TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2021 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

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(Convenience translation of a report and financial statements originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Turcas Petrol Anonim Sirketi

A) Report on the Audit of the Financial Statements

1) Opinion

We have audited the consolidated financial statements of Turcas Petrol Anonim Sirketi ("the Company"), which comprise the statement of financial position as at December 31, 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

2) Basis for Opinion

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

3) Key Audit Matters

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

Investments accounted under the equity method	How our audit addressed the key audit matter
Investments accounted under the equity method are considered as significant balance sheet item as they represent 55% of the total assets in the statement of financial position. The impact of this subject to the financial statement of the Company is amounting to 860.707.429 TL as of 31 December 2021. Investments accounted under the equity method accounted accordance with TAS 28 and increase or decrease of the investments are recognised in the income statement. Due to the size of the amounts and the recoverability of the investments are considered as the key audit matter. Detailed explanations on investments accounted under the equity method are provided in Note 10.	The following procedures have been applied to audit the amount of investments accounted under equity method: - Investments accounted under equity method are audited in accordance with TFRS, - Evaluation of the recoverability of investements accounted under equity method examination, - Examination of the compliance and competence of the disclosures in the financial statements.

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

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

In an independent audit, our responsibilities as the auditors are:

Our objectives are 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with standards on auditing as issued by the Capital Markets Board of

Turkey and InAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

(Convenience translation of a report and financial statements originally issued in Turkish)

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

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

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

B) Report on Other Legal and Regulatory Requirements

1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on 1 March 2022.

2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2021 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.

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

The name of the engagement partner who supervised and concluded this audit is Kaan Birdal.

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

Kaan Birdal, SMMM
Partner

1 March 2022
İstanbul, Türkiye

TURCAS PETROL A.Ş.

FINANCIAL STATEMENTS AT 31 DECEMBER 2021

CONTENTS

PAGE

STATEMENTS OF FINANCIAL POSITION 1-2

STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME 3-4

STATEMENTS OF CHANGES IN EQUITY 5

STATEMENT OF CASH FLOW 6

NOTES TO THE FINANCIAL STATEMENTS 7-69

NOTE 1 COMPANY'S ORGANISATION AND NATURE OF OPERATIONS 7
NOTE 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS 8-25
NOTE 3 SEGMENT REPORTING 25-26
NOTE 4 CASH AND CASH EQUIVALENTS 27
NOTE 5 FINANCIAL ASSETS 28
NOTE 6 FINANCIAL LIABILITIES 29-32
NOTE 7 TRADE RECEIVABLES AND PAYABLES 32-33
NOTE 8 OTHER RECEIVABLES AND PAYABLES 33
NOTE 9 PREPAID EXPENSES 34
NOTE 10 INVESTMENTS ACCOUNTED BY EQUITY METHOD 34-36
NOTE 11 PROPERTY, PLANT AND EQUIPMENT 37-38
NOTE 12 INTANGIBLE ASSETS 38
NOTE 13 COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES 39-42
NOTE 14 PROVISIONS 42
NOTE 15 PROVISIONS FOR EMPLOYMENT TERMINATION BENEFITS 43
NOTE 16 OTHER ASSETS AND LIABILITIES 44
NOTE 17 EQUITY 44-45
NOTE 18 SALES AND COST OF SALES 46
NOTE 19 OPERATING EXPENSES 46
NOTE 20 OTHER OPERATING INCOME 47
NOTE 21 OTHER OPERATING EXPENSE 47
NOTE 22 INCOME FROM INVESTMENT ACTIVITIES 47
NOTE 23 FINANCIAL INCOME 48
NOTE 24 FINANCIAL EXPENSES 48
NOTE 25 TAX ASSETS AND LIABILITIES 48-51
NOTE 26 EARNINGS / (LOSS) PER SHARE 51
NOTE 27 TRANSACTIONS AND BALANCES WITH RELATED PARTIES 52-56
NOTE 28 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT 56-65
NOTE 29 FINANCIAL INSTRUMENTS 65-66
NOTE 30 ASSETS HELD FOR SALE 67
NOTE 31 FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR / INDEPENDENT AUDIT COMPANY 68
NOTE 32 POST-BALANCE SHEET EVENTS 68-69

TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2021 AND 2020

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

	Notes	**(Audited)** **Current Period** **31 December 2021**	(Audited) Prior Period 31 December 2020
ASSETS			
Current assets			
Cash and cash equivalents	4	**20,666,234**	101,777,296
Trade receivables		**553,192**	8,808,630
- Trade receivables from third parties	7	***553,192***	*8,808,630*
Other receivables		**74,200,741**	1,653,178
- Other receivables from related parties	*27*	***73,719,885***	*1,028,750*
- Other receivables from third parties	*8*	***480,856***	*624,428*
Prepaid expenses	9	**477,927**	1,836,251
Financial assets	5	**96,421,598**	74,544,027
Assets related to current period tax	25	**225,261**	560,080
Other current assets	16	**47,013**	2,180,988
Total		**192,591,966**	191,360,450
Assets held for sale	30	**384,022,607**	-
Total currents assets		**576,614,573**	191,360,450
Non-current assets			
Other receivables		**27,955**	73,131,653
- Other receivables from related parties	*27*	-	*72,600,000*
- Other receivables from third parties	*8*	***27,955***	*531,653*
Financial investments	5	**17,081,916**	10,334,327
Financial assets	5	**83,863,269**	46,150,391
Investments accounted by equity method	10	**860,707,429**	689,028,150
Property, plant and equipment	11	**20,463,415**	229,175,227
Intangible assets	12	**66,971**	49,839,264
Deferred tax assets	25	**5,098,488**	22,361,144
Other non-current assets	16	**-**	-
Total non-current assets		**987,309,443**	1,120,020,156
TOTAL ASSETS		**1,563,924,016**	1,311,380,606

These financial statements for the period 1 January - 31 December 2021 have been approved by Board of Directors decision dated 1 March 2022. These financial statements will be finalized after approval at the 2021 Ordinary General Assembly of Turcas Petrol A.Ş.

TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2021 AND 2020

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

	Notes	**(Audited) Current Period 31 December 2021**	(Audited) Prior Period 31 December 2020
LIABILITIES			
Current liabilities			
Short term portions of long term financial liabilities	6	**221,491,238**	169,948,156
Trade payables		**938,054**	38,513,681
- Trade payables to related parties	*27*	-	*42,739*
- Trade payables to third parties	*7*	***938,054***	*38,470,942*
Short term liabilities for employee benefits		**252,624**	311,942
Other payables		**1,744,553**	2,184,089
- Other payables to related parties	*27*	***1,238,596***	*1,402,710*
- Other payables to third parties	*8*	***505,957***	*781,379*
Short term provisions		**1,998,195**	2,847,908
- Short term provisions for employee benefits	*14*	***370,271***	*935,308*
- Provisions for lawsuit	*14*	***1,588,100***	*1,912,600*
- Other provisions		***39,824***	-
Total		**226,424,664**	**213,805,776**
Liabilities related to the asset held for sale	30	**558,950,456**	-
Total current liabilities		**785,375,120**	213,805,776
Non-current liabilities			
Financial liabilities	6	**586,306,214**	715,324,894
Trade payables		-	16,190,799
- Trade payables to third parties	*7*	-	*16,190,799*
Long term provisions		**552,923**	614,437
- Long term provisions for employee benefits	*15*	***552,923***	*614,437*
Other non-current liabilities	16	**776,389**	776,389
Total non-current liabilities		**587,635,526**	732,906,519
EQUITY			
Paid-in capital	17	**255,600,000**	255,600,000
Adjustment to share capital	17	**41,247,788**	41,247,788
Repurchased shares (-)	17	**(8,450,916)**	(8,450,916)
Other comprehensive income/(expense) not to be reclassified to profit or loss		**(10,485,044)**	(7,169,975)
- Actuarial gains/ (losses) on defined benefit plans		***(10,485,044)***	*(7,169,975)*
Restricted reserves	17	**39,311,954**	39,311,954
Other comprehensive income/(expense) to be reclassified to profit or loss		**(129,688,954)**	(39,348,448)
- Gains/(losses) on cash flow hedges		***(129,688,954)***	*(39,348,448)*
Other reserves		**(7,256,169)**	(7,256,169)
Retained earnings		**90,734,077**	214,738,175
Net profit / (loss) for year		**(80,099,366)**	(124,004,098)
Equity attributable to equity holders of the parent		**190,913,370**	364,668,311
Total equity		**190,913,370**	364,668,311
TOTAL LIABILITIES AND EQUITY		**1,563,924,016**	1,311,380,606

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

CONVENIENCE TRANSLATION INTO ENGLISH OF STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

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

		(Audited)	(Audited)
		Current Period	Prior Period
PROFIT OR LOSS	**Notes**	**2021**	2020
CONTINUED OPERATIONS			
Sales	18	**-**	63,964,826
Cost of sales (-)	18	**-**	(22,571,903)
GROSS PROFIT		**-**	41,392,923
General and administrative expenses (-)	19	**(27,817,024)**	(26,426,681)
Other operating income	20	**9,987,487**	27,762,397
Other operating expenses (-)	21	**(2,152,577)**	(17,188,055)
OPERATING PROFIT		**(19,982,114)**	25,540,584
Income from invesment activities	22	**48,873,487**	103,711,558
Income/(Loss) from investments accounted by equity method	10	**174,143,062**	(69,019,921)
OPERATING PROFIT / (LOSS) BEFORE FINANCIAL INCOME / (EXPENSE)		**203,034,435**	60,232,221
Financial income	23	**233,796,556**	177,852,799
Financial expenses (-)	24	**(478,386,937)**	(373,396,307)
PROFIT / (LOSS) BEFORE TAX FROM CONTINUED OPERATIONS		**(41,555,946)**	(135,311,287)
Tax income / (expense) from continued operations			
Current period tax expense	25	**-**	-
Deferred tax income / (expense)	25	**5,227,796**	11,307,189
NET PROFIT / (LOSS) FROM CONTINUED OPERATIONS		**(36,328,150)**	(124,004,098)
NET PROFIT / (LOSS) FROM DISCONTINUED OPERATIONS		**(43,771,216)**	-
NET PROFIT / (LOSS)		**(80,099,366)**	(124,004,098)
Attributable to:			
Equity holders of the parent		**(80,099,366)**	(124,004,098)
Non-controlling interest		**-**	-
Profit/(Loss) per share	26	**(0.313)**	(0.485)
Profit/(Loss) per share from continued operations		**(0.142)**	-
Profit/(Loss) per share from discontinued operations		**(0.171)**	-

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

CONVENIENCE TRANSLATION INTO ENGLISH OF STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

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

	Notes	**(Audited) Current Period 2021**	(Audited) Prior Period 2020
PROFIT / (LOSS) FOR THE PERIOD		**(80,099,366)**	(124,004,098)
Other comprehensive income / (expense) not to be reclassified to profit or loss			
Actuarial gains / (losses) on defined benefit plans	15	**(113,825)**	(159,005)
Taxes related to other comprehensive income not to be reclassified to profit or loss			
Deferred tax income / (expense)	*25*	***28,456***	*31,800*
Other comprehensive income of shares from investments accounted by the equity method not to be reclassified to profit or loss			
Revaluation gains / (losses) of defined benefit plans of investments accounted by equity method		**(4,037,125)**	(7,398,618)
Deferred tax income / (expense)		**807,425**	1,479,725
Total		**(3,315,069)**	(6,046,098)
Other comprehensive income / (expense) to be reclassified to profit or loss			
Other comprehensive income / (loss) related to cash flow hedging		***(90,340,506)***	*(25,692,293)*
Deferred tax income / (expense)		**-**	-
Total		**(90,340,506)**	(25,692,293)
TOTAL COMPREHENSIVE INCOME / (LOSS)		**(173,754,941)**	(155,742,489)
Attributable to:			
Equity holders of the parent		**(173,754,941)**	(155,742,489)
Non-controlling interests		**-**	-
Earnings / (Loss) per share		**(0.680)**	(0.609)
Number of Shares		**255,600,000**	255,600,000

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

TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

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

					Other comprehensive income/expense not to be reclassified to profit or loss	**Other comprehensive income/expense to be reclassified to profit or loss**						
	Paid in Capital	**Adjustment to share capital**	**Repurchased Shares(-)**	**Restricted reserves**	**Actuarial gains / (losses) on defined benefit plans**	**Other comprehensive income / (loss) related with cash flow hedges**	**Other reserves**	**Retained earnings**	**Net İncome/(loss) for the period**	**Equity holders of the parent**	**Non-controling interest**	**Total Equity**
1 January 2020	255,600,000	41,247,788	(8,450,916)	39,311,954	(1,123,877)	(13,656,155)	(7,256,169)	243,417,512	(28,679,337)	520,410,800	-	520,410,800
Transfers	-	-	-	-	-	-	-	(28,679,337)	28,679,337	-	-	-
Net Income/(Loss) for period	-	-	-	-	-	-	-	-	(124,004,098)	(124,004,098)	-	(124,004,098)
Other comprehensive income/(expense)	-	-	-	-	(6,046,098)	(25,692,293)	-	-	-	(31,738,391)	-	(31,738,391)
Total comprehensive income/(expense)	-	-	-	-	(6,046,098)	(25,692,293)	-	-	(124,004,098)	(155,742,489)	-	(155,742,489)
31 December 2020	255,600,000	41,247,788	(8,450,916)	39,311,954	(7,169,975)	(39,348,448)	(7,256,169)	214,738,175	(124,004,098)	364,668,311	-	364,668,311
1 January 2021	**255,600,000**	**41,247,788**	**(8,450,916)**	**39,311,954**	**(7,169,975)**	**(39,348,448)**	**(7,256,169)**	**214,738,175**	**(124,004,098)**	**364,668,311**	**-**	**364,668,311**
Transfers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(124,004,098)**	**124,004,098**	**-**	**-**	**-**
Net Income/(Loss) for period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(80,099,366)**	**(80,099,366)**	**-**	**(80,099,366)**
Other comprehensive income/(expense)	**-**	**-**	**-**	**-**	**(3,315,069)**	**(90,340,506)**	**-**	**-**	**-**	**(93,655,575)**	**-**	**(93,655,575)**
Total comprehensive income/(expense)	**-**	**-**	**-**	**-**	**(3,315,069)**	**(90,340,506)**	**-**	**-**	**(80,099,366)**	**(173,754,941)**	**-**	**(173,754,941)**
31 December 2021	**255,600,000**	**41,247,788**	**(8,450,916)**	**39,311,954**	**(10,485,044)**	**(129,688,954)**	**(7,256,169)**	**90,734,077**	**(80,099,366)**	**190,913,370**	**-**	**190,913,370**

