarding the number of the Board members and the executives, The Committee forms opinions regarding the attitude, principles and practices in relation to the performance evaluation career planning and awarding of the Board members and the senior management, monitors the decisions made and follows up their implementation.
• The Committee ensures that the remuneration policy regarding the Board members and the senior management are in line with the Company's management principles and practices, makes efforts to keep the balance between the remuneration policy and the Company's benefits and reports the results of the foregoing to the Board of Directors. All kinds of resources and support required by the Committee to fulfill its duties are provided by the board of directors. The committee may invite any manager it deems necessary to its meetings and hear their opinions. The committee utilizes the opinions of experts when necessary.

Early Detection of Risk Committee

The Risk Committee fulfills the duties and responsibilities specified in the working principles and undertakes the duties given to it under the Communiqué on Corporate Governance. The main purpose of the Risk Committee is to assist the board of directors in the early detection of risks that may jeopardize the existence, development and continuation of the Company, the implementation of appropriate risk management strategies, the establishment of an expert committee for risk management and fulfilling other duties given to it under the legislation.

The Risk Committee consists of at least two members. In the event that the Committee consists of two members, both of them, and in the event the Committee has more than two members, the majority of the members shall be elected from among the members of the Board of Directors who do not have executive functions. The chairman of the committee is selected from among the independent board members. Persons who are not Board members but specialized in their fields may also become Committee members. Board Member Serdar Marangoz, Board Member Galip Ayköse, Independent Board Members Mehmet Hayati Öztürk and Ersin Akyüz were elected to the Early Risk Detection Committee with the Board of Directors resolution, dated July 6 2020 and numbered 2020/27. Members of the Committee are appointed by the Board of Directors. Term of office shall not exceed three years and the Committee members whose term of office expired may be re-appointed.

To the extent possible, members of the Committee are appointed from among persons who do not have executive duties. Members of the Committee may be persons who are specialized in fields such as accounting, finance, audit, law, management etc.

The Committee shall convene at the Company's headquarters or at another location where the members of the Committee are present, with the frequency deemed necessary for the efficiency of its operations, but in any event at least four times per year. Committee meetings shall be timed to coincide with the Board meetings to the extent possible. The Committee convenes with the participation of the simple majority of its members and passes decisions with the majority of the members present at the meeting.

The Committee shall put all its work in writing, keep records thereof and report to the Board of Directors regarding the results of the work conducted and the meetings held by the Committee. The findings and recommendations of the Committee within the scope of its duties and responsibilities shall be immediately reported to the Board of Directors in writing. The records of the Committee meetings shall be approved by the Committee members and kept together with the decisions of the Committee.
The Company's manager responsible for risk management or law and compliance manager takes the responsibility as a Rapporteur under the Chair of the Committee. The Rapporteur submits the meeting agenda and related documents to the Committee members before the meeting. The Rapporteur ensures the participation of the people whose chairperson wants to attend the meeting. The Rapporteur writes down the minutes and decisions of the meeting and ensures their distribution to the relevant parties.

The Secretariat of the Board of Directors is responsible for the administrative organization of the meetings and the distribution of meeting minutes to the members of the Board of Directors and keeping the records in the resolution book.

The Risk Committee performs the duties including but not limited to the following:

• Identifying and periodically evaluating the existing and potential operational, strategic, compliance, financial and other risks and preparing recommendation for the taking of measures against such risks;
• Making recommendations for the establishment of risk management systems and systems aimed at forming the organizational infrastructure within the Company and increasing the functionality of such systems,
• Recommending solutions against the risks relating to the Board of Directors and the audit committee,
• Identifying, evaluating and monitoring existing and potential risk elements that may affect the achievement of the company goals within the framework of the corporate risk management systematic and determining the principles for managing the relevant risks in accordance with the risk profile of the Company and ensuring their application in decision mechanisms,
• Establishing a corporate risk management approach throughout the company, ensuring the establishment and maintenance of an effective risk management framework,
• Carrying out studies to determine the risk policies and relevant standards and methodologies used in managing risks within the Company and submitting them to the approval of the Board of Directors,
• Conducting studies to prepare policies that define the company's risk appetite and comply with the strategic plans and targets approved by the board of directors, and submitting the works to the board of directors for approval,

