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

Akenerji Elektrik Üretim A.Ş.

Condensed consolidated financial statements for the interim period ended 1 January - 31 March 2021

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

TABLE OF CONTENTS		**PAGE**

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2021 AND 31 DECEMBER 2020

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

		Current period	**Prior period**
		Unaudited	**Audited**
	Notes	**31 March 2021**	**31 December 2020**
ASSETS			
Current assets			
Cash and cash equivalents		212.373.036	214.333.131
Trade receivables			
- Due from related parties		*8.433.692*	*15.520.418*
- Due from third parties		*89.211.936*	*82.709.558*
Other receivables			
- Due from third parties		*855.032*	*3.232.068*
Derivative instruments	7	19.297.680	10.470.084
Prepaid expenses		11.346.546	14.003.586
Inventories		1.221.867	5.761.993
Current income tax assets	9	1.277.078	1.048.119
Other current assets		27.947.837	17.718.408
Total current assets		**371.964.704**	**364.797.365**
Non - current assets			
Financial investments		100.000	100.000
Other receivables			
- Due from related parties		*9.774.100*	*9.007.900*
- Due from third parties		*1.233.819*	*1.173.003*
Inventories		24.331.132	18.603.008
Property, plant and equipment	4	6.119.027.592	6.186.528.709
Intangible assets	5	105.586.698	106.026.262
Right of use assets		31.190.439	28.289.732
Prepaid expenses		60.906.027	15.834.030
Deferred tax assets	9	3.979.442	4.176.768
Derivative instruments	7	2.101.145	-
Total non - current assets		**6.358.230.394**	**6.369.739.412**
TOTAL ASSETS		**6.730.195.098**	**6.734.536.777**

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2021 AND 31 DECEMBER 2020

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

	Notes	Current period Unaudited 31 March 2021	Prior period Audited 31 December 2020
LIABILITIES			
Current liabilities			
Short term portion of long term borrowings			
- Bank loans	*3*	*285.399.510*	*246.601.779*
- Lease payables	*3*	*13.231.492*	*12.557.974*
Trade payables			
- Due to related parties		*15.390.465*	*21.674.313*
- Due to third parties		*154.247.138*	*243.891.228*
Other payables			
- Other payables to third parties		*16.324.368*	*6.826.559*
Employee benefit obligations		1.194.625	913.824
Derivative instruments	7	30.644.930	27.472.101
Deferred income		*1.117.402*	*1.467.802*
Short term provisions			
- Provisions for employee benefits		*1.733.358*	*7.983.571*
- Other short - term provisions	*6*	*46.844.769*	*40.431.743*
Total current liabilities		**566.128.057**	**609.820.894**
Non - current liabilities			
Long term borrowings			
- Bank loans	*3*	*6.291.220.420*	*5.722.328.669*
- Lease payables	*3*	*102.730.697*	*100.875.010*
Trade payables			
- Due to third parties		*158.333.960*	*146.319.808*
Other payables			
- Due to third parties		*17.550*	*17.156*
Derivative instruments	7	38.190.829	34.684.408
Long term provisions			
- Provisions for employee benefits		*9.598.430*	*8.152.977*
Deferred tax liabilities	9	142.056.917	240.949.948
Total non - current liabilities		**6.742.148.803**	**6.253.327.976**
EQUITY			
Share capital	8	729.164.000	729.164.000
Adjustments to share capital	8	101.988.910	101.988.910
Share premiums		50.220.043	50.220.043
Other comprehensive income/(expense) not to be reclassified to profit/loss			
Gains/losses on revaluation and remeasurement			
- Increase on revaluation of property, plant and equipment		*3.390.578.808*	*3.433.690.830*
- Losses on re-measurement of defined benefit plans		*(2.611.089)*	*(1.995.920)*
Other comprehensive income/(expense) to be reclassified to profit/loss			
Losses on hedges			
- Losses on cash flow hedging		*(6.304.974)*	*(6.917.435)*
Restricted reserves			
- Legal reserves	*8*	*12.053.172*	*12.053.172*
- Other reserves		*(4.322.722)*	*(4.322.722)*
Accumulated losses		(4.399.380.949)	(3.357.696.513)
Net loss for the period		(449.466.961)	(1.084.796.458)
Total equity		**(578.081.762)**	**(128.612.093)**
TOTAL LIABILITIES AND EQUITY		**6.730.195.098**	**6.734.536.777**

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

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE INTERIM PERIODS BETWEEN 1 JANUARY – 31 MARCH 2021 AND 2020

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

	Notes	Current period Unaudited 1 January - 31 March 2021	Prior period Unaudited 1 January - 31 March 2020
Revenue	10	614.338.615	573.095.935
Cost of sales (-)	10	(543.706.206)	(524.975.593)
Gross profit		**70.632.409**	**48.120.342**
General administrative expenses (-)		(18.324.705)	(15.054.320)
Other operating income	12	33.643.724	8.852.313
Other operating expenses (-)	12	(24.188.489)	(20.829.355)
Operating profit/(loss)		**61.762.939**	**21.088.980**
Income from investing activities	13	25.703	182
Operating profit/(loss) before financial income/(expense)		**61.788.642**	**21.089.162**
Financial income	14	36.892.761	7.027.406
Financial expenses (-)	14	(646.843.388)	(429.562.906)
Profit/(loss) before tax		**(548.161.985)**	**(401.446.338)**
Tax income/(expense)			
Deferred tax income/(expense)	9	98.695.024	65.568.925
Net profit/(loss) for the period		**(449.466.961)**	**(335.877.413)**
Net profit/(loss) attributable to:			
Equity holders of the parent		(449.466.961)	(335.877.413)
Earnings/(losses) per share - TL		**(0,616)**	**(0,461)**