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

TURCAS PETROL A.Ş

CONVENIENCE TRANSLATION INTO ENGLISH OF STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

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

	Notes	**1 January – 31 December 2021**	1 January – 31 December 2020
A. Cash flows from operating activities		**100,769,264**	53,485,141
Net income / (loss) for the period		**(80,099,366)**	(124,004,098)
Net income / (loss) for the period from continued operations		**(36,328,150)**	(124,004,098)
Net income / (loss) for the period from discontinued operations		**(43,771,216)**	(124,004,098)
Adjustments to reconcile net income/(loss)		**(14,157,776)**	166,363,460
Adjustments related to tax (income) / expense	25	**(5,227,796)**	(11,307,189)
Adjustment related to unrealized foreign currency translation differences		**315,029,575**	221,799,814
Adjustments related to depreciation and amortization expenses	11, 12	**2,829,997**	11,434,299
Adjustments related to losses / (gains) resulting from the disposal of the tangible assets	22	**13,061**	5,363
Adjustments related to provisions / (reversals) for employee termination benefits	14, 15	**(224,631)**	330,830
Adjustments related to provisions / (reversals) for lawsuit and /or penalty	19	**-**	1,912,600
Other adjustments related to (profit) and loss reconciliation	5	**(119,084,928)**	(119,281,742)
Adjustments related to undistributed profit/losses of investments accounted by the equity method	10	**(174,143,062)**	69,019,921
Adjustments related to undistributed profits of associates	10	**(765,917)**	(765,917)
Adjustments related to fair value losses / (gains) of financial assets		**(6,797,589)**	-
Adjustments related to other items causing cash flows from investing activities		**(6,618,115)**	(20,320,274)
Adjustments related to interest income	23	**(39,967,582)**	(19,138,387)
Adjustments related to interest expense	24	**20,799,211**	32,674,142
Changes in working capital		**194,934,658**	11,554,326
Adjustments related to decrease / (increase) in trade receivables		**(1,434)**	(3,645,233)
Decrease / (Increase) in prepaid expenses		**205,217**	4,955,180
Adjustments related to increase / (decrease) in trade payables		**412,924**	9,828,949
Decrease / (increase) in other assets related to operations		**(4,283,265)**	2,801,754
Increase / (decrease) in other liabilities related to operations		**29,580**	(2,386,324)
Net cash flows from discontinued operations		**198,571,636**	-
Cash flow used in operations		**91,748**	(428,547)
Employment termination benefits paid	15	**(180,625)**	(284,559)
Tax refunds / (payments)		**272,373**	(143,988)
B. Net cash generated by investing activities		**102,131,932**	54,611,041
Cash outflow resulted from acquisition of tangible and intangible assets	11,12	**(3,068,182)**	(25,782,660)
Dividends received	5	**63,775,700**	41,010,000
Other cash inflows / (outflows)	20	**6,618,115**	20,320,274
Interest received		**40,066,414**	19,063,427
Net cash flows from discontinued operations		**(5,260,115)**	-
C. Cash flow from financing activities		**(247,236,733)**	(139,824,322)
Proceeds from bank borrowings	6	**-**	15,334,389
Repayment of bank borrowings	6	**(186,741,398)**	(122,494,744)
Interest paid	6	**(20,723,045)**	(32,663,967)
Net cash flows from discontinued operations		**(39,772,290)**	-
NET DECREASE IN CASH AND CASH EQUIVALENTS (A + B + C)		**(44,335,537)**	(31,728,140)
CASH AND CASH EQUIVALENTS BALANCE AT THE BEGINNING OF THE PERIOD	4	**101,678,425**	133,406,565
CASH AND CASH EQUIVALENTS BALANCE AT THE END OF THE PERIOD	4	**57,342,888**	101,678,425

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

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

NOTE 1 - COMPANY’S ORGANIZATION AND NATURE OF OPERATIONS

Turcas Petrol A.Ş. (“Company” or “Turcas”) is an investment company that participates in companies operating in the oil and energy sector.

The Company is incorporated in Turkey and the address of the registered office is as follows:

Ahi Evran Cad. No: 6 Aksoy Plaza. Kat: 7 34398 Maslak/Sarıyer/İstanbul

The shares of the Company have been traded on Borsa İstanbul since 1992.

The Company’s main shareholder is Aksoy Girişimcilik Enerji ve Turizm A.Ş. The capital structure of the Company as of the related balance sheet dates have been provided at Note 17.

The number of employees of the Company at the end of the period is 87 (31 December 2020: 86).

Associates	Company	Nature of business
Shell & Turcas Petrol A.Ş. (“STAŞ”)	Turkey	Petroleum products
RWE&Turcas Güney Elektrik Üretim A.Ş. (“RWE&Turcas Güney” or “RTG”)	Turkey	Energy, electricity

30% shares of STAŞ were owned by Turcas Petrol A.Ş. and 70% of shares were owned by The Shell Company of Turkey Ltd (“Shell Türkiye”). STAŞ operates in every aspect of the purchase, sale, import, export, storage and distribution of all types of fuel and lubricants.

RTG which 30% of shares were owned by Turcas and %70 of shares were owned by RWE Generation SE. RTG is the owner and operator of the natural gas-fired combined cycle power plant in Denizli with an installed capacity of 800 MW.

The detailed information about the investments accounted by equity method is given in Note 10.

ATAŞ is established in Mersin Province. The entity continues its storage and service operations as of the balance sheet date and is recognized under non-current financial investments in the financial statements of Turcas Petrol A.Ş. The Company directly owns 5% of the ATAŞ. Other partners of ATAŞ include STAŞ with %27 of its shares. The Company’s total direct and indirect (through STAŞ) ownership at ATAŞ is %13.1.

Assets held for sale	Country	Nature of business
Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş.	Turkey	Energy, electricity

The Company’s wholly owned subsidiary Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. (TKJ) which also operates in the field of renewable energy, is the owner and operator of the geothermal power plant in Aydın with an installed capacity of 18 MW. The power plant commenced its commercial operations in full capacity following the acceptance by EMRA on 07.12.2017. Turcas Petrol A.Ş. has signed a Share Purchase Agreement dated 21 December 2021 regarding the sale of 100% of its shares in Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. and since the share transfer took place on 14 February 2022, Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. has been evaluated within the scope of TFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” standard.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

Financial reporting standards

The accompanying financial statements are prepared in accordance with Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, financial statements are prepared in accordance with the Turkish Accounting Standards issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA"). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations.

The accompanying financial statements are presented in accordance with the "Announcement regarding to TAS Taxonomy" which was published on 15 April 2019 by POA and the format and mandatory information recommended by CMB.

In accordance with the CMB resolution issued on 17 March 2005, listed companies operating in Turkey are not subject to inflation accounting effective from 1 January 2005. Therefore, the financial statements of the financial statements of the Company have been prepared accordingly.

The Company maintains its books of account and prepares its statutory financial statements in TL in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance and accounting principles issued by the CMB. The financial statements, except for the financial asset and liabilities presented with their fair values, are maintained under historical cost conversion, these financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TAS.

2.2 Consolidation Principles

(a) The financial statements include the accounts of the parent company, Turcas, and its Subsidiaries and Associates on the basis set out in sections (b) to (d) below. The financial statements of the companies included in the consolidation have been prepared as of the date of the financial statements and are based on the statutory records, which are maintained under the historical cost convention, with adjustments and reclassifications for the purpose of presentation in conformity with Turkish Accounting Standards and applying uniform accounting policies and presentations.

(b) Subsidiaries are companies over which Turcas has capability to control the financial and operating policies for the benefit of Turcas through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself.

(c) Subsidiaries are consolidated from the date on which the control is transferred to the Company and are no longer consolidated from the date that the control ceases. Where necessary, accounting policies for Subsidiaries have been changed to ensure consistency with the policies adopted by the Company.

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Consolidation Principles (Continued)

If the Company loses control of a subsidiary, it recognizes any investment retained in the former subsidiary at its fair value when control is lost and any difference between the fair value and net book value of investment is accounted for as gain or loss. That fair value shall be regarded as the fair value on initial recognition of a financial asset, when appropriate, the cost on initial recognition of an investment in an associate or joint venture. Additionally, assets and liabilities that were previously recognized as other comprehensive income attributable to that subsidiary are accounted for as if those were disposed the Company. This may result in a fact that these amounts previously recognized as other comprehensive income may be classified to profit or loss.

The table below sets out all Subsidiaries included in the scope of consolidation and shows their direct and indirect ownership, which are identical to their economic interests, at years ended 31 December 2021 and 2020 (%):

	31 December 2021		31 December 2020	
	Ownership interest (%)	**Effective interest (%)**	**Ownership interest (%)**	**Effective interest (%)**
Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. (*)	100.00	100.00	100.00	100.00

(*) Turcas Petrol A.Ş. has signed a Share Purchase Agreement dated 21 December 2021 regarding the sale of 100% of its shares in Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. and since the share transfer took place on 14 February 2022, Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. has been evaluated within the scope of TFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" standard.

(d) Associates are companies in which the Company has attributable interest of more than 20% and less than 50% of the ordinary share capital held for the long-term and over which a significant influence is exercised. Associates are accounted for using the equity method.

Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables or the significant influence ceases the Company does not continue to apply the equity method, unless it has incurred obligations or made payments on behalf of the associate. Subsequent to the date of the caesura of the significant influence the investment is carried either at fair value when the fair values can be measured reliably or otherwise at cost when the fair values cannot be reliably measured.

The table below sets out all Associates and shows their direct and indirect ownership at 31 December 2021 and 2020:

	2021 (%)	**2020 (%)**
Shell & Turcas Petrol A.Ş.	30.00	30.00
RWE & Turcas Güney Elektrik Üretim A.Ş.	30.00	30.00

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

(e) Available-for-sale investments, in which the Company has controlling interests equal to or above 20%, or over which are either immaterial or where a significant influence is not exercised by the Company, that do not have quoted market prices in active markets and whose fair values cannot be reliably measured are carried at cost less any provision for impairment.
Available-for-sale investments, in which the Company has attributable interests below 20% or in which a significant influence is not exercised by the Company, that have quoted market prices in active markets and whose fair values can be reliably measured are carried at fair value (Note 5).

(f) The minority shareholders' share in the net assets and results of Subsidiaries for the year are separately classified as non-controlling interest in the statement of financial position and statements of income.

2.3 Amendments in Turkish Financial Reporting Standards

The accounting policies adopted in preparation of the financial statements as at 31 December 2021 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2021. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at 1 January 2021 are as follows:

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

In December 2020, the POA issued Interest Rate Benchmark Reform – Phase 2, Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR), amending the followings. The amendments are effective for periods beginning on or after 1 January 2021. Earlier application is permitted and must be disclosed.

Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

The practical expedient is required for entities applying TFRS 4 Insurance Contracts that are using the exemption from TFRS 9 Financial Instruments (and, therefore, apply TAS 39 Financial Instruments: Classification and Measurement) and for TFRS 16 Leases, to lease modifications required by IBOR reform.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Relief from discontinuing hedging relationships

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.
- For the TAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.
- The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.
- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

Additional disclosures

Amendments need additional TFRS 7 Financial Instruments disclosures such as; how the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and if IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes.

The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

The amendments did not have a significant impact on the financial position or performance of the Company.

Amendments to IFRS 16 - Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond 30 June 2021

In June 2020, the POA issued amendments to TFRS 16 Leases to provide relief to lessees from applying TFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. In April 7, 2021, POA extended the exemption to include concessions that cause a decrease in lease payments whose maturity expired on or before June 30, 2022.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 April 2021. Early application of the amendments is permitted.

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the interim financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, when the new standards and interpretations become effective.

Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

The Company will wait until the final amendment to assess the impacts of the changes.

Amendments to TFRS 3 – Reference to the Conceptual Framework

In July 2020, the POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to TFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in TFRS standards (2018 Version).

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

Amendments to TAS 16 – Proceeds before intended use

In July 2020, the POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to TAS 16 which are effective for periods beginning on or after 1 January 2022. Amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment. There is no transition relief for the first time adopters.

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to TAS 37 which are effective for periods beginning on or after 1 January 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied prospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

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

TFRS 17 - The new Standard for insurance contracts

The POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted.

The standard is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

Amendments to TAS 1- Classification of liabilities as current and non-current liabilities

On January 15, 2021, the POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted.

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

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, the POA issued amendments to TAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments issued to TAS 8 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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

Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, the POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to TAS 1 are effective for annual periods beginning on or after 1 January 2023. In the absence of a definition of the term 'significant' in TFRS, the POA decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

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

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In August 2021, the POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to TAS 12 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

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

Annual Improvements – 2018–2020 Cycle

In July 2020, the POA issued Annual Improvements to TFRS Standards 2018–2020 Cycle, amending the followings:

- *TFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter:* The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

- TFRS 9 Financial Instruments – Fees in the "10 per cent test" for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.

- *TAS 41 Agriculture – Taxation in fair value measurements:* The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

Improvements are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted for all.

The Company is in the process of assessing the impact of the improvements on financial position or performance of the Company.

iii) The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

There are no new standards, interpretations and amendments to existing IFRS standards issued by the IASB but not yet adopted / issued by the POA.

2.4 Restatement and Errors in the Accounting Policies and Estimates

Material changes in accounting policies or material errors are corrected, retrospectively; by restating the prior periods' financial statements. The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods.

2.5 Summary of significant accounting policies

Significant accounting policies applied in the preparation of these financial statements are summarised below:

Related parties

If one of the below listed criteria exists the party is regarded as related with the Company:

a) Directly, or indirectly through one or more intermediaries, the party:
   i) controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
   ii) has an interest in the Company that gives it significant influence over the Company; or
   iii) has joint control over the Company;
b) The party is an associate of the Company;
c) The party is a joint venture in which the Company is a venture;
d) The party is member of the key management personnel of the Company or its parent;
e) The party is a close member of the family of any individual referred to in (a) or (d);
f) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to In (d) or (e); or

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

g) The party has a post-employment benefit plan for the benefit of employees of the Company, or of an entity that is a related party of the Company.

Trade receivables

Trade receivables that are created by the Company by way of providing goods or services directly to a debtor are carried at amortised cost. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant (Note 7).

Company has preferred to apply "simplified approach" defined in TFRS 9 for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Company measures the loss allowances regarding its trade receivables at an amount equal to "lifetime expected credit losses" except incurred credit losses in which trade receivables are already impaired for a specific reason (Dipnot 2.7).

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income.

Unearned finance income/expense due to commercial transactions are accounted for under "Other Operating Income/Expenses" in the statement of income or loss.

Deferred finance income/charges

Deferred finance income/charges represent financial income and expenses on credit sales and purchases. These incomes and expenses are calculated with the effective interest rate and shown under financial income and expenses over the period of credit sales and purchases (Notes 23 and 24).

Financial Assets

Classification

Company classifies its financial assets in two categories of financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income. The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase.

Financial assets are not reclassified after initial recognition except when the Company's business model for managing financial assets changes; in the case of a business model change, subsequent to the amendment, the financial assets are reclassified on the first day of the following reporting period.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Recognition and Measurement

"Financial assets measured at amortized cost", are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Company's financial assets measured at amortized cost comprise "cash and cash equivalents", "trade receivables" and "financial investments". Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortized cost are accounted for under the statement of income.

"Financial assets measured at fair value through other comprehensive income", are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets 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. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognized or reclassified.

Financial assets are derecognised when the rights to receive cash flows from the financial assets expire or are transferred and the Company transfers all risks and rewards. Available-for-sale financial assets and financial assets measured at fair value through profit or loss are subsequently measured at fair value. Loans and receivables are carried at amortized cost using the effective interest method.

Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under statement of income.

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

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (Note 4).

Property, plant, equipment and related depreciation

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided on restated amounts of property, plant and equipment using the straight-line method based on the estimated useful lives of the assets, except for land due to their indefinite useful life.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

The depreciation periods for property and equipment, which approximate the economic useful lives of assets concerned, are as follows:

Buildings	50 years
Machinery and equipment	5-10 years
Motor vehicles, furniture and fixtures	5-10 years
Special costs	5 years

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of asset net selling price or value in use. The recoverable amount of the property, plant and equipment is the higher of future net cash flows from the utilisation of this property, plant and equipment or fair value less cost to sell. Gains or losses on disposals of property, plant and equipment are included in the related income or expense accounts, as appropriate.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits with the item will flow to the company. Repairs and maintenance are charged to the statements of income during the financial year in which they are incurred (Note 11).