• Creation of the proposal for the indicators and their levels within the scope of risk appetite and submission to the board of directors for approval, monitoring the indicators and, where necessary, presenting the results, assessments and recommendations to the board of directors,
• Ensuring the effective implementation of the company's strategies and risk appetite throughout the company,
• Providing adequate information to the members of the Board of Directors about the company's risk-creating activities, including strategic management, capital and resource management, risk profile, risk appetite, business activities, financial performance and reputation, and submitting recommendations on this matter to the board of directors,
• Ensuring that internal processes are maintained, including stress testing when appropriate, in order to ensure that capital and liquidity levels and assets-liabilities structure are compatible with the normal and stressful conditions of the company,
• Evaluating and suggesting risk management strategies for risks to be accepted and managed, shared or completely eliminated in the Company regarding the risks assessed according to probability and impact calculations,
• Presenting opinions to the Board of Directors to establish internal control systems, including the processes of risk management and information systems, which can minimize the effects of risks that may affect the stakeholders of the Company, especially the shareholders,
• Ensuring the integration of risk management and internal control systems into the corporate structure and business processes of the company,
• Evaluating and approving the risk studies carried out within the company, informing the board of directors when necessary, and submitting suggestions,
• Evaluating the development and maintenance of management reports to ensure that information is timely, accurate and relevant,
• Monitoring the final status of the audit issues and findings, the effectiveness of the actions taken and evaluation of effectiveness,
Oversight of business continuity management activities,
• Reviewing the risk management systems at least once a year and monitoring the implementation of the practices in the relevant departments that undertake the responsibility of risk management in accordance with the Risk Committee decisions,
• Identifying technical bankruptcy in a timely manner, if any, warning the Board of Directors in relation to the matter and making recommendations regarding the measures to be taken,
• Submitting a report to the Board of Directors every three months evaluating the situation, pointing towards the hazards and the applicable solutions, sending these reports to the auditor, audit committee and internal audit department as well and
• Preparing annual reports to be submitted to the Board of Directors, aimed at providing a basis for the Board's evaluation of the Committee's efficiency, which shall be included in the annual activity report and cover issues such as the number of members, meeting frequency and activities of the Committee.

The Board of Directors shall provide the Committee with all kinds of resources and support it needs in order to perform its duties and obligations. The Committee may invite any executive it deems appropriate to the Committee meetings and inquire about their opinions. If it deems necessary, the Committee may resort to the opinions of individuals specialized in their fields. The reports submitted to the board of directors shall also be forwarded to the independent auditor. The board of directors shall have the final discretion.

Investment Committee

The Investment Committee fulfills the duties and responsibilities specified in the working principles and undertakes the duties given to it under the Articles of Association. The purpose of the Committee is to evaluate the investment and business development projects in excess of USD 1 million, in line with the purpose and subject of the Company's articles of association, submit them to the approval of the Board of Directors and carry out the follow-up processes.
The Investment Committee consists of at least three members. Upon resolution of the Board of Directors, dated July 6, 2020 and numbered 2020/27, Chairman of the Board İdris Küpeli, General Manager Ömer Fatih Keha, Board Member Galip Ayköse, Independent Board Members Mehmet Hayati Öztürk and Ersin Akyüz were elected as members of the Investment Committee.

Members of the Committee are appointed by the Board of Directors. Term of office shall not exceed three years and the Committee members whose term of office expired may be re-appointed.

The Committee shall convene once in three months. If the frequency deemed necessary for the efficiency of its operations, the Committee shall convene at the Company's headquarters or at another location where the members of the Committee are present. Committee meetings shall be timed to coincide with the Board meetings to the extent possible. The Committee convenes with the participation of the simple majority of its members and passes decisions with the majority of the members present at the meeting.