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

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIODS BETWEEN 1 JANUARY - 31 MARCH 2021 AND 2020

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

	Notes	Current period Unaudited 1 January - 31 March 2021	Prior period Unaudited 1 January - 31 March 2020
Net profit/(loss) for the period		**(449.466.961)**	**(335.877.413)**
Other comprehensive income/(expense)			
Not to be reclassified to profit or loss			
Increase on revaluation of property, plant and equipment		-	-
Deferred tax effect		-	(25.165)
Gains/(losses) on cash flow hedging		765.581	774.091
Deferred tax effect		(153.120)	(154.817)
Actuarial gain/(loss) arising from defined benefit plans		(768.961)	(384.793)
Deferred tax effect		153.792	76.959
Other comprehensive income/(expense)		**(2.708)**	**286.275**
Total comprehensive income/(expense)		**(449.469.669)**	**(335.591.138)**

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM PERIODS BETWEEN 1 JANUARY – 31 MARCH 2021 AND 2020

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

				Other comprehensive income /(expenses) not to be reclassified to profit or loss		Other comprehensive income /(expenses) to be reclassified to profit or loss	Restricted reserves				
	Share capital	Adjustments to share capital	Share premiums	Increase on revaluation of property, plant and equipment	Gains/(losses) on re-measurement of defined benefit plans)	Gains/(losses) on cash flow hedging (**)	Other reserves	Legal reserves	Retained earnings/ (accumulated losses)	Net loss for the period	Total equity
1 January 2020	**729.164.000**	**101.988.910**	**50.220.043**	**3.635.344.991**	**(1.442.122)**	**(9.408.118)**	**(4.322.722)**	**12.053.172**	**(2.811.757.372)**	**(740.673.273)**	**961.167.509**
Transfers	-	-	-	-	-	-	-	-	(740.673.273)	740.673.273	-
Total comprehensive expense	-	-	-	(25.165)	(307.834)	619.274	-	-	-	(335.877.413)	(335.591.138)
Other adjustments (*)	-	-	-	(53.731.594)	-	-	-	-	53.731.594	-	-
31 March 2020	**729.164.000**	**101.988.910**	**50.220.043**	**3.581.588.232**	**(1.749.956)**	**(8.788.844)**	**(4.322.722)**	**12.053.172**	**(3.498.699.051)**	**(335.877.413)**	**625.576.371**
1 January 2021	**729.164.000**	**101.988.910**	**50.220.043**	**3.433.690.830**	**(1.995.920)**	**(6.917.435)**	**(4.322.722)**	**12.053.172**	**(3.357.696.513)**	**(1.084.796.458)**	**(128.612.093)**
Transfers	-	-	-	-	-	-	-	-	(1.084.796.458)	1.084.796.458	-
Total comprehensive expense	-	-	-	-	(615.169)	612.461	-	-	-	(449.466.961)	(449.469.669)
Other adjustments (*)	-	-	-	(43.112.022)	-	-	-	-	43.112.022	-	-
31 March 2021	**729.164.000**	**101.988.910**	**50.220.043**	**3.390.578.808**	**(2.611.089)**	**(6.304.974)**	**(4.322.722)**	**12.053.172**	**(4.399.380.949)**	**(449.466.961)**	**(578.081.762)**

(*) As of 31 March 2021, the depreciation difference between the acquisition cost and the carrying values of the assets subject to revaluation method amounting to TL 43.112.022 (31 March 2020: TL 53.731.594) without a deferred tax effect, provided in increase on revaluation of property, plant and equipment were reclassified under retained earnings/(losses) in full amounts net of the deferred tax impact amounting to has been transferred from the increase on revaluation of property, plant and equipment to retained earnings).

(**) Since the Group has ceased to apply hedge accounting on 30 September 2015, "Gains/(losses) on cash flow hedging" which is included in equity, has been recognized in statement of profit or loss during the term of related contracts.

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIODS BETWEEN 1 JANUARY - 31 MARCH 2021 AND 2020