Intangible assets

Intangible assets are comprised of acquired brands, trademarks, patents, developments costs and computer software (Note 12).

a) Commercial business licenses
Separately acquired trademark licenses and patents are carried at their acquisition costs. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives (five years).

b) Computer software
Computer software is recognised at its acquisition cost. Computer software is amortised on a straight-line basis over their estimated useful lives of five years and carried at cost less accumulated amortization.

c) The Electricity generation license
The electricity generation license obtained from the acquisition of Turcas Kuyucak Jeotermal A.Ş. was initially recognized at the fair value on 30 May 2016 in accordance with IFRS 3 and amortisation is calculated using the straight-line method to allocate the cost of licenses over their remaining estimated useful lives (twenty-five years).

The new accounting policies related to the Company's adoption of IFRS 16 are disclosed below.

Right of use assets

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

The cost of right of use assets includes:

(a) The amount of lease liabilities recognised,
(b) Lease payments made at or before the commencement date less any lease incentives received and
(c) Initial direct costs incurred.

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

Right of use assets are subject to impairment.

Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

Lease payments which are included in the calculation of lease liability at the commencement date of the lease, are consisted of payments which will be made for right of use of the underlying asset through the lease term and the payments which have not been made at the commencement date are listed below:

(a) Fixed payments (including in-substance fixed payments) less any lease incentives receivable,
(b) Variable lease payments that depend on an index or a rate,
(c) Amounts expected to be paid under residual value guarantees,
(d) The exercise price of a purchase option reasonably certain to be exercised by the the Company and
(e) Payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date Company measures the lease obligation as follows:

(a) The amount of lease liabilities is increased to reflect the accretion of interest and
(b) The amount of lease liabilities is reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. Long-term lease agreements arising from the usufruct agreements of Shell & Turcas Petrol A.Ş., are evaluated in accordance with TFRS 16 and their effects are reflected in the financial statements.

Financial liabilities and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates (Note 6).

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

In the case of a financial liability modification, any costs or fees occured regarding these liabilities is deducted from the carrying amount of the liability and amortised during the terms of the modificated loan agreement by being.

Financing costs arising from loans are included in the cost value of the qualifying assets if they are associated with the acquisition or construction of qualifying assets. The qualifying assets refer to assets that require a long period of time to be ready for use or sale as intended. Other credit costs are recognized in profit or loss.

Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In such case, the tax is also recognised in shareholders' equity.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries and associates of the Company operate. Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date (Note 25).

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

Provided that deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and it is legally eligible, they may be offset against one another.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method (Note 7).

Employment termination benefits

Employment termination benefits, as required by the Turkish Labour Law, represent the estimated present value of the total reserve of the future probable obligation of Turcas and its subsidiaries arising in case of the retirement of the employees, termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one year service. Provision which is allocated by using defined benefit pension's current value is calculated by using estimated liability method. All actuarial profits and losses are recognised in statements of income (Note 15).

Foreign currency transactions

Transactions in foreign currencies during the period have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the statements of income.

Revenue recognition

The Company has started to use the following five-stage model in recognizing revenue in accordance with TFRS 15 "Revenue Standard from Customer Contracts" mod which has been effective as of 1 January 2018.

- Identification of contracts with customers
- Identification of performance obligations in contracts
- Determination of the transaction price in contracts
- Distribution of transaction fee to performance obligations
- Revenue recognition

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

According to this model, the goods or services undertaken in each contract with the customers are evaluated and each commitment to transfer the goods or services is determined as a separate performance obligation. Then, it is determined whether the performance obligations will be fulfilled in time or at a certain time. If the company transfers the control of a good or service over time and thus fulfills the performance obligations related to the sales in time, it measures the progress of the fulfillment of the performance obligations in full and takes the proceeds to the financial statements.

Revenue, goods or services related to performance obligations in the form of goods or service turnover are accounted for as they fulfil their performance obligations by transferring them to their customers.

a) Ownership of the Company's right to collect goods or services,
b) The ownership of the property of the customer,
c) Transfer of the possession of the goods or services,
d) Ownership of significant risks and rewards arising from the ownership of the goods or services,
e) It takes into account the conditions for the customer to accept the goods or services.

If Company expects, at contract inception, that the period between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted. On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised on an accrual basis as other operating income.

Dividends

Dividends receivable are recognised as income in the period when they are declared. Dividends payable are recognised as an appropriation of profit in the period in which they are declared.

Paid-in capital

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

Treasury Shares

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued and is shown as treasury shares in balance sheet. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders (Note 17).

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. No provision is recognised for operating losses expected in later periods (Note 14).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Contingent assets and liabilities

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are not included in the balance sheets and are disclosed as contingent assets or liabilities (Note 13).

Earnings per share

Earnings per share presented in the statement of income are determined by dividing net income attributable to that class of shares by the weighted average number of such shares outstanding during the year concerned (Note 26).

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

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions (Note 3).

Reporting of cash flows

In the statement of cash flows, cash flows during the period are classified under operating, investing or financing activities.

The cash flows raised from operating activities indicate cash flows due to the Company's operations.

The cash flows due to investing activities indicate the Company cash flows that are used for and obtained from investments (investments in property, plant and equipment and financial investments).

The cash flows due to financing activities indicate the cash obtained from financial arrangements and used in their repayment.

Cash and cash equivalents comprise cash on hand and bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than 3 months and which are subject to an insignificant risk of changes in value (Note 4).

Assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position . The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position (Note 30).

2.6 Critical accounting estimates and judgements policies

The preparation of financial statements requires estimates and assumptions to be made regarding the amounts for the assets and liabilities at the balance sheet date, and explanations for the contingent assets and liabilities as well as the amounts of income and expenses realised in the reporting period. Evaluation, estimates and assumptions of accounting are continuously reviewed through taking past experiences, other factors and reasonable expectations as of current date and future events into account. The Company makes estimates and assumptions concerning the future. The accounting estimates and assumptions, by definition, may not be equal the related actual results. The estimates and assumptions that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Deferred taxes:

Deferred tax is provided, using the liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Tax bases of assets and liabilities comprise of the amounts that will impact taxable income in future periods based on the tax legislation. Currently enacted tax rates, which are expected to be effective during the periods when the deferred tax assets will be utilized or deferred tax liabilities will be settled, are used to determine deferred tax.

Deferred tax assets and liabilities are recognized to the extent that they will impact taxes to be paid in the periods that temporary differences will disappear. Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Carrying value of deferred tax assets are decreased to the extent necessary, if future taxable profits are not expected to be available to utilize deferred tax assets partially or fully.

In determining the fair value of financial assets disclosed in Note 5, the probability of collecting usufructs is considered as 50% and the discount rate is used as 22.3% in USD terms (2020: 11.7%).

2.7 Changes in Accounting Policies

The significant changes that were made on accounting policies applied retrospectively and the financial statements of preceding period are restated.

No other changes have been applied to the accounting policies of the Company in the current period.

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.8 Comparative Information and Restatement of Prior Period Financial Statements

The financial statements of the Company include comparative financial information to enable the determination of the financial position and performance. In order to maintain comparability when the presentation or classification of financial statement items changes, prior period financial statements are also reclassified accordingly.

NOTE 3 - SEGMENT REPORTING

The reportable segments of Turcas have been organized by management as oil and electricity. The products which are included in oil are fuel products, lubricants and engine oil. Electricity group consists of power generation.

Accounting policies applied by each operational segment of Turcas are the same as those are applied in Turcas's financial statements prepared in accordance with Public Oversight Financial Reporting Standards. Turcas's reportable segments are strategical business units which presents various products and services. Each of these segments are administrated seperately by the necessity of requiring different technologies and marketing strategies.

Information regarding to each segment has been presented below. Earnings before interest, tax, depreciation and amortisation (EBITDA) have been taken into consideration for evaluation of the performance of the operational segments. Management considers EBITDA as the most adequate indicator for making comparison with competitors in the sector.

a) Operational segments which have been prepared in accordance with the reportable segments for the year ended 31 December 2021 are as follows:

	Oil	**Electricity**	**Other**	**Total**
Revenue from external customers	-	-	-	-
EBITDA	-	-	**(17,152,117)**	**(17,152,117)**
Financial income	-	-	**233,796,556**	**233,796,556**
Financial expenses	-	-	**(478,386,937)**	**(478,386,937)**
Amortization and depreciation expenses	-	-	**(2,829,997)**	**(2,829,997)**
Income/ (loss) from Associates	**60,496,200**	**113,646,862**	-	**174,143,062**
Purchase of tangible and intangible assets	-	-	**3,068,182**	**3,068,182**

b) Operational segments which have been prepared in accordance with the reportable segments for the year ended 31 December 2020 are as follows:

	Oil	Electricity	Other	Total
Revenue from external customers	-	63,964,826	-	63,964,826
EBITDA	-	36,214,879	760,004	36,974,883
Financial income	-	48,254,477	129,598,322	177,852,799
Financial expenses	-	(104,887,024)	(268,509,283)	(373,396,307)
Amortization and depreciation expenses	-	(8,786,571)	(2,647,728)	(11,434,299)
Income/ (loss) from Associates	(71,864,240)	2,844,319	-	(69,019,921)
Purchase of tangible and intangible assets	-	23,427,230	2,355,430	25,782,660

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

NOTE 3 - SEGMENT REPORTING (Continued)

c) Operating segment information as of 31 December 2021 is shown below:

	Oil	**Electricity**	**Other**	**Eliminations**	**Total**
Segment assets (*)	**-**	**370,353,937**	**235,233,872**	**97,628,778**	**703,216,587**
Investments accounted by equity method	**388,779,000**	**471,928,429**	**-**	**-**	**860,707,429**
Segment liabilities	**-**	**559,120,548**	**808,241,304**	**5,648,794**	**1,373,010,646**

d) Operating segment information as of 31 December 2020 is shown below:

	Oil	Electricity	Other	Eliminations	Total
Segment assets (*)	-	293,710,413	295,765,612	32,876,431	622,352,456
Investments accounted by equity method	331,552,800	357,475,350	-	-	689,028,150
Segment liabilities	-	349,484,138	597,254,223	(26,066)	946,712,295

(*) Through deducting investment amounts of associates which are accounted by equity method.

e) Reconciliation between reportable segment incomes is as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Revenue		
Segment revenue	-	63,964,826
Revenue	-	63,964,826
EBITDA		
EBITDA of Segment	-	36,214,879
Other EBITDA	**(17,152,117)**	760,004
EBITDA	**(17,152,117)**	36,974,883
Financial income	**233,796,556**	177,852,799
Financial expense	**(478,386,937)**	(373,396,307)
Income from invesment activities	**48,873,487**	103,711,558
Income/(loss) from investments accounted by equity method	**174,143,062**	(69,019,921)
Depreciation and amortization expense	**(2,829,997)**	(11,434,299)
Profit / (loss) before tax	**(41,555,946)**	(135,311,287)

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

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
Cash	**93,089**	55,946
Banks		
- time deposits	**20,491,519**	101,659,915
- demand deposits	**81,626**	61,435
	20,666,234	101,777,296

The maturities of cash and cash equivalents are as follows:

	31 December 2021	31 December 2020
Up to 30 days	**5,573,231**	39,019,034
Up to 60 days	**15,093,003**	62,758,262
	20,666,234	101,777,296

The effective interest rates (%) of time deposits are as follows:

	31 December 2021	31 December 2020
TL	**16.50**	9.63
US Dollars	**0.15**	1.26
EUR	**0.02**	0.20

The analysis of cash and cash equivalents included in the statements of cash flows for the years ended 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Cash and cash equivalents	**20,666,234**	101,777,296
Less: interest accrual	**(39)**	(98,871)
Assets held for sale		
Cash and cash equivalents	**36,678,167**	-
Less: interest accrual	**(1,474)**	-
	57,342,888	101,678,425

As of 31 December 2021, the Company has blocked deposits of EUR 1,000,000 at Türkiye Garanti Bankası A.Ş., based on the loan terms used by the Bayern LB and EAA (Erste Abwicklungsanstalt) banks consortium to finance the Denizli natural gas power plant. The aforementioned blockage of the deposit will expire on 30 June 2023 or on the expiry date of the Company's debt from the banks consortium only to EAA (Erste Abwicklungsanstalt) (whichever happens sooner) (31 December 2020: EUR 1,000,000).

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

NOTE 5 - FINANCIAL INVESTMENTS

a) Financial investments available for sale:

	31 December 2021		31 December 2020	
	Participation amount	**Participation rate (%)**	Participation amount	Participation rate (%)
ATAŞ (*)	**17,081,916**	**5**	10,284,327	5
Enerji Piyasaları İşletme Anonim Şirketi (**)	**-**	**-**	50,000	0.08
	17,081,916		10,334,327	

(*) According to TFRS 9 Financial Instruments, ATAŞ is recognized at fair value. As of 30 June 2021, the "fair value difference" resulting from the valuation is accounted for under "Income from Investing Activities" (Note 22) in the statement of profit or loss.

(**) It consists of Group C 50.000 shares of EPİAŞ with a nominal value of TL 50,000 owned by Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. As of 31 December 2021, Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. has been shown in the "Assets held for sale" item within the scope of TFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

b) Financial Assets:

	31 December 2021	31 December 2020
Currents Financial Assets (*)	**96,421,598**	74,544,027
Non-Current Financial Assets (*)	**66,660,327**	44,954,511
Non-Current Financial Assets (**)	**17,202,942**	1,195,880
Total	**180,284,867**	120,694,418

Financial assets are recognized at fair value.

(*) The financial asset originating from the agreements signed between Turcas and Shell Company of Turkey Ltd. (Shell) on 25.08.2017 is subject to valuation and disclosed in the financial statements as TL 163,081,925 (Note 10).

(**) It consists of Turcas' investment at a venture capital investment fund.

	2021	**2020**
1 January	**120,694,418**	42,422,676
Usufruct Certificates collection (-)	**(63,775,700)**	(41,010,000)
Foreign exchange gains	**54,048,189**	9,843,565
Interest income	**23,000,664**	5,735,785
Additions	**4,241,398**	-
Fair value difference	**42,075,898**	103,702,392
31 December	**180,284,867**	120,694,418

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

NOTE 6 - FINANCIAL LIABILITIES

	31 December 2021	31 December 2020
Short-term bank borrowings	**221,491,238**	169,948,156
Long-term bank borrowings	**586,306,214**	715,324,894
	807,797,452	885,273,050

			31 December 2021
	Yearly average effective interest rate (%)	**Original amount**	**TL**
EUR borrowings			
- Floating interest rate (*)	**6M Euribor + %1.65- 6M Euribor + %5.40**	**14,654,804**	**221,491,238**
Total short term financial liabilities			**221,491,238**
EUR borrowings			
- Floating interest rate (*)	**6M Euribor + %1.65- 6M Euribor + %5.40**	**38,777,716**	**586,082,521**
- Interest accrual of EUR floating rate loan (*)	**-**	**14,800**	**223,693**
Total long term financial liabilities			**586,306,214**
Total financial liabilities			**807,797,452**

(*) The outstanding loan balance used for the long-term financing of Denizli natural gas power plant from Bayern LB and EAA (Erste Abwicklungsanstalt) banks consortium is TL 563,660,915 (EUR 37,294,207) including its accrued interest, which is recognized through the deduction of ECA premium fee amounting to TL 6,590,910 (EUR 436,083) and arrangement fee amounting to TL 1,431,265 (EUR 94,699) respectively from the total amount of the loan. The aforementioned commission amounts are amortized throughout the maturity of the loan. The outstanding loan balance used for the financing of Denizli natural gas power plant from TSKB, is TL 252,929,606 (EUR 16,734,900) including its accrued interest, which is recognized through deducting the arrangement fee amounting to TL 770,894 (EUR 51,006) from total credit amount. The aforementioned commission amount is amortized throughout the maturity of the loan.