The Committee shall put all its work in writing, keep records thereof and report to the Board of Directors regarding the results of the work conducted and the meetings held by the Committee. The findings and recommendations of the Committee within the scope of its duties and responsibilities shall be immediately reported to the Board of Directors in writing. The records of the Committee meetings shall be approved by the Committee members and kept together with the decisions of the Committee. The records are shared with the Committee members before the next meeting.

The Company's financial manager or a member appointed by the committee takes the responsibility as a Rapporteur under the Chair of the Committee. The Rapporteur submits the meeting agenda and related documents to the Committee members before the meeting. The Rapporteur ensures the participation of the people whose chairperson wants to attend the meeting. The Rapporteur writes down the minutes and decisions of the meeting and ensures their distribution to the relevant parties.

The Secretariat of the Board of Directors is responsible for the administrative organization of the meetings and the distribution of meeting minutes to the members of the Board of Directors and keeping the records.

The Investment Committee shall evaluate the Investment Projects to be carried out within the Company, its subsidiaries or affiliates and reports their opinions on the relevant investment to the Board of Directors. The relevant reporting shall be prepared by taking into account the project baseline and feasibility analyses, project finance analyses, budget approval and Investment Criteria. The Board of Directors shall be authorized to take investment decisions regarding Investment Projects. However, the Board of Directors cannot take investment decisions without the Investment Committee's opinion on the relevant Investment Project. Investment Projects are required to be carried out in accordance with the following criteria:

• Not making any investment in power plants where fossil fuels are used for energy production;
• Not making any investments that are incompatible with the sustainability, environment, occupational health and safety, governance and social policies of the company;
• No confliction with the obligations under existing agreements, including those under financing arrangements;
• target of a minimum 10% equity IRR in USD terms, in assets under development and/or construction;
• not having more than 20% of Gross Asset Value invested in any single asset, to the extent the relevant asset will not have significant and strategic importance for the Company's growth opportunities and long-term strategies;
• the total investment amount of the assets under construction and / or in development should not exceed 25% of the total asset value, and
• avoidance of concentration with a single counterparty that no more than 30% of the revenue to be derived from a single off-taker.

The Board of Directors shall provide the Committee with all kinds of resources and support it needs in order to perform its duties and obligations. The Committee may invite any executive and advisor it deems appropriate to the Committee meetings and inquire about their opinions. If it deems necessary, the Committee may resort to the opinions of individuals specialized in their fields.

Occupational Health, Safety and Environment Committee

The Occupational Health, Safety and Environment Committee fulfills the duties and responsibilities specified in the working principles and undertakes the duties given to it under the Articles of Association. The main purpose of the Occupational Health, Safety and Environment Committee is to develop the culture of sustainability, life, occupational health and safety that covers the Company's employees and all business facilities, and to proactively adopt and develop a safe behavior approach, including environmental regulations and activities. In addition, it is to inform the board of directors about preventive/remedial measures to ensure the implementation of sustainability principles, areas that may create opportunities and results of activities.

The Occupational Health, Safety and Environment Committee consists of a board member or General Manager, Operations Director, Maintenance and Projects Director, OHS, Environment and IMS Manager. In the event that there are items on stakeholder engagement and social impact in the meeting agenda of the Occupational Health, Safety and Environment Committee the participation of the Human Resources Director and Corporate Communication Manager shall also be ensured. The member of the board of directors chairs the Committee. Upon resolution of the Board Directors, dated July 6, 2020 and numbered 2020/27 General Manager Ömer Fatih Keha, Operations Director Adnan Can, Maintenance and Project Director Hüseyin Günlü and OHS, Environment and EYS Manager Fatih Peker were elected to the Occupational Health, Safety and Environment Committee.

The Occupational Health, Safety and Environment Committee members are appointed by the board of directors. The term of office cannot exceed three years, and committee members whose term of office has expired may be re-appointed.