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

	Notes	Current period Unaudited 1 January – 31 March 2021	Prior period Unaudited 1 January – 31 March 2020
A. Cash flows from operating activities		**89.425**	**(6.735.290)**
Net profit/(loss) for the period		(449.466.961)	(335.877.413)
Adjustments to reconcile net profit/(loss) for the period		**595.061.537**	**441.811.434**
Adjustments for depreciation and amortisation expenses	11	65.695.242	80.216.340
Adjustments for provisions			
- Adjustment for provisions for employee benefits		1.658.978	1.898.847
- Adjustments for litigation provisions	6	2.098.245	639.971
- Adjustments for other provisions	6	4.314.781	78.675
Adjustments for interest income		(4.588.317)	(1.602.353)
Adjustments for interest expense		156.871.171	127.485.474
Adjustments for unrealized foreign exchange differences		473.611.576	274.769.430
Fair value adjustments			
-Adjustments for fair value of derivative financial instruments		(5.905.115)	23.894.157
Adjustments for tax (income)/expense		(98.695.024)	(65.568.925)
Adjustments for (gain)/loss on sale of property, plant and equipment	13	-	(182)
Changes in working capital		**(138.043.493)**	**(106.979.814)**
Increase/decrease in trade receivables from		584.348	(34.707.151)
Increase/decrease in other receivables from third parties		1.550.020	(3.765.382)
Increase/decrease in inventories		(1.187.998)	(867.855)
Increase/decrease in prepaid expenses		(42.414.957)	4.689.364
Increase/decrease in other assets		(10.229.429)	12.400.759
Increase/decrease in trade payables to third parties		(97.429.707)	(77.169.512)
Increase/decrease in derivative financial instruments		1.655.626	(269.181)
Increase/decrease in deferred income		(350.400)	(963.322)
Increase/decrease in employee benefit obligations		280.801	174.808
Increase/decrease in other payables to third parties		9.498.203	(6.502.342)
Cash flows from operating activities		**7.551.083**	**(1.045.793)**
Payments related to provisions for employee benefits		(7.232.699)	(5.471.728)
Tax (payments)/receipts		(228.959)	(217.769)
B. Cash flows from investing activities		**3.035.362**	**(4.769.865)**
Cash inflows due to sale of property, plant and equipment		3.933.397	2.199
Cash outflows due to purchase of property, plant and equipment	4	(801.448)	(4.736.174)
Cash outflows due to purchase of intangible assets	5	(96.587)	(35.890)
C. Cash flows from financing activities		**(46.040.582)**	**(10.249.321)**
Cash inflows on borrowings received	3	-	2.200.227
Cash outflows due to repayment of borrowings	3	-	(6.112.168)
Payments of lease liabilities	3	(8.277.726)	(6.555.400)
Interest paid	3	(1.395.462)	(1.128.067)
Interest received	14	4.588.306	1.602.353
Other cash inflows/(outflows) (*)		(40.955.700)	(256.266)
Net increase/(decrease) in cash and cash equivalents		**(42.915.795)**	**(21.754.476)**
Cash and cash equivalents at the beginning of the period (*)		**167.473.301**	**72.486.079**
Cash and cash equivalents at the end of the period (*)		**124.557.506**	**50.731.603**

(*) Cash and cash equivalents at the beginning of the period and at the end of the period does not include interest accruals and restricted deposits, and the changes in restricted deposits are provided in "Other cash inflows/(outflows)".

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

NOTE 1 - ORGANISATION OF GROUP AND NATURE OF OPERATIONS

Akenerji Elektrik Üretim A.Ş. ("the Company" or "Akenerji") is engaged in establishing, renting and operating facilities of electrical energy production plant, producing electricity and trading electricity to the customers. The Company was established by Akkök Sanayi Yatırım ve Geliştirme A.Ş. in 1989 (Akkök Sanayi Yatırım ve Geliştirme A.Ş. is registered as Akkök Holding A.Ş. on 13 May 2014). On 14 May 2009, the Company has become a joint venture between Akkök Holding A.Ş. and CEZ a.s.

The Company is registered in Turkey and its registered address is as follows;

Miralay Şefik Bey Sokak No: 15 Akhan Kat: 3-4 Gümüşsuyu/Istanbul - Turkey

The Company is registered to the Capital Markets Board ("CMB"), and its shares are publicly traded in Istanbul Stock Exchange ("ISE"). As of 31 March 2021, 52,83% of its shares are open for trading (31 December 2020: 52,83%).

As of 31 March 2021, the number of employees employed by Akenerji and its subsidiaries (Akenerji and its subsidiaries will be referred called as the "Group") is 248 (31 December 2020: 240).

These condensed consolidated financial statements for the interim period 31 March 2021 have been approved for the issue by the Board of Directors at 10 May 2021.

The nature of business and registered addresses of the entities included in the consolidation ("Subsidiaries") are presented below:

Subsidiaries	Nature of business	Registered address
Akenerji Elektrik Enerjisi İthalat-İhracat ve Toptan Ticaret A.Ş. ("Akenerji Toptan")	Electricity trading	Gümüşsuyu / Istanbul
Akel Kemah Elektrik Üretim ve Ticaret A.Ş. ("Akel Kemah")	Electricity production and trading	Gümüşsuyu / Istanbul
Akenerji Doğalgaz İthalat İhracat ve Toptan Ticaret A.Ş. ("Akenerji Doğalgaz")	Natural gas trading	Gümüşsuyu / Istanbul

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

Principles of Preparation of Interim Condensed Consolidated Financial Statements

The consolidated financial statements of the Group have been prepared in accordance with the Turkish Accounting Standards/Turkish Financial Reporting Standards, ("TAS/TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") in line with the communiqué numbered II - 14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board of Turkey ("CMB") published on Official Gazette dated 13 June 2013 and numbered 28676. TFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards ("IFRS") by the communiqués announced by POA.

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

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

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

In accordance with the TAS 34 "Interim Financial Reporting", entities are allowed to prepare a complete or condensed set of interim financial statements. In this respect, the Group has preferred to prepare condensed consolidated financial statements in the interim periods. Accordingly, these interim condensed consolidated financial statements does not include all required explanatory notes as should be provided and should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2020.

The Group and its Turkish subsidiaries, associates and joint ventures maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. The consolidated financial statements are based on the statutory records, which are maintained under historical cost conventions except for the derivative financial instruments, financial investmens and revaluated property, plant and equipment presented a fair values, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS/TFRS.

With the decision taken on March 17, 2005, the CMB announced that, effective from January 1, 2005, the application of inflation accounting is no longer required for companies operating in Turkey. The Group has prepared its condensed consolidated financial statements in accordance with this decision.

