(CONVENIENCE TRANSLATION INTO ENGLISH OF THE INDEPENDENT AUDITOR'S REPORT AND THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

VERUSA HOLDİNG A.Ş.
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2021
TOGETHER WITH THE
INDEPENDENT AUDITOR'S REPORT

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Verusa Holding A.Ş.

A. Audit of the consolidated financial statements

1. Our opinion

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

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

2. Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key audit matters

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

Key Audit Matters	How the key audit matter was addressed in the audit
Valuation calculation carried out in order to determine the fair value of financial investments	
As can be seen in Note 25; the Group has financial investment classified as short-term amounting to 844 million TRY and has financial investment classified as long-term amounting to 37 million TRY non-publicly traded and these investments accounted through their fair values. In the valuation of financial investments with the assistance of experts by the group management, adjusted net asset value, market multiples and discounted cash flows techniques have been used. Weighted average cost of capital, terminal growth rate, multipliers of similar companies, liquidity discount, production amount and estimated electricity sales prices were used. Changes that occur in these estimates will cause change in the financial statements. We focused on these areas during our work due to significance of the amounts on the consolidated financial statement, use of estimations and need to use experts to check calculations.	We assessed the technical sufficiency and independence of the valuation company that performed the calculation. Total value was found using different valuation techniques at different rates. We received assessment of valuation experts within PwC Turkey during the assessment of assumptions and methods used by the Group management and the control of activities carried out by the valuation company. The technical and theoretical controls of the models, used by the management and designed using discount and terminal growth rates, were performed with the help of our valuation experts. We evaluated whether the terminal growth rate applied was suitable by comparing it to macro-economic data. In order to control that the discount rate was in acceptable range, we compared company data specific to the company subject to valuation and with the data of other public companies operating in the same industry. It was assessed that assumptions were at acceptable ranges. Projections prepared for cash-generating units, which are the basis of the calculations, were assessed by comparison to the past financial performance of the relevant cash-generating unit and the realization probability of forecasts for the forthcoming period were examined. By performing additional sensitivity analyses to those prepared by the valuation company, we assessed how sensitive the fair value studies were in terms of amount. We checked the mathematical accuracy of fair value calculations. We assessed the sufficiency of necessary footnote statement as part of TFRS.

Key Audit Matters	How the key audit matter was addressed in the audit
Valuation calculation carried out in order to determine the fair value of hydroelectric power plants	
Hydroelectric power plants amounting to TRY 207 million were accounted at its fair value in the Group's consolidated financial statements in accordance to TAS 16 - "Property, Plant and Equipment" standard. As of 31 December 2021, the fair value of the asset were calculated by an independent valuation company and increased by TRY90 million. The amount, net of deferred income tax were accounted under other comprehensive income. We focused on this area during our work since the total amount represents a significant share of the Group's assets and cash flow projections consist of sensitive significant management estimates and judgements to market conditions which are spot market electricity sales prices, liquidity discount, production amounts and production costs.	We assessed the technical sufficiency and independence of the valuation company that performed the calculation. We received assessment of valuation experts within PwC Turkey during the assessment of assumptions and methods used by the Group management and the control of activities carried out by the valuation company. The technical and theoretical controls of the models, used by the management and designed using discount and terminal growth rates, were performed with the help of our valuation experts. We evaluated whether the terminal growth rate applied was suitable by comparing it to macro-economic data. In order to control that the discount rate was in acceptable range, we compared company data specific to the company subject to valuation and with the data of other companies operating in the same industry. It was assessed that assumptions were at acceptable ranges. Projections prepared for cash-generating units, which are the basis of the calculations, were assessed by comparison to the past financial performance of the relevant cash-generating unit and the realization probability of forecasts for the forthcoming period were examined. Relevant estimated electricity sales prices used in future cash flow projections are compared with the electricity sales prices determined in the Renewable Energy Resources Support Mechanism (“YEKDEM”) and approved by Energy Market Regulatory Authority (“EMRA”) which are valid for ten years starting from the power plant become operational. By performing additional sensitivity analyses to those prepared by the valuation company, we assessed how sensitive the fair value studies were in terms of amount. We checked the mathematical accuracy of fair value calculations. We assessed the sufficiency of necessary footnote statement as part of TFRS.

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

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

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

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

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

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

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

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

B. Other responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code (“TCC”) No. 6102 and that causes us to believe that the Company’s bookkeeping activities concerning the period from 1 January to 31 December 2021 period are not in compliance with the TCC and provisions of the Company’s articles of association related to financial reporting.

2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor’s report on the early risk identification system and committee was submitted to the Company’s Board of Directors on 25 February 2022.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Mert Tüten, SMMM
Partner

Istanbul, 25 February 2022

INDEX	PAGE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	**1-2**
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	**3**
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	**4**
CONSOLIDATED STATEMENT OF CASH FLOWS	**5**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	**6-67**

Note 1	ORGANIZATIONS AND OPERATIONS OF THE GROUP	6-8
Note 2	BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS	8-28
Note 3	EXPLANATIONS OF CHANGES IN SHAREHOLDERS EQUITY	28
Note 4	INTERESTS IN OTHER ENTITIES	29-33
Note 5	OPERATING SEGMENTS	33-36
Note 6	RELATED PARTY DISCLOSURE	37
Note 7	TRADE RECEIVABLES AND PAYABLES	37-38
Note 8	PREPAID EXPENSES AND DEFERRED INCOME	38
Note 9	OTHER RECEIVABLES AND PAYABLES	38-39
Note 10	INVENTORIES	39
Note 11	COMMITMENTS	39
Note 12	PROPERTY, PLANT AND EQUIPMENTS	40-42
Note 13	INTANGIBLE ASSETS	43
Note 14	OTHER ASSETS AND LIABILITIES	44
Note 15	EMPLOYEE BENEFITS	44-46
Note 16	EXPENSES BY NATURE	46
Note 17	SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS	47
Note 18	REVENUE AND COST OF SALES	48
Note 19	ADMINISTRATIVE AND MARKETING EXPENSES	48-49
Note 20	OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES	49
Note 21	FINANCE INCOME / EXPENSES	50
Note 22	INCOME AND EXPENSES FROM INVESTING ACTIVITIES	50
Note 23	INCOME TAXES	50-53
Note 24	EARNINGS PER SHARE	54
Note 25	FINANCIAL INSTRUMENTS	54-56
Note 26	NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS	57-65
Note 27	INVESTMENT PROPERTY	65-66
Note 28	PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	66
Note 29	NOTES ON STATEMENT OF CASH FLOWS	66
Note 30	FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR'S	67
Note 31	EVENTS AFTER REPORTING PERIOD	67

VERUSA HOLDİNG A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

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

ASSETS	**Notes**	**Audited Current Year 31 December 2021**	**Audited Prior Year 31 December 2020**
Current Assests		**978,681,999**	**542,961,701**
Cash and cash equivalents	29	32,962,611	43,454,085
Financial investments	25	851,696,614	473,597,550
Trade receivables	7	32,134,318	10,236,644
- Trade receivables from third parties		*32,134,318*	*10,236,644*
Other receivables	9	3,088,705	863,706
- Other receivables from third parties		*3,088,705*	*863,706*
Inventories	10	31,874,700	10,445,915
Prepaid expenses	8	19,856,231	158,581
Other current assets	14	7,068,820	4,205,220
Non-Current Assests		**355,666,141**	**208,530,264**
Financial investments	25	36,557,020	21,441,260
Other receivables		656,133	705,854
- Other receivables from third parties	*9*	*656,133*	*705,854*
Investments accounted through equity method	4	21,683,629	15,971,036
Investment property	27	35,515,000	22,125,000
Property, plant and equipment	12	256,775,380	141,635,274
Intangible assets	13	246,033	123,312
Prepaid expenses	8	1,498,950	71,546
Deferred tax assets	23	1,089	4,228,703
Other non current assets	14	2,732,907	2,228,279
TOTAL ASSETS		**1,334,348,140**	**751,491,965**

VERUSA HOLDİNG A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

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

LIABILITIES AND EQUITY	**Notes**	**Audited Current Year 31 December 2021**	**Audited Prior Year 31 December 2020**
Current Liabilities		**43,177,127**	**21,518,535**
Short-term borrowings	25	-	313,005
Short-term portion of long term borrowings	25	6,397,425	7,997,157
Trade payables	7	19,480,608	4,202,549
- Trade payables to third parties		*19,480,608*	*4,202,549*
Payables related to employee benefits	15	377,085	284,698
Other Payables		613,405	605,164
- Other payables to third parties		613,405	605,164
Current tax liablities	23	4,767,969	5,082,838
Short-term provisions		652,303	453,253
- Short-term provisions for employee benefits	*15*	*652,303*	*453,253*
Other current liabilities	14	10,888,332	2,579,871
Non-Current Liabilities		**69,921,839**	**133,557,231**
Long-term borrowings	25	29,970,563	29,651,978
Other payables	9	500,000	75,461,253
- Other payables to related parties	*6*	-	74,951,072
- Other payables to third parties		500,000	510,181
Long-term provisions		3,058,628	2,098,235
- Long-term provisions for employee benefits	*15*	*3,058,628*	*2,098,235*
Deferred tax liabilities	*23*	36,392,648	26,345,765
EQUITY		**1,221,249,174**	**596,416,199**
Equity Attributable to Owners of the Company		**922,432,179**	**486,982,217**
Share capital	17	70,000,000	70,000,000
Share premium		10,943,184	13,493,797
Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss		68,481,405	20,297,973
Revaluation increases / (decreases) of property, plant and equipment		68,481,405	20,297,973
Restricted reserves from profit	17	7,141,107	7,002,679
Other reserves	17	32,655,004	32,655,004
Retained earnings		540,222,736	202,585,398
Net profit of the year		192,988,743	140,947,366
Non-Controlling interests		**298,816,995**	**109,433,982**
TOTAL LIABILITIES AND EQUITY		**1,334,348,140**	**751,491,965**

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2021

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

	Notes	Audited Current Year 1 January - 31 Deccember 2021	Audited Prior Year 1 January - 31 Deccember 2020
Revenue	18	122,107,283	54,971,946
Cost of sales (-)	18	(95,746,527)	(40,564,009)
Gross profit		**26,360,756**	**14,407,937**
Administrative expenses (-)	19	(14,316,689)	(12,342,754)
Marketing expenses (-)	19	(1,792,528)	(1,310,432)
Other income from operating activities	20	390,589,982	183,632,969
Other expenses from operating activities (-)	20	(91,875,895)	(2,052,175)
Operating profit		**308,965,626**	**182,335,545**
Profit / loss (-) from investment activities	22	14,519,771	3,363,420
Share of profit/loss of invesments accounted for using the equity method	4	6,541,519	7,173,041
Operating profit before finance expense		**330,026,916**	**192,872,006**
Finance income	21	3,601,490	159,977
Finance expense (-)	21	(25,865,541)	(19,023,180)
Profit before tax		**307,762,865**	**174,008,803**
Tax expense		**(12,287,255)**	**(13,948,460)**
Current tax expense	23	(7,515,296)	(2,275,618)
Deferred tax income / (expense)	23	(4,771,959)	(11,672,842)
PROFIT FOR THE YEAR		**295,475,610**	**160,060,343**
Profit for the year attributable to			
Non-controlling interests		102,486,867	19,112,977
Owners of the Company		192,988,743	140,947,366
		295,475,610	**160,060,343**
Earnings per share			
Earnings per share	24	2.76	2.01
Other comprehensive income		**84,814,670**	**3,076,178**
Revaluation profit / losss (-) of tangible assets	12	94,317,208	3,437,648
Deferred tax expense	23	(9,502,538)	(361,470)
Total comprehensive income		**380,290,280**	**163,136,521**
Total comprehensive income attributable to:		**380,290,280**	**80,529,248**
Non-controlling interests		135,224,175	19,744,765
Owners of the Company		245,066,105	143,391,756

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

VERUSA HOLDİNG A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2021

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

							Retained earnings				
	Notes	Share capital	Share premium	Revaluation increases / (decreases) of property, plant and equipment	Restricted reserves from profit	Other reserves	Retained earnings	Net profit of the year	Equity Attributable to Owners of the Company	Non-Controlling interests	Total
Balances as of 1 January 2020		**70,000,000**	**12,820,057**	**17,712,376**	**4,791,688**	**32,655,004**	**125,200,851**	**62,226,081**	**325,406,057**	**80,279,023**	**405,685,080**
Transfers		-	-	-	2,045,568	-	60,180,513	(62,226,081)	-	-	-
Total comprehensive income		-	-	2,444,390	-	-	-	140,947,366	143,391,756	19,744,765	163,136,521
Dividends	17	-	-	-	-	-	(700,000)	-	(700,000)	(2,079,244)	(2,779,244)
Acquisition of subsidiary (*)		-	-	-	-	-	(2,344,306)	-	(2,344,306)	10,061,980	7,717,674
Increase / decrease due to changes in proportion of ownership interest in subsidaries that does not result in loss of control	3	-	673,740	141,207	165,423	-	20,248,340	-	21,228,710	1,427,458	22,656,168
Balances as of 31 December 2020		**70,000,000**	**13,493,797**	**20,297,973**	**7,002,679**	**32,655,004**	**202,585,398**	**140,947,366**	**486,982,217**	**109,433,982**	**596,416,199**
Balances as of 1 January 2021		**70,000,000**	**13,493,797**	**20,297,973**	**7,002,679**	**32,655,004**	**202,585,398**	**140,947,366**	**486,982,217**	**109,433,982**	**596,416,199**
Transfers		-	-	-	1,022,622	-	139,924,744	(140,947,366)	-	-	-
Total comprehensive income		-	-	52,077,362	-	-	-	192,988,743	245,066,105	135,224,175	380,290,280
Dividends	17	-	-	-	-	-	(1,400,000)	-	(1,400,000)	(1,342,147)	(2,742,147)
Increase / decrease due to changes in proportion of ownership interest in subsidaries that does not result in loss of control	3	-	(2,550,613)	(3,893,930)	(884,194)	-	199,112,594	-	191,783,857	55,500,985	247,284,842
Balances as of 1 January 2021		**70,000,000**	**10,943,184**	**68,481,405**	**7,141,107**	**32,655,004**	**540,222,736**	**192,988,743**	**922,432,179**	**298,816,995**	**1,221,249,174**

(*) The 80% unlisted share of Pamel Yenilenebilir Elektrik Üretim A.Ş. (previous title Bomonti Elektrik Mühendislik Müşavirlik İnşaat Turizm Ve Ticaret A.Ş.) was acquired by our subsidiary Pamukova Elektrik Üretim A.Ş. on 30 September 2020.