The Occupational Health, Safety and Environment Committee shall convene once in three months. If the frequency deemed necessary for the efficiency of its operations, the Occupational Health, Safety and Environment Committee shall convene at the Company's headquarters or at another location where the members of the Committee are present. Committee meetings shall be timed to coincide with the Board meetings to the extent possible.

The Occupational Health, Safety and Environment Committee convenes with the participation of the simple majority of its members and passes decisions with the majority of the members present at the meeting.

The Occupational Health, Safety and Environment Committee shall put all its work in writing, keep records thereof and report to the Board of Directors regarding the results of the work conducted and the meetings held by the Committee. The findings and recommendations of the Occupational Health, Safety and Environment Committee within the scope of its duties and responsibilities shall be immediately reported to the Board of Directors in writing. The records of the Occupational Health, Safety and Environment Committee meetings shall be approved by the Committee members and kept together with the decisions of the Committee. The Company's OHS, Environment and IMS Manager or a member appointed by the committee assumes the responsibility of the Rapporteur depending on the Committee Chairman. The Rapporteur submits the meeting agenda and related documents to the Committee members before the meeting. The Rapporteur ensures the participation of the people whose chairperson wants to attend the meeting. The Rapporteur writes down the minutes and decisions of the meeting and ensures that they are distributed to the relevant parties.

The secretariat of the board of directors is responsible for the administrative organization of the meetings and the distribution of the meeting minutes to the members of the board of directors and keeping the decisions in the decision book.

The Occupational Health, Safety and Environment Committee performs the duties including but not limited to the following:

• Considering the feedback from the OHS Board and the Life Safety Subcommittee and field personnel, OHS performance and targets;
• Studies that will ensure continuous improvement and development in environmental activities;
• Evaluating the feedback on environmental and social performance, energy consumption, waste management, environmental and social risks;
• KPI practices and evaluation of related issues;
• Dissemination of OHS culture and evaluation of planned management walks and audit results;
• Monitoring and reporting of training activities on OHS, environmental and social matters;
• Preventing work accidents and occupational diseases, following up the efforts to create healthy and safe work environments, setting targets for performance measurement, and reporting the data and information provided by the relevant units to the committee chairman board member;
• Determining, measuring, monitoring, recording, auditing and reporting the environmental and social risks and impact dimensions of the company's operations;
• Increasing organizational resilience through proactive risk prevention, monthly planned safety checks, monthly management OHS walk, regulatory preventive actions, near-miss, unsafe situation and behavior, continuous improvement of OHS performance, including LTI;
• Sustainability report and ESG scoring. The Board of Directors shall provide the Committee with all kinds of resources and support it needs in order to perform its duties and obligations. The Committee may invite any executive and advisor it deems appropriate to the Committee meetings and inquire about their opinions. If it deems necessary, the Committee may resort to the opinions of individuals specialized in their fields of expertise.

This report has been prepared in accordance with the provisions of the "Regulation on Determining the Minimum Content of the Annual Activity Report of Companies" published in the Official Gazette dated 28.08.2012 and numbered 28395 by the Ministry of Customs and Trade and has been signed and approved by the members of the board of directors.

In accordance with the Article 199 of the Turkish Commercial Code numbered 6102, the Board of Directors of our Company has made the following statement in its affiliation report on its relations with the controlling company and a company affiliated with the controlling company. Our Company has considered all measures taken or avoided to be taken in favor of the controlling company or its affiliates in the first six months of FY2020 within the scope of legal transactions executed in favor of the controlling company or its affiliates under the direction of the controlling company under all circumstances and conditions known to us between 01.01.2020 and 31.12.2020.

We hereby declare that to the best of our knowledge our company has not suffered such a loss due to a transaction occurring in the year end of FY2020, nor has our company obtained any benefit as a result of such transaction, and that there has been no equalization of the interests obtained, or losses suffered by the controlling company.