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

NOTE 6 - FINANCIAL LIABILITIES (Continued)

			31 December 2020
	Yearly average effective interest rate (%)	**Original amount**	**TL**
EUR borrowings			
- Floating interest rate (*)	6M Euribor + %1.65- 6M Euribor + %5.40	13,850,441	124,763,386
- Fixed interest rate (***)	%4.75	1,550,190	13,963,953
USD borrowings			
- Floating interest rate (**)	6M Libor + %4.75	4,245,051	31,160,797
TL borrowings			
- Fixed interest rate (****)	%16.36	60,020	60,020
Total short term financial liabilities			169,948,156
EUR borrowings			
- Floating interest rate (*)	6M Euribor + %1.65- 6M Euribor + %5.40	51,752,948	466,185,383
- Interest accrual of EUR floating rate loan (*)	-	16,378	147,527
- Fixed interest rate (***)	%4.75	8,653,244	77,947,554
- Interest accrual of EUR fixed rate loan (***)	-	1,364	12,284
USD borrowings			
- Floating interest rate (**)	6M Libor + %4.75	23,295,953	171,003,941
- Interest accrual of USD floating rate loan (**)	-	3,842	28,205
Total long term financial liabilities			715,324,894
Total financial liabilities			885,273,050

(*) The outstanding loan balance used for the long-term financing of Denizli natural gas power plant from Bayern LB and EAA (Erste Abwicklungsanstalt) banks consortium is TL 431,928,522 (EUR 47,949,969) including its accrued interest, which is recognized through the deduction of ECA premium fee amounting to TL 8,820,676 (EUR 979,216) and arrangement fee amounting to TL 1,431,265 (EUR 158,890) respectively from the total amount of the loan. The aforementioned commission amounts are amortized throughout the maturity of the loan. The outstanding loan balance used for the financing of Denizli natural gas power plant from TSKB, is TL 170,257,857 (EUR 18,900,949) including its accrued interest, which is recognized through deducting the arrangement fee amounting to TL 838,142 (EUR 93,045) from total credit amount. The aforementioned commission amount is amortized throughout the maturity of the loan.

(**) According to the loan agreement signed on February 25, 2016 by TSKB and Turcas Kuyucak Jeotermal Elektrik Üretim, which is the 100% subsidiary of the Company, for the financing of geothermal power plant investment, the total maturity is 14 years and grace period is 30 months with a total loan limit of USD 40.5 million and EUR 15 million. As of 31 December 2020, the balance of the loan, which is utilized from the limit allocated in USD, is around TL 202,785,548 (USD 27,625,577) including accrued interest. It is recognized through deducting the arrangement fee amounting to TL 470,210 (USD 64,057) and commitment fee amounting the TL 122,395 (USD 16,674) respectively from total loan amount. The aforementioned commission amounts will be amortized throughout the term of the loan.

(***) Aforementioned loan limit as of 31 December 2020, the balance of the loan which is utilized from the limit allocated in EUR is TL 92,176,529 (EUR 10,232,854) including the accrued interest. The arrangement fee amounting to TL 192,680 (EUR 21,390) and the commitment fee amounting to TL 60,058 (EUR 6,667) have been shown for this loan by deducting from the total loan amount. The aforementioned commission amounts will be amortized throughout the term of the loan.

(****) It consists of commercial loan with a balance of TL 60,020 including the accrued interest from Türkiye İş Bankası with 16.36% fixed interest rate.

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

NOTE 6 - FINANCIAL LIABILITIES (Continued)

Floating interest rated financial debts denominated in foreign currencies are translated to TL using effective exchange rates at period end, Interest rates of floating interest rated financial debts are redetermined in 6 month periods, therefore carrying values are considered to approximate their fair values.

The redemption schedule of financial liabilities is as follows:

	2021	2020
Within 1 year	**221,491,238**	169,948,156
1 - 2 years	**238,087,101**	169,751,780
2 - 3 years	**233,882,032**	175,547,495
3 - 4 years	**114,337,081**	169,931,873
4 - 5 years	**-**	97,931,434
After 5 years	**-**	102,162,312
	807,797,452	885,273,050

The following is the information compiled regarding the loans utilized for the 800 MW Natural Gas Combined Cycle Power Plant investment, within the scope of financing corresponding to the share of RWE Turcas&Güney Elektrik Üretim A.Ş., an associate of the Company, in the Denizli Project:

- The loan agreement was entered into with the bank consortium composing of Bayerische Landesbank ("Bayern LB") and EAA (Erste Abwicklungsanstalt) with respect to the amount EUR 149,351,984, with a maturity of 13 years and no-payback (grace) period of three years at the interest rate Euribor + 1.65%, under the guarantee of Euler Hermes German Export Loan Agency,

- The loan agreement was signed with Türkiye Sınai Kalkınma Bankası A.Ş. ("TSKB") with respect to the amount USD 55,000,000, with a maturity of 10 years and no-payback (grace) period of three years at the interest rate Libor + 3.40%.

In accordance with the amendment agreement signed on February 20, 2016 between Turcas Petrol A.Ş. ("TPAŞ") and TSKB, Bayern LB and EAA (Erste Abwicklungsanstalt) (Consortium Banks), maturities of loans obtained from Consortium Banks for the financing of Denizli Combined Cycle Gas Power Plant with an installed capacity of 800 MW (TPAŞ's stake: 30%) have been extended by 2 years. Therefore, maturity of the loan obtained from TSKB is extended from 2020 to 2022. Meanwhile, maturity of the loan obtained from Bayern LB and EAA (Erste Abwicklungsanstalt) is extended from 2023 to 2025.

Turcas Petrol A.Ş. and TSKB has signed an additional agreement on 7th August, 2019. According to the mentioned agreement; maturity of the loan was extended to 30.06.2025 from 21.12.2022; repayment plan was updated with the first principal repayment to be realized in 30.06.2021; outstanding USD denominated loan balance was converted into Euro.

The outstanding amount of the loan received from the bank consortium formed by Bayern LB and EAA (Erste Abwicklungsanstalt) is EUR 37,294,207 and the outstanding amount of the loan received from TSKB is EUR 16,734,900 as of 31 December 2021.

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

NOTE 6 - FINANCIAL LIABILITIES (Continued)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non–cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities:

		Cash Changes		Non-cash changes			
	31 December 2020	**Principal Payments**	**Interest Payments**	**Cash Flow from borrowings**	**Interest accruals & translation adjustments**	**Liabilities related to the asset held for sale**	**31 December 2021**
Bank loans	885,273,050	(186,741,398)	(20,723,045)	-	594,500,896	(464,512,051)	807,797,452
Financial liabilities	**885,273,050**	**(186,741,398)**	**(20,723,045)**	**-**	**594,500,896**	**(464,512,051)**	**807,797,452**

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables	**31 December 2021**	31 December 2020
Trade receivables (*)	**1,110,291**	9,364,785
Other	**128,312**	129,256
	1,238,603	9,494,041
Provision for doubtful trade receivables	**(685,411)**	(685,411)
Short-term trade receivables (net)	**553,192**	8,808,630

(*) As of 31 December 2020, the aforementioned trade receivable consists of receivables within the scope of the electricity sales of Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. As of 31 December 2021, Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. has been shown in the "Assets held for sale" item within the scope of TFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

The movement of provision for doubtful receivable is as follows:

	31 December 2021	31 December 2020
Balance at the beginning of the year	**685,411**	685,411
Released provisions	**-**	-
Balance at the end of the year	**685,411**	685,411

The Company has no trade receivables that are overdue but not considered doubtful trade receivables as of 31 December 2021 and 31 December 2020.

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

Short term trade payables	**31 December 2021**	31 December 2020
Trade payables (*)	**922,709**	38,470,942
Payables to related parties (Note 27)	**15,345**	42,739
	938,054	38,513,681

Long term trade payables	**31 December 2021**	31 December 2020
Trade payables (*)	**-**	16,190,799
	-	16,190,799

(*) As of 31 December 2020, the aforementioned trade payables consist of payables that have been made to vendors within the scope of the construction of the 18.16 MW Geothermal Power Plant ("GPP") within the body of Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. As of 31 December 2021, Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. has been shown in the " Liabilities related to the asset held for sale" item within the scope of TFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

Short term other receivables	**31 December 2021**	31 December 2020
Receivables from related parties (*) (Note 27)	**73,719,885**	1,028,750
Other	**480,856**	624,428
	74,200,741	1,653,178

Long term other receivables	**31 December 2021**	31 December 2020
Receivables from related parties (*) (Note 27)	**-**	72,600,000
Other	**27,955**	531,653
	27,955	73,131,653

Other payables	**31 December 2021**	31 December 2020
Taxes and duties payables	**329,965**	523,694
Due to related parties (Note 27)	**1,238,596**	1,402,710
Other	**175,992**	257,685
	1,744,553	2,184,089

(*) Among receivables from related parties, TL 72,600,000 is the shareholder loan receivable with maximum 3 years maturity and TL Libor+2.1% interest rate (floating interest) given to Shell & Turcas Petrol A.Ş. on 17.09.2019.

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

NOTE 9 – PREPAID EXPENSES

Short term prepaid expenses	31 December 2021	31 December 2020
Prepaid expenses for the following months	**138,909**	756,239
Advances given to suppliers	**339,018**	1,080,012
	477,927	1,836,251

NOTE 10 - INVESTMENTS ACCOUNTED BY EQUITY METHOD

	%	31 December 2021	%	31 December 2020
STAŞ	**30**	**388,779,000**	30	331,552,800
RWE & Turcas Güney Elektrik Üretim A.Ş.	**30**	**471,928,429**	30	357,475,350
		860,707,429		689,028,150

	31 December 2021	31 December 2020
Balance at the beginning of the year	**689,028,150**	763,201,048
Income and losses from associates (net) (*)	**174,143,062**	(69,019,921)
Transactions with associates (**)	**765,917**	765,917
Actuarial gain / losses	**(3,229,700)**	(5,918,894)
Balance at the end of the year	**860,707,429**	689,028,150

(*) The Company's income and loss balances from associates amounting to TL 174,143,062 consist of income balance from Shell & Turcas Petrol A.Ş. amounting to TL 60,496,200, income balance from RWE&Turcas Güney Elektrik Üretim A.Ş. amounting to TL 113,646,862.

(**) The balance consists of the consolidation adjustment for capitalized finance expenses by RWE&Turcas Güney Elektrik Üretim A.Ş. related to the borrowing from the Company in order to finance Denizli Plant investment of RWE&Turcas Güney Elektrik Üretim A.Ş.

STAŞ

As explained in Note 1, STAŞ operates for the sales, purchase, export and import, storage and distribution of each kind of fuel products and lubricants.

Shell & Turcas Petrol A.Ş. (STAŞ), in which Turcas has a 30% share (share of Shell Company of Turkey Ltd. is 70%), has become operational on 1 July 2006. As of 31 December 2021, STAŞ is one of the leading companies in Turkish fuel distribution sector with 1,124 fuel stations, lubricant production facilities, retail and commercial sale.

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

NOTE 10 - INVESTMENTS ACCOUNTED BY EQUITY METHOD (Continued)

In accordance with the agreements signed on 25 August 2017 between Turcas and Shell Company of Turkey;

(i) Shell has been granted the right, but not the obligation, exercisable at any time and only by Shell, after a 2 year lock-up period, to trigger a calculation of the Fair Market Value (FMV) of STAS for the purpose of purchasing Turcas' 30% shares. If upon calculation of FMV Shell makes an offer to purchase Turcas' shares in STAS, Turcas has the right to counter offer to purchase Shell's 70% shares in STAS, which could then effectively trigger an auction between the parties where each party has the right either to agree to sell its shares at the last offer or make an increased counter-offer to purchase the other party's shares. Shell has the ability to cancel the auction process at any time before acceptance of any offer. If Shell stops the process, all the offers made up to that time will be null and void and each party's shareholding in STAS will not change. But if it elects to do so, a 2 year lock up period will again be imposed.

(ii) In return for Turcas providing Shell with the option to trigger an exit, Shell shall cause STAS to issue 125 Usufruct Certificates to Turcas, which shall each entitle Turcas to USD 64,000 of preferred dividends per annum to be valid from financial year 2016 and with first payment to be realized in 2017.

The Company has valuated the financial asset resulting from this agreement as TL 163,081,925 in the financial statements (Note 5).

STAŞ	**31 December 2021**	31 December 2020
Total assets	**12,764,862,500**	7,811,422,000
Total liabilities	**(11,468,932,500)**	(6,706,246,000)
Net assets	**1,295,930,000**	1,105,176,000
Company's share of associate's net assets	**388,779,000**	331,552,800

	1 January - 31 December 2021	1 January - 31 December 2020
Net sales	**55,569,113,000**	34,521,134,000
Comprehensive income / (expense)	**190,754,000**	(259,430,467)
Company's share in total comprehensive income / (expense)	**57,226,200**	(77,829,140)

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

NOTE 10 - INVESTMENTS ACCOUNTED BY EQUITY METHOD (Continued)

RWE&Turcas Güney Elektrik Üretim A.Ş.

RWE & Turcas Güney Elektrik Üretim A.Ş., in which Turcas has a 30% share (share of RWE Generation SE is 70%), is the owner and operator of a natural gas combined cycle power plant with an installed capacity of 800 MW in Denizli. The power plant has become operational with completion of temporary admission process conducted by the Ministry as of 24 June 2013.