VERUSA HOLDİNG A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2021

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

A. Cash flows from operating activities	Notes	Audited Current Year 1 January - 31 December 2021	Audited Prior Year 1 January - 31 December 2020
Profit for the year		**295,475,610**	**160,060,343**
Adjustments to reconcile profit for the year			
-Adjustments related to depreciation and amortization expenses	12, 13	3,776,602	2,424,843
-Adjustments related to impairment of receivables	7	281,186	706,676
-Adjustments related to provision for/reversal for employee benefit termination	15	1,558,556	714,605
-Adjustments related to provisions		(9,279)	(54,767)
-Adjustments related to bargain purchase income		-	(9,028,886)
-Adjustments related to interest income and expenses	20, 21	93,029,009	(28,248,743)
-Adjustments related to unrealized currency translation differences	25	17,498,082	4,407,318
-Adjustments related to (gain)/loss on fair value	20	(365,055,475)	(118,909,516)
-Adjustments related to undistributed profits of subsidiaries	4	(6,541,519)	(7,173,041)
-Adjustments related to tax expense	23	12,287,255	13,948,460
-Adjustments related to non-cash items		(14,241,074)	(3,225,000)
-Adjustments related to provisions of tangible assets	22	-	(86,220)
Changes in working capital			
-Adjustments related to (increase) / decrease trade receivables	7	(22,169,581)	9,156,242
-Adjustments related to increase in other receivables related to operations		(2,175,278)	592,844
-Adjustments related to (increase) / decrease in inventories	10	(21,428,785)	(3,391,561)
-Adjustments related to (increase) / decrease in prepaid expenses	8	(21,125,054)	(40,806)
-Adjustments related to (increase) / decrease in trade payables	7	15,278,059	1,143,030
-Increase / (decrease) in payables due to employee benefits		92,387	(268,694)
-Adjustments related to increase in other payables related to activities		(1,940)	(249,710)
-Increase / (decrease) in other assets related to activities	14	(3,206,458)	(38,470)
-Increase in other liabilities related to activities	14	8,308,461	(158,057)
Cash generated/(used) from operations		**(8,369,236)**	**22,280,890**
Interest received		3,601,490	5,407,828
Payments made under the provisions for employee benefits		(399,113)	(79,870)
Income taxes paid	23	(7,830,165)	(2,314,487)
		(12,997,024)	**25,294,361**
B. Cash Flows from Investing Activities			
Cash inflows on disposal of subsidiaries that does not result in loss of control		247,284,842	27,379,170
Cash inflows from the sale of shares of other enterprises or funds or debt instruments		264,339,347	11,551,480
Cash outflows for the acquisition of shares of other enterprises or funds or borrowing instruments		(290,980,466)	(93,556,076)
Cash inflows arising from disposal of tangibles		437	86,220
Payments for purchase of tangible and intangible assets		(24,722,658)	(9,680,102)
		195,921,502	**(64,219,308)**
C. Cash Flows from Financing Activities			
Cash outflows for borrowings	25	(19,092,234)	(9,272,725)
Increase in other liabilities from related parties		-	74,015,404
Decrease in other liabilities from related parties		(146,153,087)	-
Dividends paid		(2,742,147)	(2,779,244)
Interest paid		(25,428,484)	(18,705,345)
		(193,415,952)	**43,258,090**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**(10,491,474)**	**4,333,143**
D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	29	**43,454,085**	**39,120,942**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (A+B+C+D)	29	**32,962,611**	**43,454,085**

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

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

1. GENERAL INFORMATION

Verusa Holding A.Ş. (the "Company") was established on 6 October 2006 in Istanbul Turkey.

The major area of activity of the Company is to participate in the capital of various companies to provide more profitable and more efficient management of the companies. Members of the Board of Directors are activaley involved in the board of both the Company and its subsidiaries.

The companies that Verusa Holding A.Ş. has directly or indirectly participated (all together will be referred as the "Group") operate in the fields of energy, mining, chemistry, iron and steel, technology-software and venture capital.

The address of its registered office and principal place of business is Eski Büyükdere Caddesi İz Plaza Giz No: 9 Kat 14 D: 51 Maslak, Sarıyer / İstanbul.

In accordance with the permission of Republic of Turkey Prime Ministry Capital Markets Board dated 17 October 2012 and numbered 10201, the Company entered the registered share capital system in accordance with the resolution of the General Assembly on 19 October 2012. The registered capital ceiling of the Company is 300,000,000 TL. As of 31 December 2020, the share capital of the Group is 70,000,000 TL(31 December 2020: 70,000,000 TL).

As of 31 December 2021, the number of employees of the Group is 123 (31 December 2020: 116 employees).

As of 31 December 2021, 63.56% of the Company's shares belong to Investco Holding A.Ş.

Subsidiaries included in the full consolidation in the enclosed consolidated financial statements;

Company Name	**Country**	**Area of Activity**	**Stock Exchanges**
Standard Boksit Maden İşletmeleri A.Ş.	Turkey	Mining	-
Galata Altın İşletmeleri A.Ş.	Turkey	Mining	-
Verusaturk Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Turkey	Venture Capital	BIST
Pamukova Elektrik Üretim A.Ş.	Turkey	Renewable Energy Generation	-
Tortum Elektrik Üretim A.Ş. (*)	Turkey	Renewable Energy Generation	-
Pamel Yenilenebilir Elektrik Üretim A.Ş.	Turkey	Renewable Energy Generation	BIST
Ata Elektrik Enerjisi Toptan Satış A.Ş.	Turkey	Energy Generation	-
Acıselsan Acıpayam Selüloz San. ve Tic. A.Ş.	Turkey	Cellulose Production	BIST

(*) The Company merged with Pamel Yenilenebilir Elektrik Üretim A.Ş. as of 31 March 2021.

Standard Boksit Maden İşletmeleri A.Ş. ("Standard") was established in 2014 and operates in the mining industry. As of 31 December 2021, the group has total capital of TL 40,000,000.

Galata Altın İşletmeleri A.Ş. ("Galata") was established on 24 July 2020 with 10,000,000 TL capital as a 100% subsidiary of the Group and operates in the mining industry.

Verusaturk Girişim Sermayesi Yatırım Ortaklığı A.Ş. ("Verusaturk") is a venture capital investment company established in accordance with the Republic of Turkey Prime Ministry Capital Market Law. The registered equity ceiling of Verusaturk, which was established subject to the registered capital system in accordance with the decision of Capital Markets Board dated 29 December 2011 and numbered 44 / 1175, is TL 250,000,000. As of 31 December 2021, the issued capital of the Company is TL 52,000,000 and Verusa Holding A.Ş. is the ultimate controlling party in Verusaturk.

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

1. GENERAL INFORMATION (cont`d)

Pamukova Elektrik Üretim A.Ş. ("Pamukova") was established in 2015 and its paid-in capital is TL 95,000,000 as of 31 December 2021. It operates in the energy sector. As of 31 December 2019, Verusa Holding's effective participation rate is 78.42% in the company, where Verusaturk has 51% and Verusa Holding has 49% participation rate. The subsidiary of Pamukova Elektrik Üretim A.Ş., a subsidiary of the group, Enda Enerji Holding A.Ş., operating in the field of renewable energy generation. As of 16 August 2017, it has increased its capital from 300,000,000 TL to 345,477,486 TL. As of 31 December 2021, Verusa Holding A.Ş.'s share in Enda Enerji Holding A.Ş. is 7.32% and TL 25,304,199, while Pamukova Elektrik Üretim A.Ş.'s share is 19.50%. and 67,368,110 TL.

Tortum Elektrik Üretim A.Ş. ("Tortum Elektrik") with all its assets and liabilities, as a whole, merged with Pamel Yenilenebilir Elektrik Üretim A.Ş. by dissolution without liquidation on 31 March 2021.

Pamel Yenilenebilir Elektrik Üretim A.Ş. ("Pamel") was established in 2007 to construct and operate all kinds of energy facilities and to carry out other works written in its main contract. As of 31 December 2021, Pamukova Elektrik Üretim A.Ş.'s share is 79.07% (31 December 2020: 70%). As a result of the merger with Tortum Elektrik Üretim A.Ş., Company's issued capital increased to 31.095.331 TL. The Company operates in the renewable energy industry. There are 2 hydroelectric power plants with an installed power of 6,946 MW in Adıyaman and 7,49 MW in Tortum district of Erzurum province. Pamel owns 1,000,000 TL the entire capital of Sun Yenilenebilir Elektrik Üretim A.Ş. which is a subsidiary operating in the renewable energy generation sector. Verusa Holding A.Ş. is the controlling shareholder in the Company, and the effective shareholding rate of the Group is 62.01%.

Ata Elektrik Enerjisi Toptan Satış A.Ş. ("Ata Elektrik") is engaged in the purchase and sale of electricity in the free market with the Wholesale Sales License which is taken from EMRA (Energy Market Regulatory Authority). The company continues its activities in the wholesale electricity trade by selling the electricity taken from the other electricity producers and commercial companies in Turkey and / or from the electric pool system to the customers.

Acıselsan Acıpayam Selüloz San. ve Tic. A.Ş. ("Acıselsan") Acıselsan was established on 12 April 1973 in Denizli, Turkey. As of 31 December 2021, the paid-in capital of the company is 10,721,700 TL. The effective participation rate of the group in the company is 47.30%.

Subsidiaries included in the full consolidation by the equity method in the accompanying consolidated financial statements;

Company Name	Country	Area of Activity	Stock Exchanges
Aldem Çelik Endüstri Sanayi ve Ticaret A.Ş.	Turkey	Steel Production	-
Innoted Teknoloji A.Ş.	Turkey	Technology-Software Development	-

Aldem Çelik Endüstri Sanayi ve Ticaret A.Ş. ("Aldem Çelik") operates in the fields of production, processing, project design, purchase, sale, import and export of steel products fort he renewable nuclear energy, technology, construction, medical and defense industry.

As of 31 December 2021, the Group has 10,187,500 TL of the total paid-in capital amounting to 25,000,000 TL in Aldem Çelik.

1. GENERAL INFORMATION (cont`d)

Innoted Teknoloji A.Ş. ("Innoted") was established to develop software for EFT / POS and OGS devices for domestic and foreign trade. Innoted manufactures, trades, imports, exports, assembles, repairs and maintains electronic system of EFT / POS and OGS devices.

As of 29 December 2021, the Group has sold its shares in Innoted.

Approval of the financial statements

The consolidated financial statements have been approved by the Board of Directors and authorized for issue on 25 February 2022. The General Assembly has the authority to amend the consolidated financial statements.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance in Turkish Accounting Standards ("TMS")

The Company and its subsidiaries in Turkey prepare their books and accompanying financial statements in accordance with the accounting standards stated by Turkish Commercial Code ("TCC") and the tax legislation.

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which was published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Accounting Standards and Interpretations ("TAS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué.

The consolidated financial statements and disclosures have been prepared in accordance with the resolution of CMB dated 7 June 2013.

Consolidated financial statements and disclosures are prepared in accordance with the TAS classification, issued by Public Oversight Accounting and Auditing Standards Authority ("POA")**.**

The consolidated financial statements have been prepared on the historical cost basis except for land, buildings, hydroelectric power plants and financial instruments that are measured at revalued amounts or fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Functional and Presentation Currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial position and operating results of each entity are expressed in Turkish Lira ("TL"), which is the functional currency of the Company, and the presentation currency of the consolidated financial statements.

Comparative Information and Restatement of Consolidated Financial Statements of of Prior Period

Consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance. In order to maintain consistency with current year consolidated financial statements, comparative information is reclassed and significant changes are disclosed if necessary. In the current year, the Group does not have any significant classifications for the prior year.

Basis of consolidation

Subsidiaries

	Group's effective shares (%)		Effective Shareholding and Voting Rights	
Subsidiaries	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Galata	100.00	100.00	100.00	100.00
Standard	100.00	100.00	100.00	100.00
Verusaturk	57.69	72.00	57.69	72.00
Pamukova	78.42	85.72	100.00	100.00
Tortum (*)	-	85.72	-	100.00
Pamel	62.01	60.01	79.07	70.00
Ata Elektrik	100.00	100.00	100.00	100.00
Acıselsan	47.30	47.30	47.30	47.30

(*) The Company merged with Pamel Yenilenebilir Elektrik Üretim A.Ş. (Pamel) as of 31 March 2021.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

<u>Basis of consolidation (cont'd)</u>

Subsidiaries (cont'd)

The consolidated financial statements incorporate the financial statements of the Company and entities *(including structured entities)* controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

If there is a situation or event that may lead to any change in at least one of the criteria listed above, the company re-evaluates the control power over its' investment.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

In accordance with TFRS 10, paragraph 33, the Group fully consolidates its subsidiary that Pamukova Elektrik Üretim A.Ş., whose accounted as FVTPL at Verusaturk Girişim Sermayesi Yatırım Ortaklığı A.Ş. level.

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

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable TFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Share in associates

Associates

	Group's effective shares (%)		Effective Shareholding and Voting Rights	
Associates	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Aldem	40.75	40.75	40.75	40.75
Innoted	-	33.67	-	33.67

Associate is the entity in which the Group has significant influence. Significant influence is the ability to participate in the entity's decisions regarding its financial and operational policies without the control authority.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Share in associates (cont'd)

In the accompanying financial statements, the results of operations and assets and liabilities of associates are recognized as assets held for sale in accordance with TFRS 5 standard and that the shares of Verusaturk Girişim Sermayesi Yatırım Ortaklığı A.Ş. are held in accordance with TAS 28 standard 18, The gain or loss is recognized using the equity method of accounting except for the associates reflected. According to the equity method, associates are shown on the balance sheet at the amount obtained by subtracting any impairment in the associate from the amount of the cost of the adjustment of the net assets of the associate after the acquisition as the share of the Group in the aftermath of the change. The associate shall not be allowed to record losses that exceed the Group's share of the associate (including any long-term investment that essentially constitutes part of the Group's net investment in the associate). Provision for additional loss is the case if the Group has been exposed to legal or collective obligations or has made payments on behalf of the associate.

Gains and losses arising from transactions between one of the Group companies and a subsidiary of the Group are eliminated from the share of the Group in the relevant subsidiary.

2.2 Changes in Accounting Policies

Changes in the accounting policies resulting from the first issue of a new TFRS are applied retrospectively and prospectively in accordance with the translational provisions of the related TFRS.

Significant changes in the accounting policies are applied retrospectively and prior period financial statements are restated. The Group does not have any changes in accounting policies in the current period.