2.2 Basis of consolidation

a) The consolidated financial statements include the accounts of the parent company, Akenerji, and its Subsidiaries on the basis set out in sections (b) to (c) below. The financial statements of the companies included in the scope of consolidation have been prepared at the date of the consolidated financial statements and have been prepared in accordance with TAS/TFRS by applying uniform accounting policies and presentation. The results of operations of Subsidiaries are included or excluded from their effective dates of acquisition or disposal respectively.

b) Subsidiaries are companies in which Akenerji has the power to control the financial and operating policies for the benefit of itself, either through the power to exercise more than 50% of voting rights related to shares in the companies as a result of shares owned directly and/or indirectly by itself.

The table below sets out all Subsidiaries and demonstrates the proportion of ownership interest which is equal to the effective interest rate of the Group over the subsidiary as of 31 March 2021 and 31 December 2020:

	Direct and indirect ownership interest by the Company and its subsidiaries (%)	
Subsidiaries	**31 March 2021**	**31 December 2020**
Akenerji Toptan	100,00	100,00
Akenerji Doğalgaz	100,00	100,00
Akel Kemah	100,00	100,00

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are deconsolidated 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 Group.

Carrying values of the Subsidiaries' shares held by the Company are eliminated against the related equity of subsidiaries. Intercompany transactions and balances between Akenerji and its subsidiaries are eliminated on consolidation. Dividends arising from shares held by the Company in its subsidiaries are eliminated from income for the period and equity, respectively.

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

2.3 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as at 31 March 2021 are consistent with those of the previous financial year, except for the adoption of new and amended TAS/TFRS and TFRIC interpretations effective as of 1 January 2020. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at 31 March 2021 are as follows:

- Amendments to IAS 1 and IAS 8 on the definition of material
- Amendments to IFRS 3 - definition of a business
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform

ii) Standards, amendments and interpretations that are issued but not effective as at 31 March 2021

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

- Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions
- IFRS 17, 'Insurance contracts'
- Amendments to IAS 1, Presentation of financial statements' on classification of liabilities
- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16
- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2
- Amendments to IFRS 17 and IFRS 4, 'Insurance contracts', deferral of IFRS 9

The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

2.4 Restatement and errors in the accounting policies and estimates

Any change in the accounting policies resulted from the first time adoption of a new standard is made either retrospectively or prospectively in accordance with the transition requirements. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. If changes in accounting estimates are related to only one period, they are recognised in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively.

2.5 Comparatives and restatement of prior year financial statements

The Group prepares comparative consolidated financial statements, to enable readers to determine financial position and performance trends. For the purposes of effective comparison, comparative financial statements can be reclassified when deemed necessary by the Group, where descriptions on significant differences are disclosed.

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

2.6 Critical accounting estimates and judgments

The preparation of condensed consolidated financial statements necessitates the use of estimates and judgments that affect asset and liability amounts reported as of the balance sheet date, explanations of contingent liabilities and assets; and income judgments and expense amounts reported for the accounting period. Although these estimates and assumptions are based on all management information related to the events and transactions, actual results may differ from them.

The estimates and judgments that are material to the carrying values of assets and liabilities are outlined below:

Deferred tax assets for the carry forward tax losses:

Deferred tax assets are accounted for only where it is likely that related temporary differences and accumulated losses will be recovered through expected future profits or will be offsetted from the deferred tax liabilities incurred on the temporary differences will be recovered at the same date.

As a result of the studies performed, the Group recognized deferred tax assets on carry forward tax losses amounting to TL 13.285.796 (31 December 2020: TL 15.769.799) as of 31 March 2021. The related deferred tax asset is calculated based on the net income projections of the Group and deferred tax liabilities will be recovered for the foreseeable future. If the net income projections which are explained in are not realized or temporary differences of deferred tax assets and liabilities are recovered in a different period, related deferred tax assets for the carry forward tax losses will be accounted as an expense in the 1.486.905.632 (31 December 2020: TL 1.283.128.186), the Group did not recognize deferred tax assets since the Group believes those will not be utilized in the foreseeable future.

Explanations for revaluation method and fair value measurement

The Group has chosen revaluation method instead of historical cost model as an accounting policy among application methods mentioned under TAS 16 for lands, land improvements, buildings, machinery and equipment belonging its power plants commencing from 30 September 2015.

An independent valuation firm has been authorized for revalution because using of long term price, generation, and capacity utilization forecasts which are sensitive to sectoral and economic variables and also complexity of inputs and calculations. As of 31 December 2019, the fair value which is determined with valuation study by an independent valuation company which has CMB licence, is used for lands, land improvements, buildings, machinery and equipment.

Since long term electiricty prices are the most important inputs of "Income Approach - discounted cash flow analysis", an independent consultancy and technology firm, which operates in energy market, has been hired. The most important inputs of model determine long term electiricty prices are; long term electricity demand , enterance of new plants, exit of old plant, renewable total capacity, evolution of capacity factor, natural gas and coal prices, evolution of electricity import-export, and devolopment in the efficiency of thermal plants.

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

The increase in the prospective electricity prices used in the aforementioned valuation studies will cause an increase in the production of the Erzin natural gas combined cycle power plant and will increase the fair value of the plant. The increase in the prospective electricity prices used in the model will cause an increase in the production of Erzin natural gas combined cycle power plant and increase the revenue in HEPP and WPPs and increase the fair value of the power plants. Production estimates are; It was created by benefiting from the production estimates and past production data used in the feasibility studies in HEPPs and Ayyıldız and calculated with the hydrology information of the past 50 years. The discount rate used in valuation models based on USD is 8%.