Chairman
İdris Küpeli

Vice Chairman
Ömer Fatih Keha

Member of Board of Directors
Serdar Marangoz

Member of Board of Directors
Galip Ayköse

Member of Board of Directors
Hamdi Alp

Member of Board of Directors
Korhan Tiryaki

Independent Member of Board of Directors
Mehmet Hayati Öztürk

Independent Member of Board of Directors
Ersin Akyüz

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of Aydem Yenilenebilir Enerji Anonim Şirketi :

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

Opinion

We have audited the carve-out consolidated financial statements of Aydem Yenilenebilir Enerji A.Ş. (the Company) and its subsidiaries (the Group), which comprise the carve-out consolidated statement of financial position as at 31 December 2020, and the carve-out consolidated statement of profit or loss and other comprehensive income, carve-out consolidated statement of changes in equity and carve-out consolidated statement of cash flows for the year then ended, and notes to the carve-out consolidated financial statements, including a summary of significant accounting policies.
In our opinion, the accompanying carve-out consolidated financial statements present fairly, in all material respects, the carve-out consolidated financial position of the Group as at 31 December 2020 and its carve-out consolidated financial performance and its carve-out consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Key Audit Matters

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

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

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

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Key Audit Matter	How our audit addressed the key audit matter
Preparation of carve-out consolidated financial statements	
As explained in Note 1 and Note 2.2, after the restructuring undertaken in 2019, the main and sole activity of the Group became renewable energy generation. In order to present the consolidated financial position and the results of operations solely of the renewable energy generation comparatively for the prior periods, the Group has prepared the consolidated financial statements on a carve-out basis. Accordingly, the former subsidiaries of the Group whose main activities were not the renewable energy have been excluded from the accompanying carve-out consolidated financial statements. Additionally, the Group has terminated its operations in the power plant construction business in 2019 by selling the assets of the business to third parties and also sold the solar panel production business to a subsidiary of its ultimate parent through a spin-off transaction. Since these were not previously reportable segments, some assumptions and judgements are used for the allocation of items relating to the financial position and income statement based on the accounting records of the Group. Detailed explanations on the assumptions and judgements used for the allocation of the items regarding the power plant construction and solar panel production businesses are given in Note 2.2 of the carve-out consolidated financial statements. Because the consolidated financial position of the Group and its consolidated financial performance and its consolidated cash flows are dependent on the assumptions and judgements used and the effect of the-carved-out businesses are material to the carve-out consolidated financial statements, we consider this as a key audit matter.	Among the other audit procedures we performed, we assessed the appropriateness of the units to be excluded from the carve-out consolidated financial statements. We have evaluated the appropriateness of the assumptions and judgements used in the allocation of assets, liabilities, equity, income expenses and cash flows among the units. We have tested whether the items allocated to carved-out units are actually related to businesses other than renewable energy business. These procedures include; -tracing the items to the cost/profit centers in the accounting system, background checks for the customers and suppliers to ensure which businesses they relate to, and invoice testing as to the nature of the items. In addition, we have assessed whether the following information is sufficiently disclosed in the carveout consolidated financial statements and explanatory notes : • the fact that the financial statements are carve-out consolidated financial statements, • the reason why carve-out consolidated financial statements are prepared, • the basis for determining which 'units' are included in the carve-out consolidated financial statements, • the basis of preparation of the carve-out consolidated financial statements, the assumptions and judgement used for the allocation and, • the comprehensive related party disclosures.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Onur Ünal, SMMM
Partner