2.3 Changes in Accounting Estimates and Errors

If the changes in accounting estimates are related to only one period, they are applied in the period in which the changes are made; if they are related to future periods, they are applied both in the current and following periods. The Group does not have changes in the accounting estimates in the current period.

Significant accounting errors are applied retrospectively and prior period financial statements are restated.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.4 New and Amended Turkish Financial Reporting Standards

a) Standards, amendments and interpretations applicable as at 31 December 2021:

- **Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the Practical expedient;** as of March 2021, this amendment extended till June 2022 and effective from 1 April 2021.As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

- **Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2;** effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2021:

- **IFRS 17, 'Insurance contracts';** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

- **Amendments to IAS 1, Presentation of financial statements' on classification of liabilities;** effective date deferred until accounting periods starting not earlier than 1 January 2024. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

b) ***Standards, amendments and interpretations that are issued but not effective as at 31 December 2021: (cont'd)***

- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from Annual periods beginning on or after 1 January 2022.

  - **Amendments to IFRS 3**, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

  - **Amendments to IAS 16, '**Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

  - **Amendments to IAS 37**, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

    Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

The Company expected that the implementation of the standards and changes will not have a significant impact on the financial statements in the next periods, and other standards, changes and interpretations are issued but not effective as as of 31 December 2021 are not listed because they are not related to the Company's activities.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies

Related Parties

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

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

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

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

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

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

The legal entities to which Verusa Holding A.Ş. has directly or indirectly participated in this console in the direction of the financial statements; Directly or indirectly on the Company; (Up to the second degree) and their direct or indirect entities, alone or jointly controlled by them, with their significant influence and / or key management personnel The legal entities that they serve as; The subsidiaries and affiliates of the Company, members of the Board of Directors, key management personnel and their close family members (up to the second degree) and any entity that is controlled directly or indirectly by them, alone or in combination, are considered and referred to as related parties.

Revenue

The Group has recognized revenue in its consolidated financial statements in accordance with TFRS 15 "Revenue Standards with Customer Contracts" as of 1 January 2018.

Cellulose Sales

Revenue is recognized in the financial statements at the transaction cost. The transaction fee is the amount that the entity expects to receive in return for the transfer of the goods to the customer, except for the amounts collected on behalf of third parties. When the control of the property is transferred to its customers, the Company reflects the related amount as revenue in its financial statements. The company does not provide any guarantee regarding sales.

Electricity Sales

The company operates to sell wholesale electricity power that is supplied from other energy producer companies, commercial electricity firms or electricity pool.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Revenue (cont'd)

The Group transfers a committed good or service to its customer and records the revenue in its financial statements as it fulfills or obtains its performance obligation. An asset is transferred when the control of an asset passes to customer. Revenue from the sale of goods is recognized when all of the following conditions are met:

1) The group transfers all significant risks and gains related to the property to the buyer, 2) The group does not have a property-related and ongoing administrative involvement and does not have effective control over the goods sold, 3) A reliable measurement of the amount of income is possible, 4) It is probable that the economic benefits associated with the transaction will flow to the business, 5) Reliable measurement of the costs arising from or to be caused by the transaction.

Venture Capital

Revenues consist of sales of subsidiaries and / or associates, and consulting services provided to associates. Subsidiary and subsidiary sales revenue generating loss of control is recorded in the sales records. Revenues from consulting services provided to associates are recorded on the date of service.

Dividend and interest income:

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Cash and Cash Equivalents

Cash and cash equivalents are cash, demand deposits and other short-term investments with a maturity of 3 months or less, which are readily convertible into cash and do not present a risk of impairment at significant time, since the date of purchase. Cash and cash equivalents of the Group are classified under the category of "Loans and Receivables".

Financial Instruments

Financial assets

The purchase or sale of financial assets is recognized on the transaction date that the group undertakes to buy or sell the asset. Financial assets are accounted for when their right to obtain cash flow from them expires or is transferred and when the Group has transferred all the risks and returns significantly.

The Group classifies its financial assets as (a) Business model used for managing financial assets, (b) financial assets subsequently measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss based on the characteristics of contractual cash flows. The Company reclassifies all financial assets effected from the change in the business model it uses for the management of financial assets. The reclassification of financial assets is applied prospectively from the reclassification date. In such cases, no adjustment is made to gains, losses (including any gains or losses of impairment) or interest previously recognized in the financial statements.

Classification of financial assets

Financial assets that satisfy the following requirements are subsequently measured at amortized cost:

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

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets (cont'd)

Classification of financial assets (cont'd)

Financial assets measured at fair value through profit or loss, are assets that are not measured at amortised cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the consolidated statement of income.

The Company may make an irrevocable preference for the subsequent changes to the fair value of its investment in the equity instruments held for the first time in its presentation in the financial statements for the purpose of presentation to the other comprehensive income

(i) Amortised cost and effective interest method

Interest income on financial assets carried at amortized cost is calculated using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

(a) Credit-impaired financial assets when purchased or generated. For such financial assets, the Company applies the effective interest rate on the amortized cost of a financial asset based on the loan from the date of the recognition in the financial statements.

(b) Non-financial assets that are impaired at the time of acquisition or generation but subsequently become a financial asset that has been impaired. For such financial assets, the Company applies the effective interest rate to the amortized cost of the asset in the subsequent reporting periods.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

Interest income is recognized in profit or loss.

(ii) Financial assets at fair value through profit or loss

Financial assets, that are reflected through amortized costs or fair value changes, determined as reflecting to profit or loss.

Financial assets at fair value through profit or loss are measured at fair value at the end of each period. All fair value changes are recognized in profit or loss unless they are part of the hedging transaction.

The Group sets aside the provision for impairment in the financial statements for the trade receivables shown at amortized costs, assets arising from contracts with customers, as well as expected credit losses related to investments in financial collateral agreements. The expected loan loss amount is updated to reflect the changes in credit risk since the related financial asset was first included in the financial statements in each reporting period.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets (cont'd)

Impairment of financial assets

The Group allocates the provision for impairment losses on assets, contracts arising from agreements with customers, and expected credit losses on financial collateral agreements in the financial statements if the provision has significant amount. The expected amount of credit loss is updated in the reporting period to reflect changes in credit risk since the financial asset has been recognized for the first time.

The Group utilizes a simplified approach to assets and receivables arising from contracts with customers, which are not material financing elements, and calculates the impairment provisions as a percentage of the expected credit losses over the life of the related financial assets.

For all other financial instruments, the Group recognizes expected credit losses for a lifetime if there has been a significant increase in credit risk since initial recognition. However, if the credit risk of the financial instrument has not increased significantly since the initial recognition, the Company recognizes the loss provision for the expected 12-month loan loss amount for that financial instrument.

Measurement and accounting of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at fair value through other comperehensiv income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at fair value through other comperehensiv income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

Financial liabilities are classified as at fair value through profit and loss on initial recognition. On initial recognition of liabilities other than those that are recognised at fair value through profit and loss, transaction costs directly attributable to the acquisition or issuance thereof are also recognised in the fair value.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Assets (cont'd)

Finansal liabilities (cont'd)

A financial liability is subsequently classified at amortized cost except:

(a) Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.

(b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Group continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognised in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Company continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.

(c) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where TFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

The Group did not reclassify any financial liability as a result of the above accouting policy.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Loans and receivables

Commercial and other receivables and loans with fixed and determinable payments that are not quoted in the market are classified in this category. Loans and receivables (trade and other receivables, bank balances, cash and others) are carried at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate method unless the effect of rediscount is significant.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued on a first-in-first out basis. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes and hydroelectic power plant are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value at the date of revaluation is the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction. Fair value determination is based on the market and cost approaches using quoted market prices for similar items when available and in some cases, using replacement cost when appropriate.

Any revaluation increase arising on the revaluation of such land and buildings is recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation on revalued buildings and hydroelectric power plant is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Land is not depreciated. Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized so as to write off the cost or valuation of assets, other than land and properties under construction, less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Property, plant and equipment (cont'd)

Depreciation is charged on a straight-line basis over the estimated useful lives of the assets, except the land that are subject to revaluation. Useful lives are as follows:

	Time (Year)
Buildings	30
Machinery, plant and equipment	3-20
Vehicles	5
Furnitures	3-20
Other tangible assets	3-5
Hydroelectric power plant	36-39

The economic useful lives and depreciation methods are regularly reviewed and accordingly, the method and the period of depreciation are considered to be in line with the economic benefits to be gained from the related asset and are adjusted if necessary.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are carried at cost less accumulated depreciation and any accumulated impairment losses. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Depreciation is provided on investment property on a straight line basis.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

No assets held under operating lease have been classified as investment properties.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Intangible Assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired seperately are carried at cost less accumulated impairment losses

The intangible assets of the Group are reflected in the financial statements as the acquisition cost less accumulated depreciation and depreciation. Purchased intangible assets, especially software, are amortized using the straight-line method over their 3 and 5-year limited useful lives. Amortization expense for intangible assets is recognized in the statement of profit or loss and other comprehensive income as general administrative expenses and cost of sales.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Business Combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with TAS 12 *Income Taxes* and TAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with TFRS 2 *Share-Based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations* are measured in accordance with TFRS 5.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Business Combinations (cont'd)

- Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

- Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another TFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with TAS 39, or TAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Impairment in Assets

At each balance sheet date, the Group has assessed whether there is any indication that there is an impairment loss on that asset for each balance sheet item, except for deferred tax assets and financial assets at fair value that are presented in the consolidated balance sheet. If such an indication exists, the recoverable amount of that asset is estimated.

If the asset or any cash-generating unit of that asset has a high value to be recovered through its recorded value, use or sale, the value has come to the fore.

The recoverable amount is determined by selecting the higher of net selling price and value in use of the asset. Usage value is the predicted present value of cash flows expected to be derived from the permanent use of an asset and its elimination at the end of its useful life. Impairment losses are recognized in profit or loss and other comprehensive income.

A loss on impairment of an asset is reversed if the subsequent increase in the recoverable amount of the asset can be attributed to an event that arises in subsequent periods after the impairment is recognized in the records. Impairment loss on other assets is reversed if there is a change in the estimates used when determining the recoverable amount. An increase in the carrying amount of an asset due to the reversal of the impairment loss should not exceed the carrying amount that would have been determined if no impairment loss was recognized in the consolidated financial statements in the previous years (the net amount after the amortization).

Borrowing Costs and Receivable Loans

If the maturities of the receivables are shorter than 12 months as of the balance sheet date, they are shown within the short term liabilities and within 12 months of long term liabilities. Credits are recorded at the date of receipt at the fair value after the transaction costs are deducted from the loan amount received.

The loans are subsequently stated at the discounted cost value using the effective interest method. Any difference between the amount remaining after deducting transaction costs and the discounted cost value is reflected in profit or loss and other comprehensive income statement as cost of finance over the period of the loan. The cost of financing arising from loans is recognized in profit or loss when incurred and in other comprehensive income.

Foreign Currency Balances and Transactions

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of each entity are expressed in TL, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Foreign Currency Balances and Transactions (cont'd)

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies)

Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Employee Benefits

Termination and retirement benefits:

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per TAS 19 (Revised) Employee Benefits ("TAS 19").

The retirement benefit obligation recognized in the consolidated statement of financial position represents the present value of the defined benefit obligation. Determined actuarial gains and losses are recognized in profit and loss due to not material.

Corporate Taxes

Turkish Tax Legislation does not permit the parent company and its subsidiary to prepare a consolidated tax return, so the tax provisions are separately calculated for each entity, as reflected in the accompanying financial statements.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and it excludes items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Taxes Calculated on the Institution Earnings (cont'd)

Venture fund

Verusaturk benefits from the earnings exception under Article 5/1-d of the Corporate Tax Law. Accordingly, the Company's earnings are exempt from corporate tax.

Deferred tax

Deferred tax liability or asset is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity.

Segment Reporting

In terms of management accounting, the Group has been divided into five groups: venture capital, electricity wholesale, cellulose manufacturing, energy and holding activities,. These distinctions form the basis for financial reporting, according to departments.

Statement of Cash Flows

Cash flows related to current period classifies and reports as operating, investing and financing.

Shares and Dividends

Ordinary shares are classified as equity. Dividends on ordinary shares are recognized in equity in the period in which the dividend is decided.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Earnings Per Share

Earnings per share disclosed in the consolidated statement of comprehensive income are determined by dividing net earnings by the weighted average number of shares that have been outstanding during the related period.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings on equity items. Such kind of bonus shares are taken into consideration in the computation of earnings per share as issued share certificates. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and each earlier year.

Events After the Reporting Period

Events after the reporting period are those events that occur between the balance sheet date and the date when the financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or public disclosure of other selected financial information.

The Group adjusts the amounts recognized in its financial statements if adjusting events occur after the balance sheet date.

2.6 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Critical judgments in applying the Group's accounting policies

In the process of applying accounting policies, management has made the following comments, which have a significant effect on the amounts recognized in the financial statements:

Deferred tax

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. Currently, there are deferred tax assets resulting from operating loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. If based on the weight of all available evidence, it is the Group's belief that taxable profit will not be available sufficient to utilize some portion of these deferred tax assets, then some portion of or all of the deferred tax assets are not recognized.

Deferred taxes related to investment properties

In the deferred tax asset and deferred tax asset calculations arising from the investment properties of the Group, it was concluded that the economic benefits to be obtained from investment properties are not available within the scope of a business model which is intended to be fully utilized over time rather than the sales path. The deferred tax liability of 10% is calculated from the difference between the fair value and the tax base of investment properties.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.6 Critical Accounting Judgments and Key Sources of Estimation Uncertainty (cont'd)

The calculation of the fair values of the financial investments of the Group

The fair value of the Group's financial assets, that are classified as fair value through profit or loss, has been determined by independent valuation which are held and 7 January 2022 for Enda Enerji Holding A.Ş. In the independent valuation, adjusted net asset, discounted cash flows ("DCF") and market multiples ("equivalence value") have been used together or separately as deemed appropriate by the valuation expert. The fair values of the investments have been calculated by using the weighted average of the fair values calculated according to different methods (Note 26).

The fair value of the Group's financial assets, that are classified as fair value through profit or loss, has been determined by independent valuation which are held for EPIAS. Discounted cash flows ("DCF") method was used in these valuation (Note 26).

The fair value of the Group's financial assets, that are classified as fair value through profit or loss, has been determined by independent valuation which are held for Vektora Yazılım Teknolojileri A.Ş. In the independent valuation, discounted cash flows ("DCF") and market multiples ("equivalence value") have been used by the valuation expert.