2.7 Important events occured during the period

The Group evaluated the possible impact of the COVID - 19 epidemic that affected the whole World while preparing its consolidated financial statements as of 31 March 2021, reviewed the estimates and assumptions used in the preparation of the consolidated financial statements, and did not encounter any issues that require adjustment to the consolidated financial statements.

2.8 Going concern

The Group considers it is appropriate to prepare its consolidated financial statements on a going concern basis in a foreseeable future.

In the period ended as of March 31, 2020, the Group generated revenues from the Renewable Energy Resources Support Mechanism ("YEKDEM") with the increase in the production of renewable power plants due to environmental factors, and in addition to this, a high level of operational availability and ancillary services market operations (Primary Frequency Control and Secondary Frequency Control services), as a result of the revenues obtained, a significant increase has occurred in the consolidated gross margin of the Group. As a result of the liquidity decrease in the Turkey energy derivatives market, the Group has reached a volume of 231 GWh including physical electricity exports and financial transactions, it intensified commercial activity in this area and increased foreign exchange revenue.

Natural gas purchases have an important place in the production costs due to the production activities of the Group's Erzin combined natural gas conversion plant. Having completed the 2020 gas supply planning and preparations in 2019, activating the Akenerji Doğalgaz company the Group diversifies the natural gas supply of the Erzin power plant from the free market and BOTAŞ. In this way, it provides natural gas supply with lower prices than the BOTAŞ tariff from the spot natural gas market and / or private sector, so as to provide cost advantage and increase in production. With the same motivation in 2021, Akenerji Natural Gas Company continued this activity and increased the procurement rates from alternative sources, and thanks to the supplies made from the private supplier and EPİAŞ Continous Trading Platrform (CTP) during the first quarter, it has achieved significant savings by supplying natural gas at low prices. With its experience in procurement costs and operational management, the Group is among the prominent companies in the sector in terms of natural gas costs.

The Group has been extended its liabilities to 13 years by restructuring its USD 859 million loan and also restructuring the payment of the loan condition to 1.5 year without any payment as TL and USD on 11 November 2019 which signed with Yapı ve Kredi Bankası A.Ş. as the implementation of "Financial Restructuring". With the aforementioned Loan Agreement, the repayment schedule of the loan was arranged according to the estimated cash-generating capacity of the Group, which has been a factor that reduced the pressure on the cash flow, thereby positively affecting the financial sustainability and competitive strength of the Group. In addition, decreasing the tranches of USD liabilities within total bank loans from 87% to 55% has also significantly reduced the foreign currency risk the Group is exposed to.

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

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

With the Communique of Ministry of Commerce issued on the official gazette dated 15 September 2018 regarding the regulation on loss of capital and excess of liabilities over assets in relation to Article 376 of Turkish Commercial Code numbered 6102, it has been decided that, unrealized foreign exchange losses incurred from the foreign exchange based financial liabilities which are not yet fulfilled can be excluded on the calculation of loss of capital and excess of liabilities over assets. With the amendment made dated on 26 December 2020 in the provisional article 1 of the Communiqué on the Procedures and Principles regarding the implementation of Article 376 of the Turkish Commercial Code, until January 1, 2023, in calculations regarding capital loss or being insolvent, all of the exchange difference losses arising from foreign currency liabilities that have not yet been performed It has been arranged that half of the total of the expenses, depreciation and personnel expenses incurred in 2020 and 2021 from leases may not be taken into account. In relation to this regulation, it is calculated that, unrealized foreign exchange losses recognised under retained earnings/(losses) amounting to TL 1.338.352.494 and recognised under consolidated statement of profit or loss amounting to TL 510.407.198, in total amounting to TL 1.848.759.692 will be excluded on the calculation of loss of capital and excess of liabilities over assets by adding back to the total equity. Accordingly, there is no either issue of loss of capital or excess of liabilities over assets for the Group. The Group, as aware of all of its short term and long term liabilities, has been taking the necessary actions maintain its operations in a healthy financial structure within the framework of proactive approach.

NOTE 3 - BORROWINGS

The details of borrowings of the Group as of 31 March 2021 and 31 December 2020 are as follows:

	31 March 2021	31 December 2020
Short-term portion of long term borrowings		
-Bank loans	285.399.510	246.601.779
-Lease liabilities	13.231.492	12.557.974
Total short-term portion of long term borrowings	**298.631.002**	**259.159.753**
Long term borrowings		
-Bank loans	6.291.220.420	5.722.328.669
-Lease liabilities	102.730.697	100.875.010
Total long term borrowings	**6.393.951.117**	**5.823.203.679**
Total short term and long term borrowings	**6.692.582.119**	**6.082.363.432**

Letters of guarantee given, pledges and mortgages related to financial liabilities are disclosed in Note 6.