19 February 2021
İstanbul, Turkey

Carved-out consolidated financial statements as of 31 December 2020

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

Carved-out consolidated financial statements as of 31 December 2020

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

Carve-out Consolidated Statement of Financial Position

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

Carve-out Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Audited Current Period 1 January - 31 December 2020	Audited Prior Period 1 January - 31 December 2019
Profit or Loss Stwwatement			
Revenue	14	1,340,375,223	1,197,000,764
Cost of Sales (-)	15	(573,533,609)	(438,938,553)
Gross Profit		**766,841,614**	**758,062,211**
General Administrative Expenses (-)	16	(115,166,434)	(88,165,407)
Selling and Marketing Expenses (-)		(84,584)	(651,984)
Other Operating Income	18	41,297,760	8,860,972
Other Operating Expenses (-)	18	(9,646,425)	(6,394,559)
Operating Profit		**683,241,931**	**671,711,233**
Gains from Investing Activities	20	9,992,561	84,296,559
Loss of Investment Accounted Under Equity Method (-)	25	(7,293,727)	(1,540,190)
Net Investing Activity Gain		**2,698,834**	**82,756,369**
Finance Income	19	63,608,462	31,338,067
Finance Expense (-)	19	(1,455,670,268)	(1,319,633,373)
Net Finance Expense		**(1,392,061,806)**	**(1,288,295,306)**
Loss Before Tax		**(706,121,041)**	**(533,827,704)**
Tax Income / (Expense)		**148,689,708**	**(41,571,436)**
- Current Tax Expense (-)	21	-	(12,336,441)
- Deferred Tax Income / (Expense)	21	148,689,708	(29,234,995)
Net Loss for the Year		**(557,431,333)**	**(575,399,140)**
Loss Attibutable To:			
Non-controlling Interests		-	(4,286,830)
Equity Holders of the Parent		(557,431,333)	(571,112,310)
Earnings (Loss) per share			
- Earnings (Loss) Per Share	26	(0,80)	(0,04)
Other Comprehensive Income			
- that will not be Reclassified to Profit or Loss in Subsequent Periods		**2,028,011,833**	**1,223,441,680**
- Increases(Decreases) in Property, Plant and Equipments Revaluation		*2,531,536,628*	*1,532,820,405*
- Actuarial Gains/(Losses) on Defined Benefit Plans	*10,4*	*3,478,163*	*(3,518,305)*
- Tax Related to Other Comprehensive Income that will not be Reclassified to Profit or Loss	*21*	*(507,002,958)*	*(305,860,420)*
- that may be Reclassified to Profit or Loss in Subsequent Periods		**-**	**15,087,524**
- Shares of Other Comprehensive Income of an Associate	*28*	-	*15,087,524*
Other Comprehensive Income		**2,028,011,833**	**1,238,529,204**
Total Comprehensive Income		**1,470,580,500**	**663,130,064**
Total Comprehensive Income Attibutable To:			
Non-controlling Interests		**-**	**(4,286,830)**
Equity Holders of the Parent		**1,470,580,500**	**667,416,894**

Carved-out consolidated statement of changes in equity for the periods ending on 31 December 2020 and 2019