The fair value of the Group's financial assets, that are classified as fair value through profit or loss, has been determined by independent valuation studies which are held for Mavi Hospital Sağlık Hizmetleri A.Ş. In the independent valuation, discounted cash flows ("DCF") and market multiples ("equivalence value") have been used by the valuation expert.

Fair value determination of the hydroelectric power plant

The hydroelectric power plants, which the Company classified as a tangible fixed asset, whose fair value is reflected in other comprehensive income, has been identified in the independent valuation dated 31 December 2021. Discounted cash flows ("DCF") method was used in these valuation studies (Note 12).

3. EXPLANATIONS OF CHANGES IN SHAREHOLDERS EQUITY

2021: Verusa Holding A.Ş. sold 7,440,000 Verusaturk Girişim Sermayesi Yatırım Ortaklığı A.Ş. shares. With this transaction, Verusa Holding's share in the Verusaturk capital has reached the 57.69 % as of 31 December 2021.

Tortum Elektrik Üretim A.Ş. with all its assets and liabilities, as a whole, merged with Pamel Yenilenebilir Elektrik Üretim A.Ş. (Pamel) by dissolution without liquidation on 31 March 2021.

Pamukova Elektrik Üretim A.Ş. sold 1,410,000 Pamel Yenilenebilir Elektrik Üretim A.Ş. shares.

2020: Verusa Holding A.Ş. purchased 1,965,261 Verusaturk Girişim Sermayesi Yatırım Ortaklığı A.Ş. shares. With this transaction, Verusa Holding's share in the Verusaturk capital has reached the 72 % as of 31 December 2020.

Verusaturk, has purchased and sold its own shares in the stock exchange.

The 80% unlisted share of Pamel Yenilenebilir Elektrik Üretim A.Ş. was purchased by our subsidiary Pamukova Elektrik Üretim A.Ş. 'Negative Goodwill' amounting to 9,028,886 TL has been recognized in the income statement.Pamukova Elektrik Üretim A.Ş. sold 10% of Pamukova Yenilenebilir Elektrik Üretim A.Ş. between 20 - 24 December 2020.

Galata Altın İşletmeleri A.Ş. was established on 24 July 2020 with 10,000,000 TL capital as a 100% subsidiary of the Group and operates in the mining industry.

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

4. INTEREST IN OTHER ENTITIES

a) Subsidiaries

Details of non-wholly owned subsidiaries that have material non-controlling interests:

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

		The share of noncontrolling interests in the capital and voting rights ratio		Comprehensive income on non-controlling shares		Accumulated non-controlling interests	
Subsidiaries	**Place of Incorporation**	**31 December 2021**	**31 December 2020**	**1 January - 31 December 2021**	**1 January - 31 December 2020**	**31 December 2021**	**31 December 2020**
Verusaturk	İstanbul	%42.31	%28	62,800,150	2,385,258	115,394,840	35,536,212
Pamukova	İstanbul	%21.58	%14.28	28,577,978	12,613,462	90,483,119	34,558,088
Tortum (*)	İstanbul	-	%14.28	-	(285,214)	-	(1,045,126)
Pamel	İstanbul	%37.99	%39.99	23,532,467	(740,800)	45,742,055	12,992,877
Acıselsan	Denizli	%52.70	%52.70	20,313,580	5,772,059	47,196,981	27,391,931
				135,224,175	**19,744,765**	**298,816,995**	**109,433,982**

(*) The company merged with Pamel Yenilenebilir Elektrik Üretim A.Ş. (Pamel).

The summary financial information of each subsidiary of the Group with significant non-controlling interests is presented below. These summary financial information show the amounts before intra-group eliminations.

Verusaturk Girişim Sermayesi Yatırım Ortaklığı A.Ş.	**31 December 2021**	**31 December 2020**
Current assets	1,538,623,330	376,211,637
Non-current assets	22,106	1,371
Current liabilities	140,634	12,118,919
Non-current liabilities	24,576,043	102,735
Equity attributable to owners of the Company	1,398,533,919	328,455,142
Non-controlling shares	115,394,840	35,536,212

	1 January - 31 December 2021	**1 January - 31 December 2020**
Revenue	-	-
Expenses	1,152,537,405	181,739,390
Eliminations for consolidation	(1,004,100,687)	(173,220,611)
Profit / (loss) for the period	148,436,718	8,518,779
Profit/loss for the period attributable to:		
Owners of the Company	85,636,568	6,133,521
Non-controlling shares	62,800,150	2,385,258
Profit / (loss) for the period	148,436,718	8,518,779
Total comprehensive income attributable to:		
Owners of the Company	85,636,568	6,133,521
Non-controlling shares	62,800,150	2,385,258
Total comprehensive income	148,436,718	8,518,779

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

4. INTERESTS IN OTHER ENTITIES (cont'd)

a) Subsidiaries (cont'd)

Pamukova Elektrik Üretim A.Ş.	**31 December 2021**	**31 December 2020**
Current assets	441,003,238	297,859,450
Non-current assets	58,652,989	49,499,184
Current liabilities	113,011	7,436,084
Non-current liabilities	16,648,434	11,947,846
Equity attributable to owners of the Company	392,411,663	293,416,616
Non-controlling shares	90,483,119	34,558,088

	1 January - 31 December 2021	**1 January - 31 December 2020**
Revenue	-	-
Expenses	154,920,075	99,773,893
Eliminations for consolidation	(22,473,120)	9,028,886
Profit / (loss) for the period	132,446,955	108,802,779
Profit/loss for the period attributable to:		
Owners of the Company	103,868,977	96,189,317
Non-controlling shares	28,577,978	12,613,462
Profit / (loss) for the period	132,446,955	108,802,779
Total comprehensive income attributable to:		
Owners of the Company	103,868,977	96,189,317
Non-controlling shares	28,577,978	12,613,462
Total comprehensive income	132,446,955	108,802,779

Acıselsan Acıpayam Selüloz San. Ve Tic. A.Ş.	**31 December 2021**	**31 December 2020**
Current assets	76,378,100	26,579,131
Non-current assets	52,267,419	34,780,632
Current liabilities	32,815,289	5,472,428
Non-current liabilities	6,272,798	3,910,644
Equity attributable to owners of the Company	42,360,451	24,584,760
Non-controlling shares	47,196,981	27,391,931

	1 January - 31 December 2021	**1 January - 31 December 2020**
Revenue	111,028,520	47,660,506
Expenses	(75,969,874)	(37,209,484)
Profit / (loss) for the period	35,058,646	10,451,022
Profit/loss for the period attributable to:		
Owners of the Company	16,582,740	4,943,333
Non-controlling shares	18,475,906	5,507,689
Profit / (loss) for the period	35,058,646	10,451,022
Total comprehensive income attributable to:		
Owners of the Company	18,232,114	5,180,613
Non-controlling shares	20,313,580	5,772,059
Total comprehensive income	38,545,694	10,952,672

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

4. INTERESTS IN OTHER ENTITIES (cont'd)

a) Subsidiaries (cont'd)

Pamel Yenilenebilir Elektrik Üretim A.Ş. (*)	31 December 2021	31 December 2020
Current assets	3,018,111	1,884,465
Non-current assets	212,193,610	59,459,595
Current liabilities	8,009,020	1,041,868
Non-current liabilities	50,419,713	23,565,323
Equity attributable to owners of the Company	111,040,933	23,743,992
Non-controlling shares	45,742,055	12,992,877

	1 January - 31 December 2021	1 January - 31 December 2020
Revenue	9,216,349	-
Expenses	(6,179,332)	-
Eliminations for consolidation	(22,427,855)	-
Profit / (loss) for the period	(19,390,838)	-
Profit/loss for the period attributable to:		
Owners of the Company	(12,023,479)	-
Non-controlling shares	(7,367,359)	-
Profit / (loss) for the period	(19,390,838)	-
Total comprehensive income attributable to:		
Owners of the Company	38,404,319	-
Non-controlling shares	23,532,467	-
Total comprehensive income	61,936,786	-

(*) The 80% unlisted share of Pamel Yenilenebilir Elektrik Üretim A.Ş. was purchased by our subsidiary Pamukova Elektrik Üretim A.Ş. on 30 September 2020. Pamel Yenilenebilir Elektrik Üretim A.Ş. merged with Tortum Elektrik Üretim A.Ş. as of 31 March 2021.

Tortum Elektrik Üretim A.Ş. (*)	31 December 2020
Current assets	611,049
Non-current assets	54,990,924
Current liabilities	13,292,787
Non-current liabilities	6,627,706
Equity attributable to main shareholding	36,726,606
Non-controlling shares	(1,045,126)

	1 January - 31 December 2020
Revenue	4,192,790
Expenses	(8,764,617)
(Profit) / loss for the period	(4,571,827)
Profit/loss for the period attributable to:	
Main shares of the Company	(3,918,970)
Non-controlling shares	(652,857)
Profit / (loss) for the period	(4,571,827)
Total comprehensive (expense) / income attributable to:	
Main shares of the Company	(1,712,085)
Non-controlling shares	(285,214)
Total comprehensive (expense) / income	(1,997,299)

(*) The Company merged with Pamel Yenilenebilir Elektrik Üretim A.Ş. as of 31 March 2021.

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

4. INTERESTS IN OTHER ENTITIES (cont'd)

b) Investments Accounted for with Equity Method

The details of investments accounted for with equity method as follows:

Associates	Place of incorporation	Functionl currency	31 December 2021	%	31 December 2020	%
Aldem Çelik Endüstri San. ve Tic. A.Ş.	İstanbul	Turkish Lira	21,683,629	40.75	15,142,110	40.75
Innoted Teknoloji A.Ş. (*)	İstanbul	Turkish Lira	-	-	828,926	33.67
Total			**21,683,629**		**15,971,036**	

(*) As of 29 December 2021, the Group has sold its shares in Innoted.

Summarized financial information in respect of each of the the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with TFRS.

Aldem Çelik Endüstri San. ve Tic. A.Ş.	**31 December 2021**	**31 December 2020**
Current assets	75,275,546	38,744,759
Non-current assets	24,148,309	20,608,091
Current liabilities	(40,771,787)	(17,795,559)
Non-current liabilities	(5,440,090)	(4,398,119)
	53,211,978	**37,159,172**

	1 January - 31 December 2021	**1 January - 31 December 2020**
Revenue	72,370,258	84,479,189
Profit / (loss) for the period	**16,052,806**	**16,924,353**
Group's shares on participations' losses	6,541,519	6,896,674

	31 December 2021	**31 December 2020**
Net assets of subsidiary	53,211,978	37,159,172
Group's share of Aldem Çelik Endüstri San. ve Tic. A.Ş. (%)	40.75	40.75
Net book value of Group's share of Aldem Çelik Endüstri San. ve Tic. A.Ş.	**21,683,629**	**15,142,110**

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

4. INTERESTS IN OTHER ENTITIES (cont'd)

b) Investments Accounted for with Equity Method

Innoted Teknoloji A.Ş.	**31 December 2021**	**31 December 2020**
Current assets	-	241,226
Non-current assets	-	2,310,573
Current liabilities	-	(89,706)
Non-current liabilities	-	-
	-	**2,462,093**

	1 January - 31 December 2021	**1 January - 31 December 2020**
Revenue	-	738,165
Profit / (loss) for the period	**-**	**(111,877)**
Group's shares on participations' losses	-	(37,658)
Profit from change in share percentage	-	314,025

	31 December 2021	**31 December 2020**
Net assets of subsidiary	-	2,462,093
Group's share of Innoted Teknoloji A.Ş. (%)	-	33.67
Net book value of Group's share of Innoted Teknoloji A.Ş.	**-**	**828,926**

5. OPERATING SEGMENTS

In terms of management accounting, the Group's activities are divided into five activity groups: venture capital, electrical energy wholesale, cellulose and energy production. These distinctions form the basis of financial reporting according to the sections below. Group management has determined its operating segments based on the reports reviewed by the Board of Directors and that are effective in making strategic decisions. The Board of Directors, which took the strategic decisions, was determined as the authority to make decisions regarding the activities of the Group. The reports, which are regularly reviewed by the competent authority to decide on group activities, consist of the Group's consolidated TFRS figures.

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

5. OPERATING SEGMENTS (cont'd)

The distribution of the Group's ongoing activities according to the divisions is as follows:

	1 January - 31 December 2021						
	Holding Operations	**Venture Fund**	**Cellulose Production**	**Wholesale of electricity energy**	**Generation of Energy**	**Eliminations**	**Total**
Revenue	-	-	111,028,520	5,154,523	9,216,349	(3,292,109)	122,107,283
Operating income	**-**	**-**	**111,028,520**	**5,154,523**	**9,216,349**	**(3,292,109)**	**122,107,283**
Cost of sales (-)	-	-	(86,856,445)	(5,043,497)	(6,991,218)	3,144,633	(95,746,527)
Gross profit	**-**	**-**	**24,172,075**	**111,026**	**2,225,131**	**(147,476)**	**26,360,756**
Marketing expenses (-)	-	-	(1,675,398)	(117,130)	-	-	(1,792,528)
Administrative expenses (-)	(4,063,719)	(3,869,111)	(3,426,632)	(818,841)	(2,438,945)	300,559	(14,316,689)
Income from other operating activities	229,195,600	1,166,875,882	14,260,449	18,072,311	213,712,059	(1,251,526,319)	390,589,982
Expense from other operating activities (-)	(98,176,772)	(111,245)	(3,274,359)	(296,914)	(39,215,765)	49,199,160	(91,875,895)
Operating profit/(loss)	**126,955,109**	**1,162,895,526**	**30,056,135**	**16,950,452**	**174,282,480**	**(1,202,174,076)**	**308,965,626**
Shares in the profits / (losses) of investments accounted for using the equity method	1,766,402	-	-	-	-	4,775,117	6,541,519
Income from investing activities	-	-	13,748,886	-	-	770,885	14,519,771
Finance income	13,925,063	-	-	29,519	4,952,716	(15,305,808)	3,601,490
Finance expense	(24,158,367)	(10,358,121)	(269,011)	(627,449)	(5,838,595)	15,386,002	(25,865,541)
Profit / (loss) before tax	**118,488,207**	**1,152,537,405**	**43,536,010**	**16,352,522**	**173,396,601**	**(1,196,547,880)**	**307,762,865**
Tax expense	5,239,543	-	(8,477,364)	(1,016,867)	(8,032,567)	-	(12,287,255)
Profit / (loss) for the period	**123,727,750**	**1,152,537,405**	**35,058,646**	**15,335,655**	**165,364,034**	**(1,196,547,880)**	**295,475,610**