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

NOTE 3 - BORROWINGS (Continued)

As of 31 March 2021 and 31 December 2020, the original currencies and weighted average interest rates for short and long-term financial liabilities are as follows:

				31 March 2021
	Currency	Effective Interest rate %	Original Amount	Amount in TL
Short - term portion of long - term bank loans	USD	7,90	34.278.106	285.399.510
Short - term portion of long - term lease liabilities	EUR	3,41	1.384.345	13.530.720
Interest cost of short - term portion of long - term lease liabilities (-)	EUR	3,40	(285.792)	(2.793.362)
Short - term portion of long - term lease liabilities	TL	17,28	2.494.134	2.494.134
Total short-term borrowings				**298.631.002**
Long term bank loans	USD	7,90	441.942.980	3.679.617.251
Long term bank loans	TL	12,28	2.611.603.169	2.611.603.169
Long - term lease liabilities	EUR	3,40	9.190.116	89.825.115
Interest cost of long - term lease liabilities (-)	EUR	3,40	(1.542.869)	(15.080.154)
Long - term lease liabilities	TL	17,28	27.985.736	27.985.736
Total long-term borrowings				**6.393.951.117**

				31 December 2020
	Currency	Effective Interest rate %	Original Amount	Amount in TL
Short - term portion of long - term bank loans	USD	7,90	33.594.684	246.601.779
Short - term portion of long - term lease liabilities	EUR	3,42	1.480.044	13.332.092
Interest cost of short - term portion of long - term lease liabilities (-)	EUR	3,40	(302.889)	(2.728.394)
Short - term portion of long - term lease liabilities	TL	17,46	1.954.276	1.954.276
Total short-term borrowings				**259.159.753**
Long term bank loans	USD	7,90	433.795.768	3.184.277.834
Long term bank loans	TL	12,28	2.538.050.835	2.538.050.835
Long - term lease liabilities	EUR	3,40	9.845.124	88.683.896
Interest cost of long - term lease liabilities (-)	EUR	3,40	(1.681.455)	(15.146.377)
Long - term lease liabilities	TL	17,46	27.337.491	27.337.491
Total long-term borrowings				**5.823.203.679**

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

NOTE 3 - BORROWINGS (Continued)

As of 31 March 2021, all of the Euro finance lease liabilities of the Group are subject to floating interest rate of Euribor + 3,4% (31 December 2020: All of the Euro finance lease liabilities of the Group are subject to floating interest rate of Euribor + 3,4%).

The details of redemption schedule of the long term bank borrowings as of 31 March 2021 and 31 December 2020 are as follows:

	31 March 2021	31 December 2020
Up to 1 - 2 years	289.545.955	250.184.550
Up to 2 - 3 years	259.703.471	224.398.907
Up to 3 - 4 years	3.767.603.807	3.541.777.106
Up to 4 - 5 years	265.638.937	229.527.495
More than 5 years	1.708.728.250	1.476.440.611
	6.291.220.420	**5.722.328.669**

The principal repayment schedule of the Group's long-term finance lease obligations as at 31 March 2021 and 31 December 2020 is as follows:

	31 March 2021	31 December 2020
Up to 1-2 years	12.586.984	11.237.255
Up to 2-3 years	12.687.464	11.137.108
Up to 3-4 years	11.487.964	10.795.238
Up to 4-5 years	11.493.177	10.414.862
Up to 5-6 years	11.891.821	10.776.034
Up to 6-7 years	12.295.126	11.150.325
Up to 7-8 years	7.116.724	11.528.206
Up to 8-9 years	70.243	776.112
Up to 9-10 years	81.819	73.034
More than 10 years	23.019.375	22.986.836
	102.730.697	**100.875.010**

As of 31 March 2021 and 2020, the movements of borrowings are as follows:

	2021	2020
1 January	**6.082.363.432**	**5.098.567.768**
Change in unrealized foreign exchange differences	473.611.576	274.769.430
Change in interest acrruals	142.589.668	120.879.109
Changes in lease liabilities	3.690.631	4.452.814
Cash flow impact	(9.673.188)	(11.595.408)
31 March	**6.692.582.119**	**5.487.073.713**

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

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2021	Additions	Transfers	Disposals	31 March 2021
Cost					
Lands	281.604	-	-	-	281.604
Land improvements (*)	3.548.054.553	-	-	(2.715.579)	3.545.338.974
Buildings	768.945.929	-	-	(1.250.703)	767.695.226
Machinery and equipment (**)	3.023.010.773	529.151	-	-	3.023.539.924
Motor vehicles	1.614.793	-	-	-	1.614.793
Furnitures and fixtures	12.432.469	221.677	-	-	12.654.146
Leasehold improvements	4.387.138	50.620	-	-	4.437.758
Construction in progress	31.519.284	-	-	-	31.519.284
	7.390.246.543	**801.448**	**-**	**(3.966.282)**	**7.387.081.709**
Accumulated depreciation					
Land improvements	(438.057.666)	(27.426.141)	-	23.410	(465.460.397)
Buildings	(83.690.735)	(5.278.646)	-	9.475	(88.959.906)
Machinery and equipment	(670.791.066)	(31.346.390)	-	-	(702.137.456)
Motor vehicles	(1.002.251)	(67.377)	-	-	(1.069.628)
Furnitures and fixtures	(9.106.818)	(185.028)	-	-	(9.291.846)
Leasehold improvements	(1.069.298)	(65.586)	-	-	(1.134.884)
	(1.203.717.834)	**(64.369.168)**	-	**32.885**	**(1.268.054.117)**
Net book value	**6.186.528.709**		**-**	**-**	**6.119.027.592**

(*) Within the capacity increase project of Ayyıldız wind power plant, the cost of land improvement acquired through finance lease on 27 January 2017 is amounting to TL 495.485. As of 31 March 2021, the total amount of accumulated depreciation of related land improvement is TL 55.416.

(**) Within the capacity increase project of Ayyıldız wind power plant, the cost of machinery and equipment acquired through finance lease on 27 January 2017 is amounting to TL 49.219.854. As of 31 March 2021, the total amount of accumulated depreciation of the related machinery and equipment is TL 20.918.438.