				Other Comprehensive Income that will not be Reclassified to Profit or (Loss)									
	Paid-in Capital	Share Premium (*)	Effect of Business Combination of Entities Under Common Control	Gains on Revaluation of Property, Plant and Equipment	Actuarial Gains/ (Losses) on Defined Benefit Plans	Investments Accounted by the Equity Method	Effect of Carve-out Transactions	Restricted Reserves	Accumulated Losses	Net Loss for the Year	Equity Holders of the Parent	Total Non-Controlling Interests	Total Equity
Balance as of 1 January 2019	133,772,880	-	292,507,120	3,610,505,554	2,880,842	36,337,289	(195,211,948)	1,523,866	(691,585,471)	(1,488,530,966)	1,702,199,166	52,726,546	1,754,925,712
Transfers	-	-	-	-	-	-	-	-	(1,488,530,966)	1,488,530,966	-	-	-
Net Loss for the Period	-	-	-	-	-	-	-	-	-	*(571,112,310)*	*(571,112,310)*	*(4,286,830)*	*(575,399,140)*
Other Comprehensive Income / (Expense)	-	-	-	*1,226,256,324*	*(2,814,644)*	*15,087,524*	-	-	-	-	*1,238,529,204*	-	*1,238,529,204*
Total Comprehensive Income	**-**	**-**	**-**	**1,226,256,324**	**(2,814,644)**	**15,087,524**	**-**	**-**	**-**	**(571,112,310)**	**667,416,894**	**(4,286,830)**	**663,130,064**
Effect of Carve-out Transactions (Note 2.2)	-	-	-	-	-	-	412,542,900	-	-	-	412.542.900	-	412.542.900
Capital Increase	399,950,000	-	-	-	-	-	-	-	-	-	399,950.000	-	399,950,000
Share Premium	-	1,310,500,000	-	-	-	-	-	-	-	-	1,310,500,000	-	1,310,500,000
Effect of Business Combination of Entities Under Common Control (Note 27)	166,277,120	-	(243,032,622)	-	-	-	-	-	-	-	(76,755,502)	-	(76,755,502)
Acquisition of Non Controlling Interest (Note 27)	-	-	-	-	-	-	-	-	4,572,716	-	4,572,716	(48,439,716)	(43,867,000)
Effect of Sale of Subsidiaries	-	-	-	(86,021,005)	-	-	-	-	86,021,005	-	-	-	-
Balance as of 31 December 2019	**700,000,000**	**1,310,500,000**	**49,474,498**	**4,620,295,700**	**66,198**	**49,255,423**	**217,330,952**	**1,523,866**	**(1.956,908,153)**	**(571,112,310)**	**4,420,426,174**	**-**	**4,420,426,174**
Balance as of 1 January 2020	**700,000,000**	**1,310,500,000**	**49,474,498**	**4,620,295,700**	**66,198**	**49,255,423**	**217,330,952**	**1,523,866**	**(1,956,908,153)**	**(571,112,310)**	**4,420,426,174**	**-**	**4,420,426,174**
Transfers	-	-	-	-	-	-	-	-	(571,112,310)	571,112,310	-	-	-
Net Loss for the Period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	***(557,431,333)***	***(557,431,333)***	**-**	***(557,431,333)***
Other Comprehensive Income	**-**	**-**	**-**	***2,025,229,302***	***2,782,531***	**-**	**-**	**-**	**-**	**-**	***2,028,011,833***	**-**	***2,028,011,833***
Total Comprehensive Income / (Expense)	**-**	**-**	**-**	**2,025,229,302**	**2,782,531**	**-**	**-**	**-**	**-**	**(557,431,333)**	**1,470,580,500**	**-**	**1,470,580,500**
Share Premium (*)	-	(1,310,500,000)	-	-	-	-	-	-	1,310,500,000	-	-	-	-
Effect of Sale of Associate (Note 27)	-	-	1.845.320	-	-	(47,744,350)	-	-	47,744,350	-	1,845,320	-	1,845,320
Depreciation Transfers Related to Revaluation of Property, Plant and Equipment	-	-	-	(167,797,550)	-	(1,511,073)	-	-	169,308,623	-	-	-	-
Balance as of 31 December 2020	**700,000,000**	**-**	**51,319,818**	**6,477,727.452**	**2,848,729**	**-**	**217,330,952**	**1,523,866**	**(1,000,467,490)**	**(557,431,333)**	**5,892,851,994**	**-**	**5,892,851,994**

Carved-out consolidated cash flow statement for the periods ended 31 December 2020 and 2019