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

5. OPERATING SEGMENTS (cont'd)

The distribution of the Group's ongoing activities according to the divisions is as follows:

	1 January - 31 December 2020						
	Holding Operations	**Venture Fund**	**Cellulose Production**	**Wholesale of electricity energy**	**Generation of Energy**	**Eliminations**	**Total**
Revenue	-	-	47,660,506	4,038,636	4,975,629	(1,702,825)	54,971,946
Operating income	**-**	**-**	**47,660,506**	**4,038,636**	**4,975,629**	**(1,702,825)**	**54,971,946**
Cost of sales (-)	-	-	(34,994,422)	(3,621,264)	(3,644,537)	1,696,214	(40,564,009)
Gross profit	**-**	**-**	**12,666,084**	**417,372**	**1,331,092**	**(6,611)**	**14,407,937**
Marketing expenses (-)	-	-	(1,127,746)	(182,686)	-	-	(1,310,432)
Administrative expenses (-)	(3,696,552)	(3,174,856)	(2,891,186)	(693,804)	(2,016,934)	130,578	(12,342,754)
Income from other operating activities	77,992,267	185,648,736	1,442,971	3,891,318	109,617,578	(194,959,901)	183,632,969
Expense from other operating activities (-)	(8,207)	(490,431)	(680,124)	(428,505)	(388,188)	(56,720)	(2,052,175)
Operating profit/(loss)	**74,287,508**	**181,983,449**	**9,409,999**	**3,003,695**	**108,543,548**	**(194,892,654)**	**182,335,545**
Shares in the profits / (losses) of investments accounted for using the equity method	-	-	-	-	-	7,173,041	7,173,041
Income from investing activities	-	-	3,580,161	-	86,220	(302,961)	3,363,420
Finance income	674,476	-	-	20,756	429,544	(964,799)	159,977
Finance expense	(13,296,153)	(244,059)	(71,400)	(526,248)	(6,755,589)	1,870,269	(19,023,180)
Profit / (loss) before tax	**61,665,831**	**181,739,390**	**12,918,760**	**2,498,203**	**102,303,723**	**(187,117,104)**	**174,008,803**
Tax expense	(7,039,621)	-	(2,467,738)	(19,752)	(9,144,351)	4,723,002	(13,948,460)
Profit / (loss) for the period	**54,626,210**	**181,739,390**	**10,451,022**	**2,478,451**	**93,159,372**	**(182,394,102)**	**160,060,343**

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

5. OPERATING SEGMENTS (cont'd)

Details of segment assets and liabilities according to segments are as follows:

	31 December 2021						
Balance Sheet	**Holding Operations**	**Venture Fund**	**Cellulose Production**	**Wholesale of electricity energy**	**Generation of Energy**	**Eliminations (*)**	**Total**
Total assets	359,827,074	1,538,645,436	128,645,519	37,752,641	775,357,648	(1,505,880,178)	1,334,348,140
Liabilities	(7,343,774)	(24,716,677)	(39,088,087)	(4,103,778)	(82,116,945)	44,270,295	(113,098,966)
Equity attributable to equity holders of the parent	(352,483,300)	(1,513,928,759)	(89,557,432)	(33,648,863)	(693,240,703)	1,760,426,878	(922,432,179)
Non-controlling interests	-	-	-	-	-	(298,816,995)	(298,816,995)

	31 December 2020						
Balance Sheet	**Holding Operations**	**Venture Fund**	**Cellulose Production**	**Wholesale of electricity energy**	**Generation of Energy**	**Eliminations (*)**	**Total**
Total assets	317,576,978	376,213,008	61,359,763	23,582,545	496,032,232	(523,272,561)	751,491,965
Liabilities	(87,421,420)	(12,221,654)	(9,383,072)	(5,269,337)	(64,483,186)	23,702,903	(155,075,766)
Equity attributable to equity holders of the parent	(230,155,558)	(363,991,354)	(51,976,691)	(18,313,208)	(431,549,046)	609,003,640	(486,982,217)
Non-controlling interests	-	-	-	-	-	(109,433,982)	(109,433,982)

(*) A significant portion of the elimination figure results from the consolidation of the Holding's subsidiaries.

The details of investment expenditures and depreciation and amortization charges according to industrial segments are as follows:

	31 December 2021					
	Holding Activities	**Venture Fund**	**Cellulose Production**	**Wholesale of electricity energy**	**Generation of Energy**	**Total**
Investment expenses	20,974	27,624	801,834	-	23,872,226	24,722,658
Depreciation and amortization expenses for the period	(10,379)	(6,887)	(658,231)	(16,726)	(3,084,379)	(3,776,602)

	31 December 2020					
	Holding Activities	**Venture Fund**	**Cellulose Production**	**Wholesale of electricity energy**	**Generation of Energy**	**Total**
Investment expenses	7,288	-	722,092	-	8,950,722	9,680,102
Depreciation and amortization expenses for the period	(7,744)	(7,877)	(563,462)	(18,333)	(1,827,427)	(2,424,843)

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

6. RELATED PARTY DISCLOSURES

Balances with related parties

Other payables to related parties	**31 December 2021**	**31 December 2020**
Shareholders		
Investco Holding A.Ş.	-	74,951,072

	1 January - 31 December 2021		
Transaction with related parties	**Service expense**	**Interest expense**	**Discount expense**
Shareholders			
Investco Holding A.Ş.	189,037	23,585,532	71,202,015
	189,037	**23,585,532**	**71,202,015**

	1 January - 31 December 2020		
Transaction with related parties	**Service expense**	**Interest expense**	**Discount income**
Shareholders			
Investco Holding A.Ş.	168,030	12,905,597	41,509,351
	168,030	**12,905,597**	**41,509,351**

The detail of compensation of key management personnel as follows:

	1 January-31 December 2021	**1 January-31 December 2020**
Salaries and other short-term benefits (*)	4,303,228	3,838,370
	4,303,228	3,838,370

(*) The Group has determined the senior management team as board members and independent board members. The benefits provided to senior executives consist of payments made within the scope of remuneration rights.

7. TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables	**31 December 2021**	**31 December 2020**
Trade receivables	35,105,479	12,919,119
-Other receivables	*35,105,479*	*12,919,119*
Notes receivable	-	7,500
Provision for doubtful receivables (-)	(2,971,161)	(2,689,975)
	32,134,318	**10,236,644**

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

7. TRADE RECEIVABLES AND PAYABLES (cont'd)

Movement of doubtful receivables	1 January-31 December 2021	1 January-31 December 2020
Opening balance	2,689,975	1,983,299
(Cancelled provision) / charge for the period	290,465	706,676
Collections	(9,279)	-
Closing	**2,971,161**	**2,689,975**

	31 December 2021	31 December 2020
Trade payables	19,480,608	4,202,549
- Trade payables to third parties	*19,480,608*	*4,202,549*
	19,480,608	**4,202,549**

The average maturity of undue trade receivables is 45 days (31 December 2020: 24 days).

8. PREPAID EXPENSES AND DEFERRED INCOME

Short-term prepaid expenses	31 December 2021	31 December 2020
Advances given for purchases	19,750,621	51,963
Prepaid expenses	105,610	106,618
	19,856,231	**158,581**

Long-term prepaid expenses	31 December 2021	31 December 2020
Advances given for purchases	1,412,769	-
Prepaid expenses	86,181	71,546
	1,498,950	**71,546**

9. OTHER RECEIVABLES AND PAYABLES

Other current receivables	31 December 2021	31 December 2020
Deposits and guarantees given	2,276,064	714,612
Receivables from tax offices	409,693	80,367
Other receivables	402,948	68,727
	3,088,705	**863,706**

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

9. OTHER RECEIVABLES AND PAYABLES (cont'd)

Other non-current receivables	31 December 2021	31 December 2020
Deposits and guarantees given	656,133	705,854
	656,133	**705,854**

Other non-current liablities	31 December 2021	31 December 2020
Other payables to related parties	-	74,951,072
Other payables to third parties	500,000	510,181
	500,000	**75,461,253**

10. INVENTORIES

	31 December 2021	31 December 2020
Raw material	20,518,140	5,997,898
Work in process	2,028,392	884,848
Finished goods	5,683,140	2,167,068
Goods in transit	3,627,200	1,387,901
Other	17,828	8,200
	31,874,700	**10,445,915**

11. COMMITMENTS

31 December 2021	TL Equivalent	TL	EUR	USD
CPM given on behalf on fully consolidated companies				
-Guarantee letters	13,041,505	1,585,169	758,000	-
-Pledge	40,000,000	40,000,000	-	-
Total	**53,041,505**	**41,585,169**	**758,000**	**-**

31 December 2020	TL Equivalent	TL	EUR	USD
CPM given on behalf on fully consolidated companies				
-Guarantee letters	15,593,977	1,541,653	1,560,000	-
-Pledge	40,000,000	40,000,000	-	-
Total	**55,593,977**	**41,541,653**	**1,560,000**	**-**

Guarantees given are given against loans. As of 31 December 2021 and 2020, the ratio of other CPMs given by the Group to the equity of the Group is zero.

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

12. PROPERTY, PLANT AND EQUIPMENT

Cost Value	Land	Buildings	Plants, machinery and equipments	Motor vehicles	Furniture and fixture	Hydroelectric power plant	Other tangible fixed assets	Construction in progrss	Total
Opening balances of 1 January 2021	6,043,490	5,191,495	5,147,879	817,879	931,371	120,671,958	685,694	19,402,357	158,892,123
Additions	331,131	-	322,955	228,553	446,253	-	98,143	23,104,424	24,531,459
Revaluation increase	3,245,000	708,184	-	-	-	90,364,024	-	-	94,317,208
Transfers	-	716,372	-	-	-	-	3,963,755	(4,680,126)	-
Closing balance as of 31 December 2021	**9,619,621**	**6,616,051**	**5,470,834**	**1,046,432**	**1,377,624**	**211,035,982**	**4,747,592**	**37,826,655**	**277,740,790**
Accumulated Depreciation									
Opening balances of 1 January 2021	-	(2,641,496)	(1,571,942)	(514,306)	(514,953)	(11,779,683)	(234,469)	-	(17,256,849)
Charge of the year	-	(94,154)	(303,344)	(165,410)	(132,012)	(2,935,595)	(78,046)	-	(3,708,561)
Closing balance as of 31 December 2021	**-**	**(2,735,650)**	**(1,875,286)**	**(679,716)**	**(646,965)**	**(14,715,278)**	**(312,515)**	**-**	**(20,965,410)**
Carrying values ass of 31 December 2021	**9,619,621**	**3,880,401**	**3,595,548**	**366,716**	**730,659**	**196,320,704**	**4,435,077**	**37,826,655**	**256,775,380**

The fair value of hydroelectric power plants is 207,300,000 TL and a portion of 10,979,296 TL is included in the contruction in progress. The capitalized borrowing cost amount is 2,232,339 TL as of 31 December 2021.

TL 263,277 of depreciation and amortization expenses (31 December 2020: TL 192,772) in general administrative expenses, TL 35,795 in marketing expenses (31 December 2020: TL 35,912) and TL 3,477,530 (31 December 2020: 2,196,159 TL) is tracked in the cost of goods sold.

There are no pledges and mortgages on tangible assets. There is a commercial pledge amounting to 40,000,000 TL related to loans of Pamel Yenilenebilir Elektrik Üretim A.Ş.

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

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Cost Value	Land	Buildings	Plants, machinery and equipments	Motor vehicles	Furniture and fixture	Hydroelectric power plant	Other tangible fixed assets	Construction in progrss	Total
Opening balances of 1 January 2020	5,643,490	5,014,434	4,514,321	1,019,379	731,851	54,952,229	667,818	10,603,175	83,146,697
Additions	-	-	77,785	-	97,493	96,112	17,876	9,354,955	9,644,221
Revaluation increase	400,000	177,061	-	-	-	2,860,587	-	-	3,437,648
Acquisition of subsidiary	-	-	-	-	102,027	62,763,030	-	-	62,865,057
Disposals	-	-	-	(201,500)	-	-	-	-	(201,500)
Transfers	-	-	555,773	-	-	-	-	(555,773)	-
Closing balance as of 31 December 2020	**6,043,490**	**5,191,495**	**5,147,879**	**817,879**	**931,371**	**120,671,958**	**685,694**	**19,402,357**	**158,892,123**
Accumulated Depreciation									
Opening balances of 1 January 2020	-	(2,559,434)	(1,311,869)	(566,387)	(409,168)	(6,852,229)	(185,102)	-	(11,884,189)
Charge of the year	-	(82,062)	(260,073)	(149,419)	(85,208)	(1,764,424)	(49,367)	-	(2,390,553)
Acquisition of subsidiary	-	-	-	-	(20,577)	(3,163,030)	-	-	(3,183,607)
Disposals	-	-	-	201,500	-	-	-	-	201,500
Closing balance as of 31 December 2020	**-**	**(2,641,496)**	**(1,571,942)**	**(514,306)**	**(514,953)**	**(11,779,683)**	**(234,469)**	**-**	**(17,256,849)**
Carrying values ass of 31 December 2020	**6,043,490**	**2,549,999**	**3,575,937**	**303,573**	**416,418**	**108,892,275**	**451,225**	**19,402,357**	**141,635,274**

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The useful lives of property,plant and equipments are as follows:

	Useful life
Buildings	30 year
Plants, machinery and equipments	3 - 20 year
Motor vehicles	5 year
Furniture and fixture	3 - 20 year
Other tangible fixed assets	3 - 5 year
Hydroelectric power plant	36 - 39 year

The Group has no property, plant and equipment acquired through finance lease (31 December 2020: None).

Fair value measurements of the Group's land and buildings

The land, buildings and hydro power plant owned by the Group are shown with their revaluation amount which is the accumulated depreciation deducted from the fair value at the date of the revaluation. As at 31 December 2021, the fair value of the land, buildings and power plant owned by the Group is determined by Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş., which is an independent valuation company. Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş. is authorized and certified by the CMB and provides real estate valuation services in accordance with the capital market legislation.

The fair value of the lands owned is determined according to the market comparative approach, which reflects the current transaction prices for similar properties. In determining the fair value of the buildings, the cost approach reflecting the costs and aging age used by the market participant to build similar assets was used. Since no significant change occurred in market conditions in the current period, a different valuation was not used. The fair value of the hydroelectric power plants was determined by the discounted cash flow method. During the license period (2024), 9.38% discount rate (31 December 2020: 8.95%) in US Dollars was used. Due to the fact that the power plant is included in the scope of Yekdem together with the amount of production, the fixed sale price of the Yekdem period (2024) and then the estimated US Dollar electricity sales prices were used.