RWE&Turcas	**31 December 2021**	31 December 2020
Total assets	**2,101,034,866**	1,477,883,753
Total liabilities	**(507,590,528)**	(263,396,624)
Net assets	**1,593,444,338**	1,214,487,129
Company's share of associate's net assets	**478,033,301**	364,346,139
Inter-group finance expense elimination	**(6,104,872)**	(6,870,789)
Company's share, net	**471,928,429**	357,475,350

	31 December 2021	31 December 2020
Net sales	**2,714,574,703**	1,548,301,280
Comprehensive income / (expense)	**378,957,207**	9,634,413
Company's share in total comprehensive income / (expense)	**113,687,162**	2,890,325

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2021	Additions (**)	Disposals	Assets held for sale (*)	31 December 2021
Cost					
Land	**3,514,651**	**-**	**-**	**(3,514,651)**	**-**
Land improvements	**7,265,696**	**-**	**-**	**(7,265,696)**	**-**
Buildings	**18,199,524**	**-**	**-**	**(4,039,524)**	**14,160,000**
Machinery and equipment	**235,726,962**	**2,434,299**	**(26,883)**	**(211,217,371)**	**26,917,007**
Motor vehicles, furniture and fixtures	**9,141,620**	**419,719**	**(67,207)**	**(1,674,044)**	**7,820,088**
Leasehold improvements	**102,719**	**-**	**-**	**-**	**102,719**
	273,951,172	**2,854,018**	**(94,090)**	**(227,711,286)**	**48,999,814**
Accumulated depreciation					
Land improvements	**726,145**	**242,665**	**-**	**(968,810)**	**-**
Buildings	**2,547,339**	**398,220**	**-**	**(462,839)**	**2,482,720**
Machinery and equipment	**34,835,427**	**8,309,878**	**(13,821)**	**(24,162,394)**	**18,969,090**
Motor vehicles, furniture and fixtures	**6,626,743**	**1,168,656**	**(67,207)**	**(683,894)**	**7,044,298**
Leasehold improvements	**40,291**	**-**	**-**	**-**	**40,291**
	44,775,945	**10,119,419**	**(81,028)**	**(26,277,937)**	**28,536,399**
Net book value	**229,175,227**				**20,463,415**

(*) As of 31 December 2021, Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. has been shown in the "Assets held for sale" item within the scope of TFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

(**) Additions and accumulated depreciation amounting to TL 177,201 and TL 7,443,140, respectively, added to Property, Plant and Equipments are related to Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. As of 31 December 2021, Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. has been shown in the "Assets held for sale" item within the scope of TFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

	1 January 2020	Additions	Disposals	Transfers	31 December 2020
Cost					
Land	3,514,651	-	-	-	3,514,651
Land improvements	7,265,696	-	-	-	7,265,696
Buildings	18,199,524	-	-	-	18,199,524
Machinery and equipment	201,514,530	2,139,764	(6,344)	32,079,012	235,726,962
Motor vehicles, furniture and fixtures	9,042,620	118,706	(19,706)	-	9,141,620
Leasehold improvements	102,719	-	-	-	102,719
Construction in progress (*)	8,722,961	23,356,051	-	(32,079,012)	-
	248,362,701	25,614,521	(26,050)	-	273,951,172
Accumulated depreciation					
Land improvements	483,481	242,664	-	-	726,145
Buildings	2,149,119	398,220	-	-	2,547,339
Machinery and equipment	27,630,487	7,207,055	(2,115)	-	34,835,427
Motor vehicles, furniture and fixtures	5,491,505	1,153,810	(18,572)	-	6,626,743
Leasehold improvements	40,291	-	-	-	40,291
	35,794,883	9,001,749	(20,687)	-	44,775,945
Net book value	212,567,818				229,175,227

(*) Construction in progress is the investments within the scope of 18.16 MW Geothermal Power Plant ("GPP") that owned by Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş.

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

As of 31 December 2021, Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş., which is the 100% subsidiary of the Company, has a mortgage on property, plant and equipment and pledge on business licence on behalf of TSKB A.Ş. (31 December 2020: Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş., which is the 100% subsidiary of the Company, has a on property, plant and equipment and pledge on business licence on behalf of TSKB A.Ş.).

All depreciation expenses of 31 December 2021 have been added to general administrative expenses. All depreciation and amortization expenses of Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş., which is evaluated within the scope of TFRS 5, are classified under the "Net profit / (loss) from discontinued operations". (2020: All depreciation expenses have been added to general administrative expenses and cost of sales).

NOTE 12 - INTANGIBLE ASSETS

	1 January 2021	**Additions (**)**	**Assets held for sale (*)**	**31 December 2021**
Cost				
Rights (*)	**87,033,729**	**391,365**	**(57,179,039)**	**30,246,055**
	87,033,729	**391,365**	**(57,179,039)**	**30,246,055**
Accumulated amortization				
Rights	**37,194,465**	**165,132**	**(7,180,513)**	**30,179,084**
	37,194,465	**165,132**	**(7,180,513)**	**30,179,084**
Net book value	**49,839,264**			**66,971**

(*) As of 31 December 2021, Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. has been shown in the "Assets held for sale" item within the scope of TFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

(**) Accumulated depreciation amounting to TL 11,415 added to Intangible Assetes is related to Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. As of 31 December 2021, Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. has been shown in the "Assets held for sale" item within the scope of TFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

	1 January 2020	Additions	Disposals	31 December 2020
Cost				
Rights (*)	86,865,590	168,139	-	87,033,729
	86,865,590	168,139	-	87,033,729
Accumulated amortization				
Rights	34,761,915	2,432,550	-	37,194,465
	34,761,915	2,432,550	-	37,194,465
Net book value	52,103,675			49,839,264

(*) It consists of Turcas Kuyucak electricity generation licence obtained for 26 years on April 27, 2016.

The depreciation expenses of 31 December 2021 have been added to general administrative expenses. All depreciation and amortization expenses of Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş., which is evaluated within the scope of TFRS 5, are classified under the "Net profit / (loss) from discontinued operations". (2020: All depreciation expenses have been added to general administrative expenses and cost of sales).

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

NOTE 13 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Contingent Liabilities

Contingent assets and liabilities related with Turcas

Collaterals, pledges, mortgages (CPM) given by the Company, as of 31 December 2021 and 2020 are as follows:

		31 December 2021		31 December 2020	
	Currency	**Original Amount**	**TL Amount**	Original Amount	TL Amount
GPM's given by the Company (Guarantee-Pledge-Mortgage)					
A. GPM's given for companies Own legal personality (*)	TL	**23,937,583**	**23,937,583**	24,802,442	24,802,442
	USD	**50,600**	**675,662**	50,600	371,429
B. GPM's given on behalf of fully Consolidated companies	TL	-	-	-	-
	USD	-	-	-	-
	EUR	-	-	-	-
C. GPM's given for continuation of its Economic activities on behalf of third parties (**)	USD	**91,000,000**	**1,215,123,000**	91,000,000	667,985,500
	EUR	**5,572,568**	**84,223,235**	7,040,847	63,423,243
D. Total amount of other GPM's					
i) Total amount GPM's given on behalf of the majority shareholders		-	-	-	-
ii) Total amount of GPM's given to on behalf of other group companies which		-	-	-	-
are not in scope of B and C		-	-	-	-
iii) Total amount of GPM's given on behalf of third parties which are not in scope of C		-	-	-	-
			1,323,959,480		756,582,614

(*) It consists of the guarantees given by Turcas Petrol to Official Institutions. As of 31 December 2021, total guarantees amounting to TL 1,317,550 that has given to EMRA, TEİAŞ and district governorships by the Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. are excluded from the above table.

(**) A loan agreement having 14 years of maturity with a grace period of 30 months amounting to USD 40.5 million and EUR 15 million was signed on February 25, 2016 with TSKB for the financing of geothermal power plant investment within the body of Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. Surety of Turcas Petrol A.Ş. amounting to USD 91 million has been given for the aforementioned loan. The aforementioned surety will expire when the following conditions are satisfied: the revenues from the project operations will be recognized, the minimum subsequent four principal and interest payments will be made and the other conditions stated in the Loan Contract are performed by the loan borrower. Turcas Petrol A.Ş. has signed a Share Purchase Agreement dated 21 December 2021 regarding the sale of 100% of its shares in Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. and the share transfer took place on 14 February 2022 due the Agreement. Therefore, the mentioned Project Completion Guarantee has disappeared as of 14 February 2022. In relation to Company's share of financing the investment of 800 MW Natural Gas Fired Combined-Cycle Power Plant; as stated in Note 6, within the scope of the loan contract which is signed with Bayern LB and EAA (Erste Abwicklungsanstalt) amounting to EUR 149,351,984, a DSRA Standby Letter of Credit was arranged by Türkiye Garanti Bankası A.Ş. on behalf of Turcas Petrol A.Ş with Bayern LB and EAA (Erste Abwicklungsanstalt) as the drawee bank in the amount of EUR 5,572,568, with a maturity of 31 January 2022. As of 31 December 2021, Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. has given a standby letter of credit amounting to EUR 1,329,545 to Exergy S.P.A. within the scope of the construction of the 18.16 MW Geothermal Power Plant ("GPP") in Kuyucak district of Aydın province and it is excluded from the above table. The aforementioned standby letter of credit has been canceled based on mutual agreements of the parties on 3 February 2022.

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

NOTE 13 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

	31 December 2021	31 December 2020
Letter of guarantees received (*)	**90,047**	34,710,343
Letter of other guarantees received	**45,000**	40,750
	135,047	34,751,093

(*) As of 31 December 2021, it consists of a guarantee letter of EUR 3,594,800 from Exergy S.P.A. within the scope of the construction of the 18.16 MW Geothermal Power Plant ("GPP") in Kuyucak district of Aydın province and it is excluded from the above table. The aforementioned guarantee letter has been canceled based on mutual agreements of the parties on 3 February 2022.

In 2020, the accounts of Turcas Petrol A.Ş. were subjected to the full investigation for 2018 and within the scope of the aforementioned review; a total of TL 7,989,632.62 (TL 3,991,966.31 original tax fine, TL 3,991,966.31 tax loss and TL 5,700 special irregularity penalty) has been issued on behalf of Turcas Petrol A.Ş. on 06.05.2021 by the Maslak Tax Office Directorate, of which TL 3,168,000 corporate tax and the same amount of tax loss penalty, TL 823,966.31 income tax withholding and the same amount of tax loss penalty and the amount of TL 5,700 special irregularity penalty. In case the payment is made, an additional delay interest will be calculated over the tax originals. With the entry into force of the Law no. 7326 "Law on Restructuring of Certain Receivables and Amending Some Laws" on 09.06.2021, Turcas Petrol A.Ş. has decided to benefit from the regulations of this law. Within this scope, the tax debt was paid on 29.09.2021 as TL 2,014,601.56 with its default interest. In addition, the special irregularity penalty of TL 5,700 was reduced to TL 2,850 as a result of early payment and this amount was paid by Turcas Petrol A.Ş. on 26.07.2021.

<u>Contingent assets and liabilities of Turcas Petrol A.Ş. regarding STAŞ</u>

The contingent assets and liabilities of the Company related to STAŞ are follows:

	31 December 2021	31 December 2020
Letters of guarantee given to the customs office	**931,531,500**	931,531,500
Letters of guarantee given to the tax office	**267,000,300**	246,943,500
Letters of guarantee given to the EMRA	**15,000,000**	15,000,000
Other	**13,013,700**	11,430,000
	1,226,545,500	1,204,905,000

	31 December 2021	31 December 2020
Mortgages taken	**876,773,400**	777,245,400
Letters of guarantees received	**517,883,100**	325,675,500
Other guarantees received	**121,056,300**	95,233,800
	1,515,712,800	1,198,154,700

STAŞ has committed to pay TL 2,630,280,000 to the station owners for the station improvement in the periods mentioned below (31 December 2020: TL 2,876,147,000). The payment terms of Company's share of warranty are as follows:

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

NOTE 13 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

	31 December 2021	31 December 2020
Within 1 year	**214,945,800**	257,048,100
1-5 years	**489,552,300**	503,455,800
5-22 years	**84,585,900**	102,340,200
	789,084,000	862,844,100

According to the environmental laws in effect, Shell & Turcas Petrol A.Ş. ("STAŞ") is responsible for any environmental pollution that may arise as a result of its operations. In the case that STAŞ causes an environmental pollution, STAŞ may be required to recover the damages. There are no environmental lawsuits claimed against STAŞ as of the balance sheet date, however in the case of abandoning the currently operating terminals in the future, STAŞ may be charged for the soil clean-up costs for these terminals. On the other hand, according to the BCA, any environmental liabilities that have arisen prior to the acquisition date are the responsibility of shareholders. STAŞ is accountable only for the environmental liabilities that occur subsequent to the Acquisition Date. However, STAŞ management does not foresee any liabilities that should be reflected in these financial statements.

Energy Market Regulatory Authority ("EMRA") sent a letter to STAŞ dated 3 March 2021 and entitled Fuel Sale Prices and stated that, Eşel Mobil System has been adopted as per the Council of Minister's decision dated 17 May 2018 and numbered 2018/11818, refinery issue prices on the date of 17 May 2018 are being based upon and refinery issue prices on the relevant date have caused decline or increase in the Special Consumption Taxes and EMRA initiated an investigation pursuant to Article 11 of the Petroleum Market Law no.5015. STAŞ did not set aside any provision in the financial tables due to the reason that it is at the early stages of the investigation and the monetary impacts thereof cannot be estimated.

In 2020, a full scope tax investigation was conducted related to year 2018. An investigation closure minute that covers the service charges from intragroup service companies and withholding tax applications was signed on 14 January 2021. The Company has requested Report Review Committee meeting and the meeting was held on 31 March 2021. As a result of the Report Review Committee meeting, the report was returned to the inspector with the request for reconsideration, the examination was closed without assessment.

As a result of the investigation initiated by the Competition Authority against STAŞ on 26 September 2018, on the grounds of determining whether Article 4 of the Law on the Protection of Competition no.4054 has been violated or nor by maintaining the resale prices of the dealers, a notification was sent to the Company on 13 March 2020, stating that a fine in the amount of TL 348 million was imposed on STAŞ. The payment regarding the fine was made with reservation on 21 October 2020 by means of benefiting from 25% early payment discount as TL 261 million. The company initiated legal action against the fine and is expecting to win the case. For this reason, no provisions were set aside regarding the case and the payment which was made was accounted under "other non-current assets".

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

NOTE 13 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Commitment and contingent assets and liabilities of Turcas regarding of RWE & Turcas Güney Elektrik Üretim A,Ş.

Commitment and contingent assets and liabilities of Turcas regarding of RWE & Turcas Güney Elektrik Üretim A,Ş. are as follows:

	31 December 2021	31 December 2020
Letters of guarantees given for EPİAŞ	**1,907,844**	1,907,844
Letters of guarantees given for TEİAŞ	**3,738,699**	3,738,699
Letters of guarantees given for BOTAŞ	**1,845,000**	1,200,000
Other	**37,702**	177,535
	7,529,245	7,024,078

NOTE 14 - PROVISIONS

As of 31 December 2021, there are already in favor ongoing cases against the Company. At the end of each period, the Company is assesing the potential consequences of these lawsuits and financial effects. Furthermore, within these assesment of potential consequences against possible earnings and liabilities the Company deems necessary provisions. As of 31 December 2021, provision for lawsuits allocated is TL 1,588,100 (31 December 2020: TL 1,912,600). As of 31 December 2021, the lawsuit provision amounting to TL 324,500 related to Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş., which is evaluated within the scope of TFRS 5 standard, has been shown in the "Liabilities related to the asset held for sale".

The provision of short-term employment benefits is as follows:

	31 December 2021	31 December 2020
Unused vacation pay liability	**370,271**	935,308
	370,271	935,308

The movement of short-term employment benefits is as follows:

	31 December 2021	31 December 2020
Opening balance	**935,308**	767,735
Current year charges	**(240,495)**	167,573
Liabilities related to the asset held for sale	**(324,542)**	-
	370,271	935,308

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

NOTE 15 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

Under the Turkish Legislations, the Company and its Turkish subsidiaries and associates are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service and reaches the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TL 8,284.51 (31 December 2020: TL 7,117.17) for each period of service at 31 December 2021.

The liability is not funded, as there is no funding requirement.

The liability means recent value of which consists the total estimated provision of future liabilities for retired personel of the Company.

In accordance with Turkish Labour Code, employment termination benefit is the present value of the total estimated provision for the liabilities of the personnel who may retire in the future. The company is obligated to pay employment termination benefit for the personnel who are called up to military service, passed away or retired. The provision made for present value of determined social relief is calculated by the prescribed liability method. All actuarial profits and losses are accounted in the income statement.

TAS require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. The company makes a calculation for the employment termination benefit by applying the prescribed liability method, by the experiences and by considering the personnel who become eligible for company pension. This provision is calculated by expecting the present value of the future liability which will be paid for the retired personnel.

Accordingly, the following actuarial assumptions were used in the calculation of the total liability.