	Notes	Audited Current Period 1 January - 31 December 2020	Audited Prior Period 1 January - 31 December 2019
Operating Activities			
Profit / (Loss) for the Period		**(557,431,333)**	**(575,399,140)**
Adjustment to Reconcile Net Income / (Loss)		***1,648,965,761***	***1,517,884,269***
Adjustment Related to Tax Income / (Expense)	21	(148,689,708)	41,571,436
Adjustment Related to Litigation Provisions	10	1,133,144	1,472,359
Adjustment Related to Amortization and Depreciation	8-9	355,963,169	296,033,748
Adjustment Related to Unused Vacation Pay Liability and Retirement Pay Liability Provisions		3,627,185	3,032,987
Adjustment Related to Income or (Loss) of Investments Accounted Under Equity Method	25	7,293,727	1,540,190
Adjustment Related to Provisions for Doubtful Receivables	5-18	61,135	(1,707,879)
Adjustment Related to Exchanges Differences	22	1,039,221,641	670,254,244
Adjustment Related to Incomes / (Losses) of Rediscount, Net	19	8,102,072	(1,854,050)
Adjustment Related to Incomes / (Expenses) of Interest, Net		392,678,536	590,014,305
Adjustment Related to Gains of Sales of Subsidiaries, Net	20	-	(84,296,559)
Adjustment Related to Gains of Sales of Tangible & Intangible Assets, Net	20	(3,534,160)	-
Adjustment Related to Gains on Scrap Sales	20	(1,524,322)	-
Adjustment to Related to Interest Incomes / Expenses from Related Parties	19	(432,579)	1,823,488
Effect of sales of associate	20-27	(4,934,079)	-
Working Capital Adjustments		**(16,552,820)**	**124,477,915**
Adjustment Related to Increase / (Decrease) in Restricted Accounts		-	1,208,718
Adjustment Related to Increase / (Decrease) in Trade Receivables		27,214,729	32,282,821
Adjustment Related to Increase / (Decrease) in the Inventories		11,192,187	(9,490,253)
Changes in Financial Investments		-	755,278
Adjustment Related to Increase / (Decrease) in Other Receivables and Other Payables		(38,368,985)	403,411
Adjustment Related to Increase / (Decrease) in Other Current Assests and Short-term Liabilities		249,226	113,997,298
Changes in Other Non-Current Assets and Long-term Liabilities		5,966,119	15,452,685
Adjustment Related to Increase / (Decrease) in Trade Payables		(23,553,900)	(29,818,261)
Adjustment Related to Increase / (Decrease) in Liabilities for Employee Benefits		747,804	(313,782)

Carved-out consolidated cash flow statement for the periods ended 31 December 2020 and 2019

Taxes Paid		(2,126,388)	(12,336,441)
Other Cash Inflow (Outflow)		-	(42,670,047)
Employee Termination Benefit Paid	10	(134,743)	(2,782,192)
A. CASH FLOWS FROM OPERATING ACTIVITIES		**1,072,720,477**	**1,009,174,364**
B. CASH FLOWS FROM INVESTING ACVTIVITIES		**(129,267,316)**	**72,520,494**
Interest Received	19	3,074,612	4,790,540
Inflow Related to Sales of Subsidiaries	2,4	-	205,650,393
Acquisition of a subsidiary, net of cash acquired	27	-	(5,500,000)
Inflow Related to Sales of Tangible and Intangible Assets		7,068,320	87,095,927
Outflow Raleted to Purchase of Tangible and Intangible Assets	8-9	(74,590,248)	(154,696,366)
Outflow Related to Payment of Debts to the Privatization Administration		(64,820,000)	(64,820,000)
C. CASH FLOWS FROM FINANCIAL ACTIVITIES		**(934,460,899)**	**(1,518,856,147)**
Cash Inflow Related to Proceeds from Borrowings	22	77,784,000	458,210,684
Cash Outflow Related to Repayment of Borrowings	22	(540,411,221)	(2,687,385,638)
Cash Outflow Related to Lease Liabilities		(5,142,455)	(22,232,840)
Acquisition of Non Controlling Interest	27	-	(48,439,716)
Cash Inflow / (Outflow) Related to Repayment of Related Party, net		(64,562,876)	(348,935,293)
Interest received from Related Party, net	19	-	(1,823,488)
Increase in Share Premium	13	-	1,310,500,000
Increase in Share Capital	13	-	399.950.000
Interest Paid	6 - 22	(402,128,347)	(578,699,856)
D. CASH FLOWS FROM CARVE OUT TRANSACTIONS	**2,2**	**-**	**412,542,900**
NET INCREASE / (DECREASE) CASH AND CASH EQUIVALENTS (A+B+C+D)		**8,992,262**	**(24,618,389)**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**136,532,816**	**161,151,205**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERİOD (A+B+C+D+E)		**145,525,078**	**136,532,816**

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