The information about the land, building and hydro power plant owned by the Company and the fair value hierarchy for the related assets are shown in the following table:

		Fair value as at 31 December 2021		
	31 December 2021	Level 1 TL	Level 2 TL	Level 3 TL
Land	9,619,621	-	9,619,621	-
Buildings	3,880,401	-	3,880,401	-
Hydroelectric power plant	207,300,000	-	-	207,300,000

		Fair value as at 31 December 2020		
	31 December 2020	Level 1 TL	Level 2 TL	Level 3 TL
Land	6,043,490	-	6,043,490	-
Buildings	2,550,000	-	2,550,000	-
Hydroelectric power plant	108,892,275	-	-	108,892,275

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

13. INTANGIBLE ASSSETS

	Rights	Other Intangible Assets	Total
Cost Value			
Balances of 1 January 2021	578,496	-	578,496
Additions	163,776	27,423	191,199
Disposals	(525)	-	(525)
Closing balance as of 31 December 2021	**741,747**	**27,423**	**769,170**
Accumulated Depreciation			
Balances of 1 January 2021	(455,184)	-	(455,184)
Charge of the year	(61,592)	(6,449)	(68,041)
Disposals	88	-	88
Closing balance as of 31 December 2021	**(516,688)**	**(6,449)**	**(523,137)**
Carrying values ass of 31 December 2021	**225,059**	**20,974**	**246,033**

	Rights	Other Intangible Assets	Total
Cost Value			
Balances of 1 January 2020	531,232	-	531,232
Additions	35,881	-	35,881
Acquisition of subsidiary	11,383	-	11,383
Closing balance as of 31 December 2020	**578,496**	**-**	**578,496**
Accumulated Depreciation			
Balances of 1 January 2020	(420,894)	-	(420,894)
Charge of the year	(34,290)	-	(34,290)
Closing balance as of 31 December 2020	**(455,184)**	**-**	**(455,184)**
Carrying values as of 31 December 2020	**123,312**	**-**	**123,312**

The useful lives of intangible assets are as follows::

	Economic life
Rights	3-5 year

Period charge of the intangible assets are monitored in general administrative expenses.

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

14. OTHER ASSETS AND LIABILITIES

Other current assets	31 December 2021	31 December 2020
VAT carried forward	5,140,214	3,479,445
Job advances	44,000	21,223
Personnel advances	95,052	94,461
Other VAT	1,789,554	610,091
	7,068,820	**4,205,220**

Other non-current assets	31 December 2021	31 December 2020
Other VAT	2,732,907	2,228,279

Other current liabilities	31 December 2021	31 December 2020
Taxes and funds payables	1,121,078	768,567
Advances received	8,141,947	602,441
VAT Payable	1,339,300	465,236
Other payables and liabilities	286,007	743,627
	10,888,332	**2,579,871**

15. EMPLOYEE BENEFITS

Payables related to employee benefits	31 December 2021	31 December 2020
Social security premiums paid	351,602	282,785
Termination benefits will be paid	19,983	1,913
Other	5,500	-
	377,085	**284,698**

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

15. EMPLOYEE BENEFITS (cont'd)

Short term provision within employment benefits

Details of short term provision within employment benefits are as follows:

	31 December 2021	31 December 2020
Short-term provision for employee benefits	652,303	453,253
	652,303	**453,253**

Long term provision within employment benefits

Provision for severance pay:

Under the Turkish Labor Law, the Group is required to pay termination benefits to each employee whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service, achieves the retirement age (58 for women and 60 for men) if the employee has completed one year of service.

The amount payable consists of one month's 8,284.51 TL (31 December 2020: 7,117.17 TL).

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 Employee Benefits stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2021, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of 4.20 % real discount rate (31 December 2020: 4,70%) calculated by using 16.60% annual inflation rate and 21.50% discount rate. Estimated amount of retirement pay not paid due to voluntary leaves is also taken into consideration as 92% for employees, (31 December 2020: 91% for employees). Ceiling amount of 10,848.59 TL which is in effect since 1 January 2021 is used in the calculation of Groups' provision for retirement pay liability (1 January 2020: 7,639.96 TL)

The principal assumptions used in the calculation of retirement pay liability are discount rate and anticipated turnover rate.

If the discount rate would have been 1% lower/(higher), provision for employee termination benefits would increase by 312,703 TL or decrease by 266,152 TL.

If the anticipated turnover rate would have been 1% higher/(lower) while all other variables were held constant, provision for employee termination benefits would decrease by 62,258 TL or increase 76,989 TL.

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

15. EMPLOYEE BENEFITS (cont'd)

The movement of provision for employee benefits is as follows:

	31 December 2021	31 December 2020
Opening	2,098,235	1,373,033
Service cost	1,260,879	630,394
Interest expense	98,627	67,893
Payments	(399,113)	(79,870)
Acquisition of subsidiary	-	106,785
Closing	**3,058,628**	**2,098,235**

16. EXPENSES BY NATURE

	1 January- 31 December 2021	1 January- 31 December 2020
Personnel expenses	(10,969,738)	(9,010,691)
Consulting expenses	(1,462,009)	(1,749,321)
Rent expenses	(728,642)	(653,529)
Export expenses	(687,265)	(330,608)
Taxes and funds	(239,047)	(272,360)
Depreciation and amortization expenses (Note: 12, 13)	(299,072)	(228,684)
Travel, accomodation and transportation expenses	(46,822)	(87,588)
Insurance expenses	(128,298)	(68,472)
Communication expenses	(28,344)	(45,221)
Maintanance expenses	(66,631)	(70,295)
Other expenses	(1,453,349)	(1,136,417)
	(16,109,217)	**(13,653,186)**

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

17. SHARE CAPITAL,RESERVES AND OTHER EQUITY ITEMS

a) Share Capital

The share capital held is as follows::

Shareholders	%	31 December 2021	%	31 December 2020
Investco Holding A.Ş.	63.56%	44,494,213	63.56%	44,494,213
Public Shares	36.44%	25,505,787	36.44%	25,505,787
Authorised capital	**100%**	**70,000,000**	**100%**	**70,000,000**

As of 31 December 2021, the issued capital of the Company is 70,000,000 TL (31 December 2020: 70,000,000 TL). This capital consists of 70,000,000 shares each with a nominal value of 1 TL (31 December 2020: 70,000,000). These shares are divided into group A and group B. The shares of group A are written in name, the shares of group B are written in bearer. Group A shares have special rights and privileges specified in the Articles of Association and no rights or privileges have been granted to Group B shares. There is a total of 14,000,000 shares for group A (31 December 2020: 14,000,000 shares) and 56,000,000 shares for group B (31 December 2020: 56,000,000 shares).

b) Share premiums

	31 December 2021	31 December 2020
Legal reserves	7,141,107	7,002,679
Other reserves	32,655,004	32,655,004
	39,796,111	**39,657,683**

The Company, reserves 5% of the historical statutory profit as first legal reserve, until the total reserve reaches 20% of the historical paid in share capital. The other legal reserve is appropriated at the rate of 10% per annum of all cash dividend distributions after the payment of dividends to the shareholders at a rate of 5%. According to Turkish Commercial Law, general legal reserves can only be used if it does not exceed the capital or issued capital for close the losses, continue the business when business is not going well or end the unemployment and to take suitable precuations to reduce the results of unemployment.

Restricted reserves

As of 31 December 2021 legal reserves of the Group is 7,141,107 TL (31 December 2020: 7,002,679 TL).

Other reserves

Other reserves of the Group as of 31 December 2021 and 2020, is 32,655,004 TL.

c) Dividends

At the General Assembly meeting of the Company on 16 July 2021, it was decided to distribute a dividend of 1,400,000 TL and dividend payments were made on 3 August 2021.

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

18. REVENUE AND COST OF SALES

Sales	**1 January- 31 December 2021**	**1 January- 31 December 2020**
Domestic sales (*)	30,459,067	15,432,476
Export sales (**)	92,610,777	39,942,447
Sales returns (-)	(962,561)	(402,977)
	122,107,283	**54,971,946**

(*) Domestic sales consist of sales of Ata Elektrik Enerjisi Toptan Satış A.Ş. and Pamel Yenilenebilir Elektrik Üretim A.Ş.'s electricity and Acıselsan Acıpayam Selülöz Üretim A.Ş's sales of cellulose.

(**) Export sales consist of sales of Acıselsan's sales of cellulose.

Cost of sales	**1 January- 31 December 2021**	**1 January- 31 December 2020**
Cost of venture capital investments	-	-
Cost of energy and cellulose sales	(95,746,527)	(40,564,009)
	(95,746,527)	**(40,564,009)**

19. ADMINISTRATIVE AND MARKETING EXPENSES

	1 January- 31 December 2021	**1 January- 31 December 2020**
Marketing expenses	(1,792,528)	(1,310,432)
General administrative expenses	(14,316,689)	(12,342,754)
	(16,109,217)	**(13,653,186)**

Marketing expenses	**1 January- 31 December 2021**	**1 January- 31 December 2020**
Personnel expenses	(765,842)	(721,107)
Export expenses	(687,265)	(330,608)
Insurance expenses	(128,298)	(68,472)
Travel, accomodation and transportation expenses	(3,621)	(44,298)
Depreciation and amortization expenses (Note: 12, 13)	(35,795)	(35,912)
Other expenses	(171,707)	(110,035)
	(1,792,528)	**(1,310,432)**

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

19. ADMINISTRATIVE AND MARKETING EXPENSES (cont'd)

General administrative expenses	1 January-31 December 2021	1 January-31 December 2020
Personnel expenses	(10,203,896)	(8,289,584)
Consulting expenses	(1,462,009)	(1,749,321)
Rent expenses	(728,642)	(653,529)
Taxes and funds	(239,047)	(272,360)
Depreciation and amortization expenses (Note: 12, 13)	(263,277)	(192,772)
Travel, accomodation and transportation expenses	(43,201)	(43,290)
Communication expenses	(28,344)	(45,221)
Maintenance expenses	(66,631)	(70,295)
Other expenses	(1,281,642)	(1,026,382)
	(14,316,689)	**(12,342,754)**

20. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other operating income:	1 January-31 December 2021	1 January-31 December 2020
Gain on revaluation on financial investments	357,857,171	118,909,516
Discount income (Note: 6)	-	41,509,351
Bargain purchase income (Note: 4)	-	9,028,886
Gain on sales of financial investments	7,198,304	2,710,702
Foreign exchange gains from operations	23,642,237	5,331,168
Interest income	685,517	5,247,851
Dividend income	633,066	451,480
Other income	573,687	444,015
	390,589,982	**183,632,969**

Other operating expenses	1 January-31 December 2021	1 January-31 December 2020
Foreign exchange loss from operations	(18,804,383)	(418,596)
Discount expenses (Note: 6)	(71,202,015)	-
Provision for doubtful receivables	(281,186)	(706,676)
Other expenses	(1,588,311)	(926,903)
	(91,875,895)	**(2,052,175)**

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

21. FINANCE INCOME / EXPENSES

	1 January-31 December 2021	1 January-31 December 2020
Interest income	3,601,490	159,977
	3,601,490	**159,977**

	1 January-31 December 2021	1 January-31 December 2020
Interest expense	(25,428,484)	(18,668,436)
Commision expense	(437,057)	(354,744)
	(25,865,541)	**(19,023,180)**

22. INCOME / EXPENSE FROM INVESTMENT ACTIVITIES

	1 January-31 December 2021	1 January-31 December 2020
Fair value increase of investment property	13,390,000	3,225,000
Gain of fixed assets sold	-	86,220
Gain on sales of investments accounted through equity method	851,074	-
Other	278,697	52,200
	14,519,771	**3,363,420**

23. TAXATION ON INCOME

Current tax liabilities / (assets)	31 December 2021	31 December 2020
Current tax provision	7,515,296	6,998,620
Less: Prepaid taxes and funds	(2,747,327)	(1,915,782)
	4,767,969	**5,082,838**

Tax expense on the income statement:

Tax expense comprises	1 January-31 December 2021	1 January-31 December 2020
Current tax expenses	(7,515,296)	(2,275,618)
Deferred tax income / (expenses)	(4,771,959)	(11,672,842)
Total tax income / (expense)	**(12,287,255)**	**(13,948,460)**

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

23. TAXATION ON INCOME (cont'd)

Reconciliation of tax provision :	**1 January-31 December 2021**	**1 January-31 December 2020**
Profit for the period	307,762,865	174,008,803
	25.00%	**22.00%**
Tax at the domestic income tax rate of 25% (2020: %22)	76,940,716	38,281,937
Tax effects of:		
- valuation differences on securities that is exempt from taxation	(60,058,524)	(20,423,277)
- expenses that are not deductible in determining taxable profit	608,482	188,281
- tax effect of consolidation adjustment	-	(4,723,002)
- equity method accounting of investment	(1,848,149)	(1,578,068)
- other	(3,355,270)	2,202,589
Tax provision expense on the income statement	**12,287,255**	**13,948,460**

(*) In accordance with paragraph (d) of the 5th article of the Corporate Tax Law numbered 5520, the earnings of venture capital investment trusts are exempt from corporation tax, and the Group's subsidiary Verusaturk Girişim Yatırım Ortaklığı A.Ş. It is subject to tax exemption. 20% of the temporary timing differences arising from the differences between Verusaturk's statutory financial statements and financial statements prepared in accordance with TFRS and the profit stated in the statutory financial statements of the Company are not subject to Company taxation and constitute "items not subject to deferred tax account".

Corporate Tax

The Group is subject to Turkish corporate taxes except for Verusaturk Girişim Sermayesi Yatırım Ortaklığı A.Ş.. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized. The effective tax rate in 2021 is 25%.

In Turkey, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2021 is 22%. (2020: 22%). Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

Furthermore, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

23. TAXATION ON INCOME (cont'd)

Corporate Tax

Law on Amendments to Certain Tax Laws and Some Other Laws numbered 7061 was published in the Official Gazette dated 5 December 2017 and numbered 30261.With the 89th article of this Law, amendments are made to the 5th article of the Corporate Tax Law titled "Exceptions". The first paragraph of the article; With subparagraph (a), the 75% exemption applied to the profits arising from the sale of the immovables in the assets of the institutions for two full years has been reduced to 50%. This regulation entered into force as of 5 December 2017.