	2021	2020
Discount rate (%)	**3.96**	3.96
Rate used to estimate the probability of retirement (%)	**90.77**	93.30

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. The amount payable consists of one month's salary limited to a maximum of TL 7,638.96 for each period of service as of 1 January 2021 (1 January 2020: TL 6,730.15). The maximum liability is revised semi annually.

Movements in the provisions for employment termination benefits for the years ended 31 December are as follows:

	31 December 2021	31 December 2020
Opening balance	**614,437**	576,734
Service cost	**169,103**	89,436
Interest cost	**78,648**	73,821
Actuarial losses / (gains)	**113,825**	159,005
Compensation paid	**(221,243)**	(284,559)
Liabilities related to the asset held for sale	**(201,847)**	-
Closing balance	**552,923**	614,437

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

NOTE 16 - OTHER ASSETS AND LIABILITIES

Other current assets

	31 December 2021	31 December 2020
VAT to be transferred	**26,441**	2,167,583
Job advances given	**20,572**	13,405
	47,013	2,180,988

Other long-term liabilities

	31 December 2021	31 December 2020
Other payables (*)	**744,113**	744,113
Advances received	**32,276**	32,276
	776,389	776,389

(*) The amount represents the retirement pay provision of the employees until 30 June 2006 who were transferred from Turcas Petrol A.Ş to Shell & Turcas Petrol A.Ş., which is accounted for by the equity method, due to the spin-off. According to the 10th article of the 'Spin-off Agreement' that was signed between the The Shell Company of Turkey Limited Turkey Branch and Shell & Turcas Petrol A.Ş., Until the date of transfer, accumulated severence pay amount of the transferred staff to Shell&Turcas Petrol A.Ş is under the responsibility of the Company.

NOTE 17 – EQUITY

a) Paid in capital/treasury shares

Shareholders	Group	Allocation (%)	31 December 2021	Allocation (%)	31 December 2020
Aksoy Girişimcilik Enerji ve Turizm A.Ş.	A/C Group	**54.45**	**139,175,892**	54.45	139,175,892
Free Float	A Group	**28.25**	**72,200,440**	28.14	71,914,371
Turcas Petrol A.Ş., publicly traded on Borsa İstanbul	A Group	**0.03**	**71,336**	0.03	71,336
Other	A/B Group	**17.27**	**44,152,332**	17.39	44,438,401
Total		**100**	**255,600,000**	100	255,600,000
Repurchased shares			**(8,450,916)**		(8,450,916)
Inflation adjustment			**41,247,788**		41,247,788
Adjusted capital			**288,396,872**		288,396,872

The issued capital of the Company in 31 December 2021 is composed of 255,600,000 shares (31 December 2020: 255,600,000 shares). The nominal value of shares is TL 1 per share.

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

NOTE 17 – EQUITY (Continued)

At least three members of the Board of Directors are elected among the candidates nominated by Group "B" shareholders. At least two members of the Board of Directors are elected among the candidates nominated by Group C shareholders, Group C shareholders have at least forty percent (40%) right, Group A shareholders have the right of nominating and electing three (3) members of the Board of Directors at the General Assembly Meeting where the members of the Board of Directors are elected. However, the remaining members of the Board of Directors are nominated and elected by the Group B shareholders.

At least one of the Group C shareholders is required to vote in the affirmative for some critical decisions determined in the establishment agreement of the Company.

There is no privilege assigned to any group of shares in terms of dividend distribution.

b) Restricted reserves

	31 December 2021	31 December 2020
Legal reserves	**39,311,954**	39,311,954
	39,311,954	39,311,954

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital. These amounts should be classified under "Restricted Reserves" as per CMB Financial Reporting standards.

Dividend distribution

Dividends are distributed according to Communiqué Serial: IV, No: 27 on "Principles Regarding Distribution of Interim Dividends for quoted entities subject to Capital Market Board Law", principles on corporate articles and dividend distribution policy which is declared by Companies.

In addition to the CMB, it is stipulated that companies which have the obligation to prepare financial statements, calculate the net distributable profit amount by taking into account the net profits for the period in the financial statements that will be prepared and announced to the public in accordance with the Communiqué II-14.1 that sufficient reserves exists in the unconsolidated statutory books.

It is allowed to pay dividends to shareholders as bonus share which shall be issued through the addition of dividends to equity or in cash or distributing to shareholders at a certain ratio in cash and at a certain rate as bonus share depending upon the resolutions taken in the general assemblies of companies provided that it is decided to realize dividend payment and also to remain the amount in question in partnership body without distribution if the amount of determined first dividend is less than 5% of paid/issued capital but it has become obligatory for the joint stock companies, which shall pay dividends from net income for the period as a result of their activities and having their shares separated as "old" and "new" since they have made a capital increase without realizing dividend payment related to previous period, to pay the first dividend, which shall be calculated, in cash.

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

NOTE 18 - SALES AND COST OF SALES

	2021	2020
Electricity sales (*)	**-**	63,964,826
	-	63,964,826

(*) As of 31 December 2021, electricity sales amounting to TL 89,176,103 that belongs to Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş., which is evaluated within the scope of TFRS 5, are classified under the "Net profit / (loss) from discontinued operations".

Cost of Sales (*)	**2021**	2020
Depreciation and amortization expenses	**-**	8,786,571
Personnel expenses	**-**	5,727,435
Electricity cost	**-**	2,402,570
Insurance expenses	**-**	1,222,255
Repair and maintenance expenses	**-**	1,203,336
Outsourced benefits and services	**-**	1,128,771
Transmission capacity and service cost	**-**	1,116,890
Vehicles expenses	**-**	225,935
Travel expenses	**-**	15,641
Other	**-**	742,499
	-	22,571,903

(*) As of 31 December 2021, cost of sales amounting to TL 29,001,338 that belongs to Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş., which is evaluated within the scope of TFRS 5, are classified under the "Net profit / (loss) from discontinued operations".

NOTE 19 – GENERAL AND ADMINISTRATIVE EXPENSES

General and Administrative Expenses (*)	**2021**	2020
Personnel expenses	**15,329,654**	14,149,508
Outsourced services	**3,533,818**	2,309,055
Depreciation and amortization expenses	**2,829,997**	2,647,728
Repair and maintenance expenses	**2,138,815**	1,707,385
Insurance expenses	**476,669**	471,583
Vehicles expenses	**383,263**	333,034
Office expense	**313,659**	266,079
Travel expenses	**302,165**	206,907
Taxes and other liabilities	**252,173**	173,907
Rent expenses	**81,839**	193,029
Lawsuit provision expense	**-**	1,912,600
Aid expenses	**-**	380,849
Other	**2,174,972**	1,675,017
	27,817,024	26,426,681

(*) As of 31 December 2021, general and administrative expenses amounting to TL 1,952,415 that belongs to Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş., which is evaluated within the scope of TFRS 5, are classified under the "Net profit / (loss) from discontinued operations".

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

NOTE 20 - OTHER OPERATING INCOME

Other Operating Income (*)	**2021**	2020
Shell Company Joint Venture Agreement revenue (**)	**6,618,115**	20,320,274
Rent income	**799,140**	470,203
Service revenue	**2,374,498**	2,349,438
Foreign exchange gains based on commercial activities (***)	**-**	4,019,382
Other	**195,734**	603,100
	9,987,487	27,762,397

(*) As of 31 December 2021, other operating income amounting to TL 4,676,480 that belongs to Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş., which is evaluated within the scope of TFRS 5, are classified under the "Net profit / (loss) from discontinued operations".

(**) Joint Venture Agreement gives Turcas the right to redeem a predetermined expense amount in case the management fee expenses reflected to STAŞ by Shell Türkiye exceed a certain amount.

(***) It consists of exchange rate differences based on 18.16 MW Geothermal Power Plant vendor payments that owned by Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş.

NOTE 21 - OTHER OPERATING EXPENSES

Other Operating Expenses (*)	**2021**	2020
Foreign exchange losses based on commercial activities (**)	**-**	16,768,229
Other	**2,152,577**	419,826
	2,152,577	17,188,055

(*) As of 31 December 2021, other operating expenses amounting to TL 34,765,609 that belongs to Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş., which is evaluated within the scope of TFRS 5, are classified under the "Net profit / (loss) from discontinued operations".

(**) It consists of exchange rate differences based on 18.16 MW Geothermal Power Plant vendor payments that owned by Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş.

NOTE 22 - INCOME FROM INVESTMENT ACTIVITIES

Income from Invesment Activities (*)	**2021**	2020
Fair value difference of Usufruct Certficates (Note 5)	**30,310,234**	103,702,392
Fair value difference of Ataş	**6,797,589**	-
Fair value difference of venture capital investment fund (Note 5)	**11,765,664**	-
Dividend income	**-**	9,166
	48,873,487	103,711,558

(*) As of 31 December 2021, income from invesment activities amounting to TL 12,852 that belongs to Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş., which is evaluated within the scope of TFRS 5, are classified under the "Net profit / (loss) from discontinued operations".

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

NOTE 23 - FINANCIAL INCOME

Financial Income (*)	**2021**	2020
Foreign exchange gains	**193,828,974**	158,714,412
Interest income	**39,967,582**	19,138,387
	233,796,556	177,852,799

(*) As of 31 December 2021, income from invesment activities amounting to TL 47,766,570 that belongs to Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş., which is evaluated within the scope of TFRS 5, are classified under the "Net profit / (loss) from discontinued operations".

NOTE 24 - FINANCIAL EXPENSE

Financial Expense (*)	**2021**	2020
Foreign exchange losses	**452,960,702**	337,528,526
Interest expenses	**20,799,211**	32,674,142
Other	**4,627,024**	3,193,639
	478,386,937	373,396,307

(*) As of 31 December 2021, income from invesment activities amounting to TL 172,714,613 that belongs to Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş., which is evaluated within the scope of TFRS 5, are classified under the "Net profit / (loss) from discontinued operations".

NOTE 25 - TAX ASSETS AND LIABILITIES

Current tax liability	**2021**	2020
Prepaid tax and funds	**225,261**	560,080
Corporate tax provision	**-**	-
Prepaid tax and funds / (Current tax liability) , net	**225,261**	560,080

Tax expense is comprised of the following:

	2021	2020
Deferred tax income / (expense)	**5,227,796**	11,307,189
Corporate tax expense	**-**	-
	5,227,796	11,307,189

Corporate Tax

The Company is subject to Turkish corporate taxes. A provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the period.

NOTE 25 - TAX ASSETS AND LIABILITIES (Continued)

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 the tax-exempt earnings, other exempt income and other deductions (losses of previous periods, investment incentives utilized).

Valid rate of corporate tax in 2021 is 25% (31 December 2020: 22%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 20%. In accordance with Provisional Article 13 added to the Corporate Tax Law No. 5520, 25% corporate tax rate will be applied to the profits related to their 2021 tax periods and as 23% corporate tax rate to the profits related to their 2022 tax periods. The amendment will be valid for the taxable corporate income starting from 1 January 2021, beginning with the advance Corporate Tax Declarations which must be declared as of 1 July 2021. The companies apply 25% tax rate over their quarterly profits (23% for the year 2022 and 22% for the year 2023 and onwards) when calculating their temporary tax payables; which they are obliged to declare via Advance Corporate Tax Declaration by the end of the 14th, and pay by the end of the 17th of the 2 month following the related period. Quarterly Advance Corporate Tax payments made within a year are deducted from the Corporate Income Tax calculated for the same fiscal year. Following the netting-off, if there is still remaining Advance Corporate Tax balance, it can be deducted from any other financial debt owed to the State or can be received in the form of a cash refund.

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated on December 31, 2023.

Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Tax carry back is not allowed.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. The corporate tax return is submitted until the evening of the 25th day of the fourth month following the month in which the accounting period is closed and is paid until the end of the month.

Income withholding tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied is 10% (31 December 2020: 15%). Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Deferred tax assets and liabilities

The Company, recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with Turkish Financial Reporting Standards and their statutory financial statements. These temporary differences usually result in the recognition of revenue and expenses in different reporting periods for Turkish Financial Reporting Standards and tax purposes.

The rate applied in the calculation of deferred tax assets and liabilities is 25% and 23% depending on the periods that temporary differences disappears (2020: 22%).

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

NOTE 25 - TAX ASSETS AND LIABILITIES (Continued)

The breakdowns of cumulative temporary differences and the resulting deferred tax assets/liabilities using principal tax rates are as follows:

	Total temporary differences		**Deferred tax asset/(liability)**	
	31 December 2021	31 December 2020	**31 December 2021**	31 December 2020
Interest accrual	**(19,617,751)**	4,567,750	**4,904,438**	(913,550)
Tangible and intangible assets	**(1,146,499)**	(118,106,440)	**286,625**	23,621,288
Provision for employment termination benefits (Note 15)	**(552,923)**	(614,437)	**138,231**	122,887
Unused vacation pay liability (Note 14)	**(370,271)**	(935,308)	**92,568**	187,062
Provision for lawsuit (Note 14)	**(1,588,100)**	(1,912,600)	**397,025**	382,520
Fair Value Differences	**11,526,360**	4,728,771	**(720,399)**	(236,438)
Carryforward tax loss	**-**	(31,734,904)	**-**	6,346,981
Effect of business combinations	**-**	28,462,702	**-**	(5,692,540)
Sales revenues extend to the next month	**-**	(73,028)	**-**	14,605
Effect of inter-group transactions	**-**	7,358,351	**-**	(1,471,671)
Deferred tax asset, net			**5,098,488**	22,361,144

The expiration dates of recognized carry-forward tax losses are as follows:

	31 December 2021	31 December 2020
2021	**-**	145,230
2022	**-**	486,909
2023	**-**	12,784,601
2024	**-**	8,406,668
2025	**-**	9,911,496
	-	31,734,904

The movement of deferred tax assets and liabilities as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Opening balance	**22,361,144**	11,022,155
Amount in statement of profit or loss	**5,227,796**	11,307,189
Amount in other comprehensive income	**28,456**	31,800
Assets held for sale	**(22,518,908)**	-
Closing balance	**5,098,488**	22,361,144

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

NOTE 25 - TAX ASSETS AND LIABILITIES (Continued)

The reconciliation of tax expenses stated in income statements for the periods ending 31 December 2021 and 2020 is as follows:

	31 December 2021	31 December 2020
Profit / (loss) before tax	**(41,555,946)**	(135,311,287)
Tax rate (%)	**25**	22
Tax income / (expense)	**10,388,987**	27,062,257
Transactions with associates	**43,535,766**	(13,803,984)
Tax effect of nondeductible expenses	**(7,839,378)**	(149,976)
Tax effect of exceptions	**(11,364,364)**	-
Carry forward tax losses on which no deferred tax asset was recognized	**(61,742,868)**	(31,852,572)
Adjustment on which no deferred tax asset was recognized	**32,036,542**	29,876,478
Other	**213,111**	174,986
Current year income tax income / (expenses)	**5,227,796**	11,307,189

NOTE 26 – EARNINGS / (LOSS) PER SHARE

For the years 2021 and 2020, the number of shares and earnings / loss per share is as follows:

	31 December 2021	31 December 2020
Number of outstanding shares	**255,600,000**	255,600,000
Net profit / (loss) of shareholders	**(80,099,366)**	(124,004,098)
Earnings / (loss) per share	**(0.313)**	(0.485)

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

NOTE 27 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

	31 December 2021									
	Financial Assets		Receivables				Payables			
	Short Term	Long Term	Short Term		Long Term		Short Term		Long Term	
Balances with related parties			**Trading**	**Non-Trading**	**Trading**	**Non-Trading**	**Trading**	**Non-Trading**	**Trading**	**Non-Trading**
Associates										
RWE & Turcas Güney Elektrik Üretim A.Ş.	-	-	-	**10,046**	-	-	-	-	-	-
Shell Turcas Petrol A.Ş. (*)	**96,421,598**	**66,660,327**	-	**73,285,182**	-	-	-	-	-	-
Other related entities										
Ataş Anadolu Tasfiyehanesi A.Ş.	-	-	-	-	-	-	-	**940,640**	-	-
Dividend payable to shareholders	-	-	-	-	-	-	-	**187,987**	-	-
YTC Turizm ve Enerji A.Ş.	-	-	-	-	-	-	-	**12,080**	-	-
Aksoy Holding A.Ş.	-	-	-	**1,130**	-	-	-	-	-	-
Aksoy Enternasyonel Tic. A.Ş.	-	-	-	**100,575**	-	-	-	-	-	-
Aksoy Girisimcilik Enerji Ve Turizm A.Ş.	-	-	-	**270,812**	-	-	-	-	-	-
Horizonist Dis Tic. Ltd. Sti.	-	-	-	**2,800**	-	-	-	-	-	-
Daytona Turizm Ve Danişmanlik Ltd.Şti.	-	-	-	**24,670**	-	-	-	-	-	-
Tas.Hal.Transbalkan Denizyollari Deniz Taş.A.Ş.	-	-	-	**24,670**	-	-	-	-	-	-
Conrad Yeditepe Beyn.Otelcilik Turz. Tic.A.Ş.	-	-	-	-	-	-	-	**33,474**	-	-
Aksoy Taşınmaz Yatırımları A.Ş.	-	-	-	-	-	-	-	**64,415**	-	-
	96,421,598	**66,660,327**	-	**73,719,885**	-	-	-	**1,238,596**	-	-

(*) TL 72,600,000 of the short term non-trading receivables balance consist of the shareholder loan receivable with maximum 3 years maturity and TL Libor+2,1% interest rate (floating interest) given to Shell & Turcas Petrol A.Ş. on 17.09.2019. The financial asset originating from the agreements signed between Turcas and Shell Company of Turkey Ltd. (Shell) on 25.08.2017 is subject to valuation and disclosed in the financial statements as TL 163,081,925 in total, amounting to TL 96,421,598 as short term and TL 66,660,327 as long term.