Current period depreciation expense amounting to TL 64.191.917 has been included in cost of sales and TL 177.251 has been included in general administrative expenses.

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

NOTE 4 – PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2020	Additions	Transfers (***)	Disposals	31 March 2020
Cost					
Lands	281.604	-	-	-	281.604
Land improvements (*)	3.533.196.145	144.169	-	-	3.533.340.314
Buildings	766.660.909	1.700.000	-	-	768.360.909
Machinery and equipment (**)	3.027.499.249	126.527	2.350.569	-	3.029.976.345
Motor vehicles	1.610.896	-	-	-	1.610.896
Furnitures and fixtures	11.341.659	144.282	-	(2.200)	11.483.741
Leasehold improvements	1.759.367	144.450	-	-	1.903.817
Construction in progress	36.506.648	2.476.746	(2.350.569)	-	36.632.825
	7.378.856.477	**4.736.174**	**-**	**(2.200)**	**7.383.590.451**
Accumulated depreciation					
Land improvements	(321.739.933)	(30.806.143)	-	-	(352.546.076)
Buildings	(62.592.718)	(5.260.332)	-	-	(67.853.050)
Machinery and equipment	(524.502.489)	(42.458.029)	-	-	(566.960.518)
Motor vehicles	(734.368)	(66.889)	-	-	(801.257)
Furnitures and fixtures	(8.466.844)	(154.341)	-	183	(8.621.002)
Leasehold improvements	(950.132)	(24.957)	-	-	(975.089)
	(918.986.484)	**(78.770.691)**	**-**	**183**	**(997.756.992)**
Net book value	**6.459.869.993**				**6.385.833.459**

(*) Within the capacity increase project of Ayyıldız wind power plant, the cost of land improvement acquired through finance lease on 27 January 2017 is amounting to TL 495.485. As of 31 March 2020, the total amount of accumulated depreciation of related land improvement is TL 42.377.

(**) Within the capacity increase project of Ayyıldız wind power plant, the cost of machinery and equipment acquired through finance lease on 27 January 2017 is amounting to TL 49.219.854. As of 31 March 2020, the total amount of accumulated depreciation of the related machinery and equipment is TL 15.996.453.

(***) Comprised of the maintenance costs for the Erzin power plant.

Current period depreciation expense amounting to TL 78.642.808 has been included in cost of sales and TL 127.883 has been included in general administrative expenses.

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

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT (Continued)

There are no borrowing costs capitalized in the cost of construction in progress for the period ended 31 March 2021 (31 March 2020: None).

Details of the guarantees, pledges and mortgages on property, plant and equipment as of 31 March 2021 and 31 December 2020 are disclosed in Note 6.

NOTE 5 - INTANGIBLE ASSETS

	1 January 2021	Additions	Transfers	Disposals	31 March 2021
Costs					
Rights	7.948.834	96.587	-	-	8.045.421
Licenses	126.007.599	-	-	-	126.007.599
	133.956.433	**96.587**	**-**	**-**	**134.053.020**
Accumulated amortisation					
Rights	(6.267.299)	(104.794)	-	-	(6.372.093)
Licenses	(21.662.872)	(431.357)	-	-	(22.094.229)
	(27.930.171)	**(536.151)**	**-**	**-**	**(28.466.322)**
Net book value	**106.026.262**				**105.586.698**

	1 January 2020	Additions	Transfers	Disposals	31 March 2020
Costs					
Rights	7.812.361	35.890	-	-	7.848.251
Licenses	126.007.599	-	-	-	126.007.599
	133.819.960	**35.890**	**-**	**-**	**133.855.850**
Accumulated amortisation					
Rights	(5.327.913)	(252.387)	-	-	(5.580.300)
Licenses	(19.936.896)	(431.595)	-	-	(20.368.491)
	(25.264.809)	**(683.982)**	**-**	**-**	**(25.948.791)**
Net book value	**108.555.151**				**107.907.059**

(*) Comprised of transfer from property,plant and equipment.

Current period amortisation expense amounting to TL 52.985 (31 March 2020: TL 54.971) has been included in cost of sales and remaining TL 483.166 (31 March 2020: TL 629.011) has been included in general administrative expenses.

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

NOTE 6 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a) Other short - term provisions

As of 31 March 2021, there are various lawsuits against or in favor of the Group. The Group management estimates the outcomes of these lawsuits and the financial effects thereof, and the required provisions are accounted for based on these estimates. The amount of provisions for the lawsuits as of 31 March 2021 is TL 38.629.515 (31 December 2020: TL 36.531.270).

	31 March 2021	**31 December 2020**
Litigation provision	38.629.515	36.531.270
Periodical maintenance provisions	8.215.254	3.900.473
	46.844.769	**40.431.743**

The movements of litigation provision are as follows:

	2021	**2020**
1 January	**36.531.270**	**31.516.633**
Current period charges (*)	2.501.899	458.646
Interest charges of litigation provision	669.792	660.036
Released provisions	(1.073.446)	(478.711)
31 March	**38.629.515**	**32.156.604**

(*) Current period charges consist of additional litigation provision amounting to TL 2.501.899 (31 March 2020: TL 458.646) and interest expense arising from existing litigation amounting to TL 669.792 (31 March 2020: TL 660.036).

b) Contingent liabilities

- **Guarantees given**

The commitments and contingent liabilities of the Group those are not expected to be resulted in a significant loss or liability to the Group are summarized below:

		31 March 2021		31 December 2020	
	Original currency	**Original Amount**	**TL equivalent**	**Original Amount**	**TL Equivalent**
Letters of guarantees given	TL	130.043.276	130.043.276	127.300.676	127.300.676
	USD	8.190.000	68.189.940	8.190.000	60.118.695
	EUR	200.000	1.954.820	200.000	1.801.580
			200.188.036		**189.220.951**

Guarantees given, in general, are comprised of the letters of guarantees given to the several institutions and organizations within the operations of the Group (to EMRA, vendors whom electricity purchased and electricity transmission and distribution related government authorities, to the tax authorities within the scope of VAT returns) and to the judicial authorities for some of the on-going lawsuits.