The law on amending the Tax Procedure Law and the Corporate Tax Law has been enacted on 20 January 2022 with the code numbered 7532 and it has been decided that the financial statements will not be subject to inflation adjustment in 2021 and 2022, including the temporary accounting periods, and in the provisional tax periods in 2023, regardless of whether the conditions for the inflation adjustment within the scope of the repeated Article 298 are met. According to the Law code numbered 7352, inflation adjustment will be applied to the financial statements dated 31 December 2023, and the profit/loss difference arising from the inflation adjustment will be accounted in the previous years' profit/loss account and will not be included in the tax calculation.

POA made a declaration on the Implementation of Financial Reporting in High Inflation Economies in the scope of TFRS on 20 January 2022, and it has been stated that there is no need to make any adjustments within the scope of TAS 29 Financial Reporting in Hyperinflationary Economies in the consolidated financial statements for 2021.

Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between 24 April 2003 – 22 July 2006 is 10% and commencing from 23 July 2006, this rate has been changed to 15% upon the Council of Minister's' Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, the investments without investment incentive certificates do not qualify for tax allowance.

Deferred Tax

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

The corporate tax rate for 2021 has been increased from 20% to 25%, to %23 for 2022 and the corporate tax rate for 2023 and the following years has been announced as 20% within the scope of the amendment in the Corporate Tax Law that was published in the Official Gazette No: 31462 dated 22 April 2021. Deferred tax assets and liabilities have been calculated with a tax rate of 25% for the portion of the temporary differences that will have a tax effect in 2021, 23% for the portion that will have a tax effect in 2022 and 20% for the portion that will have a tax effect in 2022 and the following years in the consolidated financial statements.

In Turkey, the companies cannot declare a consolidated tax return, therefore subsidiaries that have deferred tax assets position were not netted off against subsidiaries that have deferred tax liabilities position and disclosed separately.

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

23. TAXATION ON INCOME (cont'd)

Deferred Tax (cont'd):

Deferred tax assets / (liabilities):	**31 December 2021**	**31 December 2020**
	Deferred tax	
Net differences on depreciation of property, plant and equipment / amortization of other intangible assets	(13,084,832)	(2,746,199)
Revaluation of financial instruments (*)	(26,278,267)	(16,586,791)
Tax losses carried forward	3,341,883	4,054,592
Provision for doubtful receivables	453,769	395,689
Provision for employee benefit obligations	577,498	401,451
Provision for unused vacation expense	126,745	88,384
Other	(1,528,355)	(7,724,188)
	(36,391,559)	**(22,117,062)**

(*) The balance consists of the temporary difference calculated by % 5 deferred tax of the fair value adjustment of shares of Enda Enerji Holding A.Ş. and EPİAŞ charged to statement of profit or loss.

Movements of deferred tax asset/(liability) balances are as follows:

Deferred tax assets / (liability) movement:	**1 January- 31 December 2021**	**1 January- 31 December 2020**
Opening balance as of 1 Januaary	(22,117,062)	(11,490,682)
Charged to profit or loss	(4,771,959)	(11,672,842)
Charged to equity	(9,502,538)	(361,470)
Effect of the acquisition of subsidiary	-	1,407,932
Closing balance	**(36,391,559)**	**(22,117,062)**

Expiration schedule of carry forward tax losses is as follows:

	31 December 2021	**31 December 2020**
Expiring in 2021	-	4,492,088
Expiring in 2022	6,251,038	5,121,925
Expiring in 2023	8,644,219	3,758,393
Expiring in 2024	2,303,247	7,849,002
Expiring in 2025	1,970,826	1,459,756
Expiring in 2026	287,754	-
	19,457,084	22,681,164

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

24. EARNINGS PER SHARE

Earning per share	**1 January- 31 December 2021**	**1 January- 31 December 2020**
Amount of share	70,000,000	70,000,000
Net profit of the main shareholding	192,988,743	140,947,366
Earning per share	**2.76**	**2.01**

25. FINANCIAL INSTRUMENTS

Financial Investments

The detail of current and non-current financial investments is as follows:

Current financial investments	**31 December 2021**	**31 December 2020**
Financial assets at fair value through profit or loss	851,688,217	473,427,383
Blocked deposits	8,397	170,167
	851,696,614	**473,597,550**

Financial assets at fair value through profit or loss

	31 December 2021	**31 December 2020**
Share certificate		
Shares traded on the stock exchange	7,575,830	-
Shares non-traded on the stock exchange	844,112,387	473,427,383
	851,688,217	**473,427,383**

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

25. FINANCIAL INSTRUMENTS (cont'd)

Type	Share Rate %	31 December 2021	Share Rate %	31 December 2020
Shares not-traded on the stock exchange				
Enda Enerji Holding A.Ş. (1)	%26.82	584,209,692	%26.82	398,799,320
Kahve Diyari Pazarlama Sanayi ve Ticaret A.Ş.	%50	15,500,000	%50	15,500,000
Probel Yazılım ve Bilişim Sistemleri A.Ş.	%10	9,000,000	%10	9,000,000
Mavi Hospital Sağlık Hizmetleri A.Ş. (2)	%50	69,163,090	%50	24,000,000
Core Engage Yazılım A.Ş.	%50	2,800,000	%50	2,500,000
Golive Yazılım Hizmetleri A.Ş. (3)	%25	56,282,445	%25	23,628,063
Vektora Yazılım Teknolojileri A.Ş. (4)	%60	107,157,160	-	-
		844,112,387		**473,427,383**
Shares traded on the stock exchange				
Other		7,575,830		-
		7,575,830		**-**
		851,688,217		**473,427,383**

(1) The fair value of Enda Enerji Holding A.Ş., which the Group classifies as a venture capital investment, the fair value of which is reflected in profit or loss, is TL 584,209,692, and is calculated based on the values included in the independent valuation.

(2) The fair value of Mavi Hospital Sağlık Hizmetleri A.Ş., which the Group classifies as a venture capital investment, the fair value of which is reflected in profit or loss, is TL 69,163,090, and is calculated based on the values included in the independent valuation.

(3) The fair value of Golive Yazılım Hizmetleri A.Ş., which the Group classifies as a venture capital investment, the fair value of which is reflected in profit or loss, is TL 56,282,445, and is calculated based on the values included in the independent valuation.

(4) 60% unlisted share of Vektora Yazılım Teknolojileri A.Ş. (Vektora) has purchased from its current shareholders on 11 January 2021 for a total 28,250,000 TL. The fair value of Vektora Yazılım Teknolojileri A.Ş., which the Group classifies as a venture capital investment, the fair value of which is reflected in profit or loss, is TL 107,157,160, and is calculated based on the values included in the independent valuation.

Non-current financial investments	31 December 2021	31 December 2020
EPİAŞ - Enerji Piyasaları İşletme A.Ş. (*)	36,555,760	21,440,000
Other	1,260	1,260
	36,557,020	**21,441,260**

(*) The company is not traded on the stock exchange. The fair value of the company, which is classified as long term financial investment whose fair value difference is reflected to profit or loss, is 36,555,760 TL and the fair value of the company is calculated based on the values included in the independent valuation work. Fair value increase has been accounted for from other operating activities.

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

25. FINANCIAL INSTRUMENTS (cont'd)

Financial Liabilities

The details of financial liabilities are as follows:

Financial debts	31 December 2021	31 December 2020
Short term bank loans	-	313,005
Short-term portion of long-term borrowings	6,397,425	7,997,157
Long-term borrowings	29,970,563	29,651,978
	36,367,988	**37,962,140**

The maturity analysis of bank loans is as follows:

	31 December 2021	31 December 2020
To be paid within 1 year	6,397,425	8,310,162
Between 1-2 years	3,550,440	3,777,786
Between 2-3 years	1,007,595	2,116,066
Between 3-4 years	-	600,528
5 years and more	25,412,528	23,157,598
	36,367,988	**37,962,140**

		31 December 2021	
Currency	**Effective Interest Rate**	**Current**	**Non-current**
EUR	%1.04 - %2.5	6,397,425	29,970,563
		6,397,425	**29,970,563**

		31 December 2020	
Currency	**Effective Interest Rate**	**Current**	**Non-current**
TL	% 12 - % 17	1,430,409	1,612,686
EUR	%1.04 - %2.5	6,879,753	28,039,292
		8,310,162	**29,651,978**

Reconciliation of obligations arising from financing activities

Cash and non-cash changes related to liabilities from financial activities as stated below:

	1 January 2021	Foreign currency loss	Interest Accruals	Financing cash out flows	Acquisition of subsidiary	31 December 2021
Bank loans	37,962,140	17,498,082	-	(19,092,234)	-	36,367,988

	1 January 2020	Foreign currency loss	Interest Accruals	Financing cash out flows	Acquisition of subsidiary	31 December 2020
Bank loans	18,150,218	4,407,318	(36,909)	(9,272,725)	24,714,238	37,962,140

There is no covenant related with bank loans.

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

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 25, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Group's risk management committee reviews the capital structure of the Group collectively on a semiannual basis. As a part of this review, the committee considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the committee, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

In addition and consistent with others in the industry, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

The gearing ratios are as follows:

	31 December 2021	31 December 2020
Financial debts (Note 25)	36,367,988	37,962,140
Less: cash and cash equivalents	(32,971,008)	(43,624,252)
Net debt	3,396,980	(5,662,112)
Total equity	1,221,249,174	596,416,199
Total capital	1,224,646,154	590,754,087
Net Debt/Total Capital Ratio	-	-

Financial risk factors

The Group's activities expose it to a variety of financial risks including interest rate risk, liquidity risk, currency risk and credit risk. Group's risk management programme generaly focuses on uncertainty in financial markets and minimizing potential negative effects on Group's financial performance.

Risk management, is conducted by a treasury department with some politic approved by the board of management. Treasury department of the Group defines and evaluates the financial risk, and by working with the operation units they use tools to decrease the risk. Board of management generates a written procedure about foreign exchange risk, interest rate risk, loan risk, how to use derivative instruments and other non-derivative financial instruments, and how to evaluate excess liquidity or a general legislation about risc management.

Interest rate risk management

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. Such risks are managed inherently by netting off the interest-bearing assets and liabilities.

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

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Group, aiming to decrease credit risk by transacting only with parties who has credit assurance and where possible, obtaining sufficient guarantee.

Details of credit risk by class of financial instruments

	Trade Receivables	Other Receivables	
31 December 2021	**Third parties**	**Third parties**	**Cash and cash equivalents**
Maximum credit risk exposed as of balance sheet date (A+B+C+D+E)	32,134,318	3,744,838	32,962,611
- Secured portion of the maximum credit risk by guarantees	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	31,972,691	3,744,838	32,962,611
B. Net book value of the financial assets that their conditions are renegotiated and otherwise be impaired	-	-	-
C. Net book value of financial assets that are past due but not impaired	161,627	-	-
- Secured portion of the net book value by guarantees, etc.	-	-	-
D. Net book value of the impaired assets	-	-	-
-Past due (gross amount)	2,971,161	-	-
-Impairment (-) (Note 7)	(2,971,161)	-	-
-Secured portion of the net book value by guarantees, etc.	-	-	-
- Not Past due (gross amount)	-	-	-
-Impairment (-)	-	-	-
-Secured portion of the net book value by guarantees, etc.	-	-	-
E. Off-balance sheet items include credit risk	-	-	-

	Trade Receivables	Other Receivables	
31 December 2020	**Third parties**	**Third parties**	**Cash and cash equivalents**
Maximum credit risk exposed as of balance sheet date (A+B+C+D+E)	10,236,644	1,569,560	43,454,085
- Secured portion of the maximum credit risk by guarantees	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	10,781,693	1,569,560	43,454,085
B. Net book value of the financial assets that their conditions are renegotiated and otherwise be impaired	-	-	-
C. Net book value of financial assets that are past due but not impaired	(545,049)	-	-
- Secured portion of the net book value by guarantees, etc.	-	-	-
D. Net book value of the impaired assets	-	-	-
-Past due (gross amount)	2,689,975	-	-
-Impairment (-) (Note 7)	(2,689,975)	-	-
-Secured portion of the net book value by guarantees, etc.	-	-	-
- Not Past due (gross amount)	-	-	-
-Impairment (-)	-	-	-
-Secured portion of the net book value by guarantees, etc.	-	-	-
E. Off-balance sheet items include credit risk	-	-	-

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

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Credit risk management (cont'd)

Trade receivables	**31 December 2021**	**31 December 2020**
Past due between 1-5 years	3,132,788	2,851,602
Less: impairment	(2,971,161)	(2,689,975)
Total	**161,627**	**161,627**

When the amount is determined, factors that increase credit reliability, such as collateral received, are not considered.

Payments made after the reporting period in the impairment tests are the result of the receivables of the customers to whom the related receivables originate, not being impaired due to the payment performance of the previous periods. They have been working with the relevant customer for a long period and there is no unpaid, high balance with high importance.

Liquidity risk management

Conservative liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group aims maintaining flexibility in funding by keeping committed credit lines available.

31 December 2021	**Carrying value**	**Total Contracted Cash Outflows (I+II+III+IV)**	**Less than 3 months (I)**	**3 to 12 months (II)**	**1 to 5 years (III)**	**5 years + (IV)**
Financials liabilities						
Bank loans	36,367,988	43,121,153	2,787,951	3,953,015	4,710,036	31,670,151
Trade payables	19,480,608	19,480,608	19,480,608	-	-	-
Other payables	1,113,405	1,113,405	613,405	-	500,000	-
Other payables to related parties	-	-	-	-	-	-
Total liabilities	**56,962,001**	**63,715,166**	**22,881,964**	**3,953,015**	**5,210,036**	**31,670,151**

31 December 2020	**Carrying value**	**Total Contracted Cash Outflows (I+II+III+IV)**	**Less than 3 months (I)**	**3 to 12 months (II)**	**1 to 5 years (III)**	**5 years + (IV)**
Financials liabilities						
Bank loans	37,962,140	43,384,029	2,254,847	6,649,552	6,789,723	27,689,907
Trade payables	4,202,549	4,202,549	4,202,549	-	-	-
Other payables	1,115,345	1,115,345	605,164	-	510,181	-
Other payables to related parties	74,951,072	146,153,087	-	-	50,000,000	96,153,087
Total liabilities	**118,231,106**	**194,855,010**	**7,062,560**	**6,649,552**	**57,299,904**	**123,842,994**

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

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk management

Transactions denominated in foreign currencies result in foreign currency risk.

The Group is exposed to currency risk due to the volatility of the exchange rate used in the conversion of foreign currency denominated assets and liabilities into Turkish Lira. Exchange risk is caused by the recorded assets and liabilities and future commercial transactions. In this framework, the Group controls this risk through a natural method of offsetting foreign currency assets and liabilities. The management analyzes the foreign exchange position of the Group and ensures that measures are taken where necessary.