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

NOTE 27 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	31 December 2020									
	Financial Assets		Receivables				Payables			
	Short Term	Long Term	Short Term		Long Term		Short Term		Long Term	
Balances with related parties			Trading	Non-Trading	Trading	Non-Trading	Trading	Non-Trading	Trading	Non-Trading
Associates										
RWE & Turcas Güney Elektrik Üretim A.Ş.	-	-	-	12,096	-	-	32,927	-	-	-
Shell Turcas Petrol A.Ş. (*)	74,544,027	44,954,511	-	788,509	-	72,600,000	-	6,725	-	-
Other related entities										
Ataş Anadolu Tasfiyehanesi A.Ş.	-	-	-	-	-	-	-	1,056,407	-	-
Dividend payable to shareholders	-	-	-	-	-	-	-	187,987	-	-
Aksoy Maslak Taşınmaz Yatırımları A.Ş.	-	-	-	-	-	-	-	72,867	-	-
YTC Turizm ve Enerji A.Ş.	-	-	-	-	-	-	9,812	1,149	-	-
Aksoy Holding A.Ş.	-	-	-	540	-	-	-	-	-	-
Aksoy Enternasyonel Tic. A.Ş.	-	-	-	21,807	-	-	-	-	-	-
Aksoy Girisimcilik Enerji Ve Turizm A.Ş.	-	-	-	166,918	-	-	-	-	-	-
Horizonist Dis Tic. Ltd. Sti.	-	-	-	2,800	-	-	-	-	-	-
Daytona Turizm Ve Danişmanlik Ltd.Şti.	-	-	-	18,040	-	-	-	-	-	-
Tas.Hal.Transbalkan Denizyollari Deniz Taş.A.Ş.	-	-	-	18,040	-	-	-	-	-	-
Aksoy Taşınmaz Yatırımları A.Ş.	-	-	-	-	-	-	-	77,575	-	-
	74,544,027	44,954,511	-	1,028,750	-	72,600,000	42,739	1,402,710	-	-

(*) TL 72,600,000 of the short term non-trading receivables balance consist of the shareholder loan receivable with maximum 3 years maturity and TL Libor+2,1% interest rate (floating interest) given to Shell & Turcas Petrol A.Ş. on 17.09.2019. The financial asset originating from the agreements signed between Turcas and Shell Company of Turkey Ltd. (Shell) on 25.08.2017 is subject to valuation and disclosed in the financial statements as TL 119,498,538 in total, amounting to TL 74,544,027 as short term and TL 44,954,511 as long term.

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

NOTE 27 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January - 31 December 2021							
Transactions with related parties	**Purchases**	**Sales**	**Interest received**	**Interest paid**	**Rent income**	**Dividend income**	**Other income**	**Other expenses**
Associates								
Shell & Turcas Petrol A.Ş. (*)	-	-	14,907,525	-	-	-	63,859,711	156,336
RWE & Turcas Güney Elektrik Üretim A.Ş.	-	-	-	-	-	-	125,672	81,839
Other related entities								
The Shell Company of Turkey LTD. (**)	-	-	-	-	-	-	6,618,115	-
Aksoy Holding A.Ş.	-	-	-	-	6,000	-	-	-
Aksoy Enternasyonel Ticaret.A.Ş.	-	-	-	-	239,184	-	778,525	80,402
Ataş Anadolu Tasfiyehanesi A.Ş.	-	-	-	-	481,182	-	63,815	617,049
Daytona Turizm ve Danışmanlık Ltd.Şti.	-	-	-	-	6,000	-	-	-
Tas.Hal.Transbalkan Denizyollari Deniz Taş.A.Ş.	-	-	-	-	6,000	-	-	-
Aksoy Taşınmaz Yatırımları A.Ş.	-	-	-	-	6,000	-	153,592	1,103,490
YTC Turizm ve Enerji A.Ş.	-	-	-	-	-	-	-	160,534
Conrad Yeditepe Beyn.Otelcilik Turz.Ve Tic A.Ş.	-	-	-	-	-	-	-	65,438
Horizonist Dis Tic.Ltd.Sti.	-	-	-	-	6,000	-	-	-
Aksoy Girisimcilik Enerji Ve Turizm A.Ş.	-	-	-	-	48,774	-	1,329,266	56,126
	-	-	14,907,525	-	799,139	-	72,928,696	2,321,214

(*) It consists of interest income related to shareholder loan receivable with maximum 3 years maturity and TL Libor+2,1% interest rate (floating interest) given to Shell & Turcas Petrol A.Ş. on 17.09.2019. Other income consists of usufruct certificates income amounting to TL 63,775,700.

(**) It consists of Joint Venture Agreement income amounting to TL 6,618,115.

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

NOTE 27 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January - 31 December 2020							
Transactions with related parties	Purchases	Sales	Interest received	Interest paid	Rent income	Dividend income	Other income	Other expenses
Associates								
Shell & Turcas Petrol A.Ş. (*)	-	-	9,386,245	-	-	-	41,010,000	122,950
RWE & Turcas Güney Elektrik Üretim A.Ş.	580,943	425,359	-	-	-	-	157,090	77,965
Other related entities								
The Shell Company of Turkey LTD. (**)	-	-	-	-	-	-	20,320,274	-
Aksoy Bodrum Taşinmaz Yatirimlari A.Ş.	-	-	-	-	2,500	-	71,548	-
Aksoy Maslak Taşınmaz Yatırımları A.Ş.	-	-	-	-	5,500	-	14,310	866,580
Aksoy Holding A.Ş.	-	-	-	-	4,500	-	51,872	-
Aksoy Enternasyonel Ticaret A.Ş.	-	-	-	-	6,000	-	538,791	11,084
Aksoy Petrol Taşınmaz Yatırımları A.Ş.	-	-	-	-	5,500	-	71,548	-
Ataş Anadolu Tasfiyehanesi A.Ş.	-	-	-	-	418,203	-	20,106	509,444
Daytona Turizm ve Danışmanlık Ltd.Şti.	-	-	-	-	6,000	-	-	-
Pronegy Gayrimenkul ve Enerji Yatırımları A.Ş.	-	-	-	-	5,500	-	71,548	-
Tas.Hal.Transbalkan Denizyolları Deniz Taş.A.Ş.	-	-	-	-	6,000	-	-	-
Conrad Yeditepe Beyn.Otelcilik Turz.Ve Tic. A.Ş.	-	-	-	-	-	-	-	50,464
YTC Turizm ve Enerji A.Ş.	-	-	-	-	-	-	-	158,215
Horizonist Dis Tic. Ltd. Şti.	-	-	-	-	6,000	-	-	-
Aksoy Girisimcilik Enerji Ve Turizm A.Ş.	-	-	-	-	3,500	-	546,240	-
Aksoy Taşınmaz Yatırımları A.Ş.	-	-	-	-	500		14,310	89,256
	580,943	425,359	9,386,245	-	469,703	-	62,887,637	1,885,958

(*) It consists of interest income related to shareholder loan receivable with maximum 3 years maturity and TL Libor+2,1% interest rate (floating interest) given to Shell & Turcas Petrol A.Ş. on 17.09.2019. Other income consists of usufruct certificates income amounting to TL 41,010,000.

(**) It consists of Joint Venture Agreement income amounting to TL 20,320,274.

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

NOTE 27 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Total compensation provided to key management personnel during the years ended 31 December 2021 and 2020 is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Salaries and other short term benefits	**9,162,377**	6,640,677

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(a) Capital risk management

The Company manages its capital to ensure that entities in the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of debt, which includes the borrowings, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The management of the Company considers the cost of capital and the risks associated with each class of capital. The management of the Company aims to balance its overall capital structure through the payment of dividends and the issue of new debt or the redemption of existing debt.

The Company controls its capital using the net debt/total capital ratio. This ratio is the calculated as net debt divided by the total capital amount. Net debt is calculated as total liability amount (comprises of financial liabilities, trade and other payables as presented in the balance sheet) less cash and cash equivalents. Total capital is calculated as shareholders' equity plus the net debt amount as presented in the balance sheet.

As of 31 December 2021 and 2020 net debt/total capital ratio is as follows:

	31 December 2021	31 December 2020
Total liabilities	**810,480,059**	942,161,619
Cash and cash equivalents (Note 4)	**(20,666,234)**	(101,777,296)
Net debt	**789,813,825**	840,384,323
Total equity	**190,913,370**	364,668,311
Total capital	**980,727,195**	1,205,052,634
Net debt / total capital ratio	**80.5%**	69.7%

The Company's overall strategy is not different from previous period.

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

(b) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company's exposure and the credit ratings of its counterparties are continuously monitored and the financial position is reviewed taking into consideration of the historical experiences and other factors. Ongoing credit evaluation is performed on the financial condition of accounts receivable based on the company policies and procedures and, where appropriate, doubtful provision is booked and net position is disclosed on the balance sheet.

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

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	Receivables						
	Trade receivable		Other receivable				
31 December 2021	**Related party**	**Third party**	**Related party**	**Third Party**	**Deposits at banks**	**Derivative instruments**	**Other**
Maximum net credit risk as of balance sheet date (*) (A +B+C+D+E)	-	**553,192**	**73,719,885**	**508,811**	**20,573,145**	-	**93,089**
- The part of maximum risk under guarantee with collateral etc,	-	-	-	-	-	-	-
A - Net book value of financial assets that are neither past due nor impaired	-	**553,192**	**73,719,885**	**508,811**	**20,573,145**	-	**93,089**
The part under guarantee with collateral etc,	-	-	-	-	-	-	-
B - Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired							
The part under guarantee with collateral etc	-	-	-	-	-	-	-
C - Carrying value of financial assets that are past due but not impaired	-	-	-	-	-	-	-
- The part under guarantee with collateral etc							
D - Net book value of impaired assets	-	-	-	-	-	-	-
- Past due (gross carrying amount)	-	**685,411**	-	-	-	-	-
- Impairment (-)	-	**(685,411)**	-	-	-	-	-
- The part of net value under guarantee with collateral etc,	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc,	-	-	-	-	-	-	-
E - Off-balance sheet items with credit risk	-	-	-	-	-	-	-

(*) The factors that increase in credit reliability such as guarantees received (mortgages) are not considered in the balance.

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

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	Receivables						
	Trade receivable		Other receivable				
31 December 2020	Related party	Third party	Related party	Third party	Deposits at banks	Derivative instruments	Other
Maximum net credit risk as of balance sheet date (*) (A +B+C+D+E)	-	8,808,630	73,628,750	1,156,081	101,721,350	-	55,946
- The part of maximum risk under guarantee with collateral etc,	-	-	-	-	-	-	-
A - Net book value of financial assets that are neither past due nor impaired	-	8,808,630	73,628,750	1,156,081	101,721,350	-	55,946
The part under guarantee with collateral etc,	-	-	-	-	-	-	-
B - Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-	-
The part under guarantee with collateral etc	-	-	-	-	-	-	-
C - Carrying value of financial assets that are past due but not impaired	-	-	-	-	-	-	-
- The part under guarantee with collateral etc	-	-	-	-	-	-	-
D - Net book value of impaired assets	-	-	-	-	-	-	-
- Past due (gross carrying amount)	-	685,411	-	-	-	-	-
- Impairment (-)	-	(685,411)	-	-	-	-	-
- The part of net value under guarantee with collateral etc,	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc,	-	-	-	-	-	-	-
E - Off-balance sheet items with credit risk	-	-	-	-	-	-	-

(*) The factors that increase in credit reliability such as guarantees received (mortgages) are not considered in the balance.

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

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2021, the Company has no overdue trade receivables that are not yet recognized as doubtful receivables and have no provisions. As a result of the sectoral conditions and dynamics, the Company does not consider any collection risk for the overdue receivables which are up to 60 days. For the receivables which the Company could not collect in 60 days, the Company has guarantees like mortgage and does not consider any collection risk.

As of 31 December 2021, TL 685,411 (31 December 2020: TL 685,411) of the trade receivables is considered as doubtful receivable and provision for doubtful receivables is reserved. This provision is determined as the past experience of the Company on not to being able to collect.

The aging of doubtful receivables provision is as follows:

	Receivables	
31 December 2021	**Trade receivables**	**Other receivables**
Past due 1-5 years	**-**	**-**
Past due more than 5 years	**685,411**	**-**
	685,411	**-**

	Receivables	
31 December 2020	Trade receivables	Other receivables
Past due 1-5 years	-	-
Past due more than 5 years	685,411	-
	685,411	-

Liquidity risk management

The Company manages its liquidity risk by monitoring the expected and actual cash flow statements and matching financial assets and liabilities to keep to flow of necessary funds and debt reserves.

Liquidity risk tables

Careful liquidity risk management shows the ability to keep the right amount of cash, the usability of loan transactions and fund resources and the power of closing market positions.

The current and future loans' funding risk is managed by making the accessibility to adequate and high quality loan suppliers permanently.

The table below shows the due dates of the non-derivative financial liabilities of the Company. Interests of future periods' liabilities have been distributed to the due dates below and the said interests have been shown in the corrections column in order to have reconciliation with the balance sheet values.