The breakdown of the Group's monetary and non-monetary assets and monetary and non-monetary liabilities in foreign currencies as of 31 December 2021 and 2020 is as follows:

	31 December 2021		
	TL Equivalent (Functional Currency)	**US Dollar**	**EURO**
1. Trade Receivables	29,352,776	2,070,148	116,644
2a. Monetary Finacial Assets	29,641,052	2,155,182	60,625
2b. Non-monetary Financial Assets	-	-	-
3. Other	-	-	-
4. Current assets	**58,993,828**	**4,225,330**	**177,269**
5. Trade Receivables	-	-	-
6a. Monetary Financial Assets	-	-	-
6b. Non-monetary financial assets	-	-	-
7. Other	-	-	-
8. Non-current assets	**-**	**-**	**-**
9. TOTAL ASSETS	**58,993,828**	**4,225,330**	**177,269**
10. Payables	9,617,305	437,814	249,517
11. Financial Liabilities	6,397,425	-	423,281
12a. Monetary Other Liabilities	7,604,387	569,489	-
12b. Non-Monetary Other Liabilities	-	-	-
13. Current Liabilities	**23,619,117**	**1,007,303**	**672,798**
14. Payables	-	-	-
15. Financial Liabilities	29,970,563	-	1,982,980
16a. Monetary Other Liabilities	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-
17. Non-current Liabilities	29,970,563	-	1,982,980
18. TOTAL LIABILITES	**53,589,680**	**1,007,303**	**2,655,778**
19. Off-balance Sheet Derivative Instruments off-balance sheet	-	-	-
19.a Amount of active foreign derivative currency off-balance sheet	-	-	-
19.b. Amount of passive foreign derivative currency off-balance sheet	-	-	-
20. Net Foreign Currency Assets/Liabilities Position (9-18+19)	**5,404,148**	**3,218,027**	**(2,478,509)**
21. Monetary Items Net Foreign Currency Assets / Liabilities (1+2a+5+6a-10-11-12a-14-15-16a)	**5,404,148**	**3,218,027**	**(2,478,509)**
22. Total fair value of financial instruments used for foreign currency hedge	**-**	**-**	**-**
23. Amount of hedged portion of foreign currency assets	**-**	**-**	**-**
24. Amount of hedged portion of foreign exchange liabilities	**-**	**-**	**-**

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

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk management (cont'd)

	31 December 2020		
	TL Equivalent (Functional Currency)	**US Dollar**	**EURO**
1. Trade Receivables	6,735,705	769,938	120,336
2a. Monetary Finacial Assets	3,392,544	418,328	35,725
2b. Non-monetary Financial Assets	-	-	-
3. Other	47,713	6,500	-
4. Current assets	**10,175,962**	**1,194,766**	**156,061**
5. Trade Receivables	-	-	-
6a. Monetary Financial Assets			-
6b. Non-monetary financial assets	-	-	-
7. Other	-	-	-
8. Non-current assets	**-**	**-**	**-**
9. TOTAL ASSETS	**10,175,962**	**1,194,766**	**156,061**
10. Payables	95,363	9,678	2,700
11. Financial Liabilities	6,879,753	-	763,747
12a. Monetary Other Liabilities	436,592	48,061	9,303
12b. Non-Monetary Other Liabilities	-	-	-
13. Current Liabilities	**7,411,708**	**57,739**	**775,750**
14. Payables	-	-	-
15. Financial Liabilities	28,039,292	-	3,112,745
16a. Monetary Other Liabilities	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-
17. Non-current Liabilities	**28,039,292**	**-**	**3,112,745**
18. TOTAL LIABILITES	**35,451,000**	**57,739**	**3,888,494**
19. Off-balance Sheet Derivative Instruments Net Asset/Liability Position (19a-19b)	**-**	**-**	**-**
19.a Amount of active foreign derivative currency off-balance sheet	**-**	**-**	**-**
19.b. Amount of passive foreign derivative currency off-balance sheet	**-**	**-**	**-**
20. Net Foreign Currency Assets/Liabilities Position (9-18+19)	**(25,275,038)**	**1,137,027**	**(3,732,433)**
21. Monetary Items Net Foreign Currency Assets / Liabilities (1+2a+5+6a-10-11-12a-14-15-16a)	**(25,322,751)**	**1,130,527**	**(3,732,433)**

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk management (cont'd)

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 20% increase and decrease in US Dollar and EURO against TRY 20% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 20% change in foreign currency rates. A positive number below indicates an increase in profit or equity.

	31 December 2021	
	Profit / Loss	
	Revaluation of foreign currency	**Depreciation of foreign currency**
In case of a 20% increase in US Dollar against TL		
-US Dollar net asset / liability	8,578,616	(8,578,616)
In case of a 20% increase in EURO against TL		
-EURO net asset / liability	(7,491,987)	7,491,987
TOTAL	**1,086,629**	**(1,086,629)**

	31 December 2020	
	Profit / Loss	
	Revaluation of foreign currency	**Depreciation of foreign currency**
In case of a 20% increase in US Dollar against TL		
-US Dollar net asset / liability	1,669,269	(1,669,269)
In case of a 20% increase in EURO against TL		
-EURO net asset / liability	(6,724,277)	6,724,277
TOTAL	**(5,055,008)**	**5,055,008**

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined and grouped as follows:

- Level 1: the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- Level 2: the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and
- Level 3: the fair value of the financial assets and financial liabilities are determined where there is no observable market data.

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

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk management (cont'd)

Fair value of financial instruments(cont'd) :

31 December 2021	Financial assets at amortized costs	Financial assets through profit and loss	Financial liabilities at amortized costs	Carrying value	**Note**
Financial assets					
Cash and cash equivalents	32,962,611	-	-	32,962,611	**29**
Trade receivables	32,134,318	-	-	32,134,318	**7**
Other receivables	3,744,838	-	-	3,744,838	**9**
Financial investments	8,397	888,245,237	-	888,253,634	**25**
Financial liabilities					
Borrowings	-	-	36,367,988	36,367,988	**25**
Trade payables	-	-	19,480,608	19,480,608	**7**
Other financial liabilities	-	-	9,767,254	9,767,254	**14**

31 December 2020	Loans and receivables (including cash and cash equivalents)	Financial assets through profit and loss	Financial liabilities at amortized costs	Carrying value	**Note**
Financial assets					
Cash and cash equivalents	43,454,085	-	-	43,454,085	**29**
Trade receivables	10,236,644	-	-	10,236,644	**7**
Other receivables	1,569,560	-	-	1,569,560	**9**
Financial investments	170,167	494,868,643	-	495,038,810	**25**
Financial liabilities					
Borrowings	-	-	37,962,140	37,962,140	**25**
Trade payables	-	-	4,202,549	4,202,549	**7**
Other financial liabilities	-	-	1,811,304	1,811,304	**14**
Other payables	-	-	74,951,072	74,951,072	**9**

Financial assets

The fair values of balances denominated in foreign currencies, which are converted at period-end exchange rates, are considered to approximate their carrying values.

The fair values of financial assets carried at cost, including cash and bank deposits, are considered to approximate their carrying values due to their short-term nature and negligible credit losses. The fair values of financial investments are estimated based on market prices at the balance sheet date.

Trade receivables from electricity sales are valued at amortized cost using the effective interest method and are considered to approximate their fair values including the related provisions for doubtful receivables.

Financial liabilities

The fair value of bank borrowings and other monetary liabilities is considered to approximate their carrying value. Long-term loans denominated in foreign currencies are converted at period-end exchange rates and accordingly their fair value approximates their carrying value. Trade payables are valued at amortized cost using the effective interest method and are thus considered to approximate their fair values.

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial liabilities (cont'd)

Fair value hiearchy of financial assets and liabilities that are measured at fair value:

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

Financial Assets	Fair Value		Fair Value Hierarchy	Valuation Techniques	Significant observable inputs	Relationship of observable inputs to fair value
	31 December 2021	31 December 2020				
Shares traded on the stock exchange	7,575,830	-	Level 1	Market price		
Shares not traded on the stock exchange	36,555,760	21,440,000	Level 3	Discounted cash flows	Considering the income approach, 26.18% weighted average cost of capital in TL and 7% final growth rate are used.	
Shares not traded on the stock exchange	584,209,692	398,799,320	Level 3	Net Asset Value, Equivalence Value and Discounted Cash Flow	Enda Enerji Holding A.Ş. : Total value was found using different valuation techniques at different rates. Considering the equivalent value method, 10% liquidity discount was applied with weighted average EBITDA multipliers of similar publicly traded companies. Considering the income approach, the weighted average capital cost, which is calculated between 8.30% and 11.30% in US Dollars, is used for each of the subsidiaries and affiliates subject to the appraisal study. Due to the fact that the power plants are included in the scope of Yekdem together with the amount of production, the fixed electricity sales prices were estimated during the Yekdem period. The expiration years of the power plants are between 2044 and 2057 and the YEKDEM expiration years are between 2022 and 2026.	The fair value dicreases when the liquidity rate increases. As the weighted average cost of capital increases, the fair value decreases.
Shares not traded on the stock exchange	107,157,160	-	Level 3	Equivalence Value and Discounted Cash Flow	Vektora Yazılım Teknolojileri A.Ş.: Total value was found using different valuation techniques at different rates. Considering the equivalent value method, 30% liquidity discounts have been applied by using multipliers of similar publicly traded companies. Considering the income approach, the weighted average capital cost is calculated as 30.2% in TL.	The fair value dicreases when the liquidity rate increases. As the weighted average cost of capital increases, the fair value decreases.
Shares not traded on the stock exchange	69,163,090	24,000,000	Level 3	Equivalence Value and Discounted Cash Flow (2020: Purchase Value)	Mavi Hospital Sağlık Hizmetleri A.Ş.: Total value was found using different valuation techniques at different rates. Considering the equivalent value method, 20% liquidity discounts have been applied by using multipliers of similar publicly traded companies. Considering the income approach, the weighted average capital cost is calculated as 27.8% in TL.	The fair value dicreases when the liquidity rate increases. As the weighted average cost of capital increases, the fair value decreases.
Shares not traded on the stock exchange	56,282,445	23,628,063	Level 3	Equivalence Value and Discounted Cash Flow (2020: Purchase Value)	Golive Yazılım Hizmetleri A.Ş.: Total value was found using different valuation techniques at different rates. Considering the equivalent value method, 30% liquidity discounts have been applied by using multipliers of similar publicly traded companies. Considering the income approach, the weighted average capital cost is calculated as 29.79% in TL.	The fair value dicreases when the liquidity rate increases. As the weighted average cost of capital increases, the fair value decreases.
Shares not traded on the stock exchange	27,300,000	27,000,000	Level 3	Purchase Value	Considering the change in the fair value and the amount in the financial statements, it is indicated by the purchase value	
Shares not traded on the stock exchange	1,260	1,260	Level 1	-		

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

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

First level financial assets at fair value through profit or loss

Trading purpose	**1 January - 31 December 2021**	**1 January - 31 December 2020**
Opening balance, 1 January	-	11,551,480
Disposals	(264,339,347)	(11,551,480)
Acquisition	264,110,466	-
Total gain/loss charged to profit/loss	7,804,711	-
Closing balance, 31 December	7,575,830	-

Third level financial assets at fair value through profit or loss

Trading purpose	**1 January - 31 December 2021**	**1 January - 31 December 2020**
Opening balance, 1 January	473,427,383	283,303,404
Disposals	-	-
Total gain/loss charged to profit/loss	342,135,004	115,495,916
Capital increase	-	440,563
Acquisition	28,550,000	74,187,500
Closing balance, 31 December	844,112,387	473,427,383

27. INVESTMENT PROPERTIES

	Lands
Opening balance as of 1 January 2020	18,900,000
Increases from changes in fair value	3,225,000
Closing balance as of 31 December 2020	22,125,000
Opening balance as of 1 January 2021	22,125,000
Increases from changes in fair value	13,390,000
Closing balance as of 31 December 2021	35,515,000

Fair value measurements of the Company's investment properties

The fair value of the investment properties of the Company is determined by Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş. and the management of the Company. Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş. is authorized by the CMB and provides real estate valuation services in accordance with the capital market legislation. As of 31 December 2021, the fair value of the land is determined by market comparative approach reflecting the current transaction prices for similar properties.

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

27. INVESTMENT PROPERTIES (cont'd)

The fair value hierarchy of the Company's investment properties and the related assets are shown in the following table:

		Fair value at the reporting date		
	31 December 2021	1. Level TL	2. Level TL	3. Level TL
Lands	35,515,000	-	35,515,000	-

		Fair value at the reporting date		
	31 December 2020	1. Level TL	2. Level TL	3. Level TL
Lands	22,125,000	-	22,125,000	-

There has been no transition between 1st and 2nd level in the current period.

28. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As of 31 December 2021, the "urgent expropriation" process of the land, on which the hydroelectric power plant located in Erzurum owned by Pamel Yenilenebilir Elektrik Üretim A.Ş, has been started with EMRA. As of the reporting date, the expropriation process of this land is ongoing. According to the opinion of the Company Management, no provision has been made in the financial statements prepared as of 31 December 2021 in order to fulfill the obligation regarding the lawsuits filed during this process, since the possibility of the resources containing economic benefits is not probable and measurable.

29. NOTES ON STATEMENT OF CASH FLOWS

	31 December 2021	**31 December 2020**
Cash on hand	19,772	12,937
Cash at banks	32,911,570	43,412,460
Demand deposit	*10,908,034*	*4,254,295*
Time deposits up to 3 months maturity	*20,606,252*	*38,232,827*
Blocked deposit	*1,397,284*	*925,338*
Other cash equivalents	31,269	28,688
	32,962,611	**43,454,085**

Cash and cash equivalents included in the consolidated cash flow statement are as follows:

Original Currency	Maturity	Interest Rate	Original Amount	31 December 2021
Turkish Lira	January 2022	% 14 - % 20.5	20,606,252	20,606,252
				20,606,252

Original Currency	Maturity	Interest Rate	Original Amount	31 December 2020
Turkish Lira	January 2021	% 11.9 - % 19	38,232,827	38,232,827
				38,232,827

30. FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR'S

Information regarding the fees for the services received from the independent audit firms, in accordance with the letter of POA dated 19 August 2021 that was prepared considering the Board Decision published in the Official Gazette on 30 March 2021, is as follows. The independent audit fee for the reporting period is 488,900 TL (31 December 2020: 388,300 TL). There is no service other than the audit received from the independent audit firm.

31. EVENTS AFTER REPORTING PERIOD

None noted.