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

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2021

Contractual maturity analysis	**Carrying value**	**Total Contractual cash flow (I-II-III-IV)**	**Less than 3 Months (I)**	**3-12 Months (II)**	**1-5 Years (III)**	**More than 5 Years (IV)**
Non-derivative financial liabilities						
Financial borrowings	**807,797,452**	**859,370,011**	**-**	**227,695,279**	**631,674,732**	**-**
Trade payables	**938,054**	**938,054**	**938,054**	**-**	**-**	**-**
Total liabilities	**808,735,506**	**860,308,065**	**938,054**	**227,695,279**	**631,674,732**	**-**

31 December 2020

Contractual maturity analysis	Carrying value	Total Contractual cash flow (I-II-III-IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Non-derivative financial liabilities						
Financial borrowings	885,273,050	1,006,480,900	46,127	176,247,654	684,369,092	145,818,027
Trade payables	54,704,480	54,704,480	38,513,681	-	16,190,799	-
Total liabilities	939,977,530	1,061,185,380	38,559,808	176,247,654	700,559,891	145,818,027

Market risk management

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates.

Market risk exposures of the Company are measured using sensitivity analysis.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

(i) Foreign currency risk management

Foreign currency transactions cause foreign currency risk.

The Company has foreign currency risk, due to the fluctuations in exchange rates used in foreign currency transactions. The foreign currency risk arises from future trade transactions and the difference between recorded assets and liabilities. Under such circumstances, the company controls this risk by netting off the foreign currency assets and liabilities. The management analyzes the Company's foreign currency position and takes necessary precautions when needed.

Effective hedge accounting applied in accordance with TFRS 9, in order to ensure that the effects of the foreign exchange gains and losses are reflected on the financial statements of the Company's subsidiary Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. in accordance with the periodicity principle of accounting. The Company uses investment loans amounting to USD 16,026,613, which is equivalent to TL 214,003,362 as prevention against USD/TL spot foreign exchange risk of USD denominated revenue, which is highly probable to be realized. Based on the outcome of effectiveness test performed on related process, the Company has considered that process is fully effective and therefore applied cash flow hedge accounting. As of 31 December 2021, TL 129,688,954 of foreign exchange loss that arose from investment loans is classified under equity "Cash flow hedge gains (losses)" which has no effect on current year income statement.

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

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The Company is primarily exposed to risks from USD and EUR, other currencies' effects are immaterial.

	31 December 2021			
	TL Equivalent (Functional currency)	**USD**	**EUR**	**Other**
1- Trade receivables	-	-	-	-
2a- Monetary financial assets	20,475,413	90,238	1,277,449	10
2b- Non-monetary financial assets	-	-	-	-
3- Other	-	-	-	-
4- Current assets (1+2+3)	**20,475,413**	**90,238**	**1,277,449**	**10**
5- Trade receivables	-	-	-	-
6a- Monetary financial assets	-	-	-	-
6b- Non-monetary financial assets	-	-	-	-
7- Other	-	-	-	-
8- Non-current assets (5+6+7)	-	-	-	-
9- Total Assets (4+8)	**20,475,413**	**90,238**	**1,277,449**	**10**
10- Trade payables	-	-	-	-
11- Financial liabilities	221,491,238	-	14,654,804	-
12a-Other monetary liabilities	-	-	-	-
12b-Other non-monetary liabilities	-	-	-	-
13- Current Liabilities (10+11+12)	**221,491,238**	**-**	**14,654,804**	**-**
14- Trade payables	-	-	-	-
15- Financial liabilities	586,306,214	-	38,792,516	-
16a-Other monetary liabilities	-	-	-	-
16b-Other non-monetary liabilities	-	-	-	-
17- Non-current liabilities (14+15+16)	**586,306,214**	**-**	**38,792,516**	**-**
18- Total liabilities (13+17)	**807,797,452**	**-**	**53,447,320**	**-**
19- Net asset / liability position of off-balance sheet derivatives (19a-19b)	-	-	-	-
19a-Off-balance sheet foreign currency derivative assets	-	-	-	-
19b-Off-balance sheet foreign currency derivative liabilities	-	-	-	-
20- Net foreign currency asset liability position (9-18+19)	**(787,322,039)**	**90,238**	**(52,169,871)**	**10**
21- Net foreign currency asset / liability position of (1+2a+5+6a+10+11-12a-14-15-16a)	**(787,322,039)**	**90,238**	**(52,169,871)**	**10**
22- Fair value of foreign currency hedged financial assets	-	-	-	-
23- Hedged foreign currency assets	-	-	-	-
24- Hedged foreign currency liabilities	-	-	-	-
25- Exports	-	-	-	-
26- Imports	-	-	-	-

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

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2020			
	TL Equivalent (Functional currency)	**USD**	**EUR**	**Other**
1- Trade receivables	-	-	-	-
2a- Monetary financial assets	99,949,264	12,343,606	1,036,972	10
2b- Non-monetary financial assets	-	-	-	-
3- Other	-	-	-	-
4- Current assets (1+2+3)	99,949,264	12,343,606	1,036,972	10
5- Trade receivables	-	-	-	-
6a- Monetary financial assets	-	-	-	-
6b- Non-monetary financial assets	-	-	-	-
7- Other	-	-	-	-
8- Non-current assets (5+6+7)	-	-	-	-
9- Total Assets (4+8)	99,949,264	12,343,606	1,036,972	10
10- Trade payables	31,200,955	-	3,463,732	-
11- Financial liabilities	169,888,136	4,245,051	15,400,630	-
12a-Other monetary liabilities	-	-	-	-
12b-Other non-monetary liabilities	-	-	-	-
13- Current Liabilities (10+11+12)	201,089,091	4,245,051	18,864,362	-
14- Trade payables	16,190,799	-	1,797,400	-
15- Financial liabilities	715,324,894	23,299,795	60,423,933	-
16a-Other monetary liabilities	-	-	-	-
16b-Other non-monetary liabilities	-	-	-	-
17- Non-current liabilities (14+15+16)	731,515,693	23,299,795	62,221,333	-
18- Total liabilities (13+17)	932,604,784	27,544,846	81,085,695	-
19- Net asset / liability position of off-balance sheet derivatives (19a-19b)	-	-	-	-
19a-Off-balance sheet foreign currency derivative assets	-	-	-	-
19b-Off-balance sheet foreign currency derivative liabilities	-	-	-	-
20- Net foreign currency asset liability position (9-18+19)	(832,655,520)	(15,201,240)	(80,048,723)	10
21- Net foreign currency asset / liability position of (1+2a+5+6a-10-11-12a-14-15-16a)	(832,655,520)	(15,201,240)	(80,048,723)	10
22- Fair value of foreign currency hedged financial assets	-	-	-	-
23- Hedged foreign currency assets	-	-	-	-
24- Hedged foreign currency liabilities	-	-	-	-
25- Exports	-	-	-	-
26- Imports	-	-	-	-

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

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency sensitivity

	31 December 2021			
	Gain/Loss		**Equity**	
	Appreciation of foreign currency	**Devaluation of foreign currency**	**Appreciation of foreign currency**	**Devaluation of foreign currency**
+/-10% fluctuation of USD rate				
1- USD net asset / liability	**120,278**	**(120,278)**	**(12,968,895)**	**12,968,895**
2- Hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	**120,278**	**(120,278)**	**(12,968,895)**	**12,968,895**
+/-10% fluctuation of EUR rate				
4- EUR net asset / liability	**(78,852,496)**	**78,852,496**	-	-
5- Hedged from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	**(78,852,496)**	**78,852,496**	-	-
TOTAL (3+6)	**(78,732,218)**	**78,732,218**	**(12,968,895)**	**12,968,895**

	31 December 2020			
	Gain/Loss		Equity	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
+/-10% fluctuation of USD rate				
1- USD net asset / liability	(11,158,466)	11,158,466	(3,934,845)	3,934,845
2- Hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(11,158,466)	11,158,466	(3,934,845)	3,934,845
+/-10% fluctuation of EUR rate				
4- EUR net asset / liability	(72,107,087)	72,107,087	-	-
5- Hedged from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(72,107,087)	72,107,087	-	-
TOTAL (3+6)	(83,265,553)	83,265,553	(3,934,845)	3,934,845

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

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

(ii) Interest risk management

Financial liabilities expose the Company to interest rate risk. This interest rate risk is managed by natural precautions which are formed by balancing the assets and liabilities that have interest rate sensitivity.

Interest rate sensitivity

The financial instruments that are sensitive to interest rate are as follows:

	31 December 2021	31 December 2020
Fixed interest rate financial instruments		
Cash and cash equivalents (Note 4)	**20,491,519**	101,659,915
Held to maturity financial assets (Note 5)	**-**	-
Fixed interest rate financial instruments		
Financial liabilities (Note 6)	**-**	91,983,811
Floating interest rate financial instruments		
Financial liabilities (Note 6)	**807,797,452**	793,289,239

Various scenarios have been created by the Company based on the renewal of existing positions, alternative financing and hedging for bank loans with variable interest rates. Based on the simulations performed, if interest rates of borrowings with floating rates had been 1 basis points higher / lower with all other variables held constant, post tax profit of the Company would be TL 8,077,975 lower / higher. (2020: TL 7,932,892 lower / higher).

NOTE 29 - FINANCIAL INSTRUMENTS

Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company, using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realise in a current market exchange.

NOTE 29 - FINANCIAL INSTRUMENTS (Continued)

Following methods and assumptions were used to estimate the fair value of the financial instruments for which is practicable to estimate fair value:

Monetary Assets

The fair values of trade receivables denominated in foreign currencies, which are translated at period-end exchange rates, are considered to be the approximate carrying values.

The carrying values of cash and cash equivalents are estimated to be their fair values since they are short term.

The carrying values of trade receivables along with the related allowances for uncollectibility are estimated to be their fair values since they are short term.

The fair values of financial assets along with the related allowances for impairment are estimated to be their carrying values.

Monetary Liabilities

The fair values of short-term financial liabilities are estimated to be their carrying values since they are short term.

The fair values of long term credits denominated in foreign currencies, which have floating interest rates, are considered to be the approximate carrying values.

Liabilities for employee benefits are booked by their discounted values.

Fair Value Estimation

The disclosure of fair value measurements by level of the fair value measurement hierarchy is as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data.

The carrying values of trade receivables along with the related allowances for uncollectibility are estimated to be their fair values.

The fair values of certain financial assets carried at cost, including cash and amounts due from banks are considered to approximate to their respective carrying values due to their short-term nature.

Trade receivables and payables are valued at amortized cost using the effective interest method. Trade receivables and payables are considered to approximate fair values.

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

NOTE 30 – ASSETS HELD FOR SALE

Turcas Petrol A.Ş. has signed a Share Purchase Agreement dated 21 December 2021 regarding the sale of 100% of its shares in Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. and since the share transfer took place on 14 February 2022, Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. has been evaluated within the scope of TFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" standard.

Following the fulfillment of the requirements of TFRS 5, assets and liabilities related to this subsidiary are classified as "Assets held for sale" and "Liabilities related to the assets held for sale".

a) Assets held for sale

The Company's asset held for sale regarding to the sales of Turcas Kuyucak are as follows:

	31 December 2021
Cash and cash equivalents	**36,678,167**
Trade receivables	**14,660,180**
Prepaid expenses	**1,553,338**
Other current assets	**93,927**
Other receivables	**599,006**
Financial investments	**50,000**
Property, plant and equipment, and intangible assets	**254,838,327**
Deferred tax assets	**75,549,662**
Assets held for sale	**384,022,607**

b) Liabilities related to the assets held for sale

The Company's liabilities related to asset held for sale regarding to the sales of Turcas Kuyucak are as follows:

	31 December 2021
Financial liabilities	**464,512,051**
Trade payables	**90,670,145**
Other payables	**2,772,653**
Provisions	**850,889**
Liabilities for employee benefits	**144,718**
Liabilities related to the assets held for sale	**558,950,456**

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

NOTE 31 – FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR / INDEPENDENT AUDIT COMPANY

The Company's explanation regarding the fees for the services rendered by the independent audit firm, which is prepared based on the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA)'s Board Decision published in the Official Gazette on 30 March 2021, and the preparation principles of which are based on the letter of POA dated 19 August 2021 are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Audit Services	**173,461**	144,660
Total	**173,461**	144,660

NOTE 32 – POST-BALANCE SHEET EVENTS

Capital decrease at RWE & Turcas Güney Elektrik Üretim A.Ş., Company's 30% subsidiary

As previously announced in the Company's Public Disclosure dated 27.01.2022, Board of Directors of Company's 30% subsidiary RWE & Turcas Güney Elektrik Üretim A.Ş. ("RTG") had decided to reduce the Company's total share capital by TRY 275,000,000 from TRY 1,874,681,920 to TRY 1,599,681,920. The above mentioned capital decrease transaction has been approved by the shareholders at RTG's Extraordinary General Assembly Meeting held on 15.02.2022.

Following the transaction, there will not be any change in the 30% shareholding ratio of Turcas Petrol A.Ş. at RTG. The portion of Company's in the related capital decrease is 82,500,000 TL (30% of the share capital decrease amount) and this amount is anticipated to be paid by RTG to the Company in cash after the completion of relevant legal procedures, until end of 2022 first half.

Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. Full Sale of the Shares

As previously announced in the Company's Public Disclosures dated 21.12.2021 and 04.02.2022, a Share Purchase Agreement ("SPA") dated December 21, 2021 had been signed between Albioma SA ("Buyer"), a French energy company, and Turcas Petrol A.Ş. with regards to the sale of %100 of the Company's shares in Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. ("Turcas Kuyucak"), and that the approval of the Competition Board regarding the above mentioned transaction had been received.

With regards to the above mentioned share sale transaction, all of the conditions precedent set forth in the SPA have been fulfilled as of 14.02.2022 hence the share transfer has been completed while all of the project finance debt on Turcas Kuyucak's balance sheet subject to Turcas Petrol's full consolidation has been transferred to the Buyer and that 20,544,832 USD portion of the Share Sales Proceeds – out of the Total Share Sales Proceeds of 24,383,519 USD – has been received to the Company accounts. Remaining portions of the Total Share Sale Proceeds are as follows, (i) 838,638 USD is expected to be received at the end of the 6 months following the share transfer, and (ii) 3,000,000 USD is expected to be received latest by the end of the 12 months following the share transfer, both without a condition.

NOTE 32 – POST-BALANCE SHEET EVENTS (Continued)

Partial Early Repayment of Loans with the Full Sale of the Shares of Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş.

The loan from the relevant Consortium Banks is used between 2010 and 2013 regarding the financing of the Denizli Natural Gas Combined Cycle Power Plant investment, owned and operated by RWE & Turcas Güney Elektrik Üretim A.Ş., in which Turcas Petrol A.Ş. has a 30% share. The current balance of the loans is at the level of 54 million Euros in the Company's financial debts in balance sheet as of 31.12.2021.

Full sale of the shares in Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş., a voluntary early repayment of 16.85 million Euros was made to the aforementioned Consortium Banks on 18.02.2022. After these repayments, the total current balance of the aforementioned loans decreased to 37.2 million Euros.

Corporate Governance Compliance Rating

As announced in the Company's Public Disclosures dated 28.02.2022, Corporate Governance Rating Score of our Company has been revised as 9,58 (out of 10, previous period: 9,61) by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. ("Kobirate"), following annual performance appraisal measuring compliance with Corporate Governance Principles published by Capital Markets Board. Rating score breakdown (out of 100) according to main sections is; Shareholders 95,59 (previous period: 94,98), Public Disclosure and Transparency 97,96 (previous period: 97,34), Stakeholders 95,08 (previous period: 98,00), Board of Directors 94,63 (previous period: 95,08).