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

NOTE 6 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Guarantees, pledges, mortgages ("GPM") given by the Group as of 31 March 2021 and 31 December 2020 are as follows:

		31 March 2021		31 December 2020	
	Currency	**Original currency**	**TL equivalent**	**Original currency**	**TL equivalent**
GPMs given by the Group					
A. GPMs given for companies' own legal entity	TL	6.548.504.119	6.548.504.119	6.545.761.519	6.545.761.519
	USD	925.705.600	7.707.424.826	925.705.600	6.795.141.957
	EUR	200.000	1.954.820	200.000	1.801.580
B.Total amount of GPM given for the subsidiaries and associates in the scope of consolidation	-	-	-	-	-
C.Total amount of GPM given for the purpose of maintaining operating activities	-	-	-	-	-
D.Total other GPMs given	-	-	-	-	-
i) Total amount of CPMB's given on behalf of the majority shareholder	-	-	-	-	-
ii) Total amount of CPMB's given to on behalf of other which are not in scope of B and C.	-	-	-	-	-
iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C.	-	-	-	-	-
			14.257.883.765		**13.342.705.056**

Details of the guarantees given by Akenerji for its own legal entity as of 31 March 2021 are as follows:

As of 11 November 2019, within the scope of financial restructuring between our company Akenerji ("Borrower") and Yapı ve Kredi Bankası A.Ş., a total of USD 859 million refinancing loan agreement for the maturity of 13 years has been concluded, in order to provide refinancing and maturity extension of all existing debts of our company. In addition to the related loan agreement, Akenerji signed agreements for the Transfer of Receivables, Transfer of Epiaş Receivables, Real Estate and Supreme Rights to constitute the collateral of the refinancing loans amounting to USD 465 million and TL 2.271.037.258. In accordance with the Movable Pledge Agreements signed between Akenerji and the Bank, a movable pledge with a total value of TL 6.418.460.843 and a second order of USD 917.515.600 has been established, creating an upper limit for Akenerji. In addition, Yapı ve Kredi Bankası A.Ş. has been determined as a pledge creditor in the insurance policies of power plants as a crew.

As of 31 March 2021, GPMs given by the Group to equity ratio is -2.466% (31 December 2020: -10.374%).

- **Sales and purchase commitments**

Electricity sales and purchase commitments:

The Group has committed to sell 942.777 MWh of physical electricity energy within the scope of electricity energy sales contracts made with energy companies in 2021 and as of 31 March 2021, 876.777 MWh of the electricity energy was comitted to be sold is completed.

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

NOTE 6 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The Group has commited to purchase 77.842 MWh of physical electricity energy within the scope of electricity energy purchase agreements with energy companies in 2021 and as of 31 March 2021, 44.842 MWh of the electricity enerji was committed to be purchased is completed.

As of 31 March 2021, the Group does not have any physical purchase or sales electricity protocols that it has committed to perform in 2022 and beyond.

Natural gas puchase commitments:

In 2021, the Group provides 60% of its natural gas supply by Botaş and 40% from the natural gas wholesale company owned by Akenerji. The minimum purchase commitment amount is available only for the Botaş contract in accordance with the agreements made within this scope.

The Group does not foresee any risk of take or pay obligations for 2021, as the consumption for the first 3 months was realized above the consumption commitment of the Botaş Agreement. Based on the contract made with Botaş, there is a minimum purchase commitment of 317.526.245 cm^3 to be executed in 2021, and as of the first quarter, approximately 40% of the minimum purchase commitment has been completed. The Group does not have any minimum purchase commitments regarding the Botaş contracts of the previous years.

Other matters

Kemah Hydroelectric Power Plant project in the Group, which is 198 MW of installed power higher, reservoir capacity, and also with Turkey's leading locations of hydropower projects. The State Hydraulic Works Final Project approval process of the project, which is planned to be established in Erzincan and expected to generate an average of 560 GWh of electricity per year, was completed in 2017, the license was modified in 2020 and the pre - construction period was extended. The currently working Kemah HPP passes through the lake area will be under water (inundated) after the completion of the project. The relocation of this line will be made by the state as a public investment, and it will be included in the upcoming investment plan by Turkey Republic State Railways and the Ministry of Transport.The Group plans to make the necessary preparatory work for the project after mentioned relocation plan realized. As of March 31, 2021, the carrying value of the related investment in the statement of financial positionof the Group is TL 84.697.943.

c) Contingent assets

Guarantees received

		31 March 2021		31 December 2020	
	Currency	**Original Currency**	**TL Equivalent**	**Original currency**	**TL Equivalent**
Letters of guarantees received	TL	5.868.255	5.868.255	43.008.307	43.008.307
	EURO	1.026.250	10.030.670	1.026.250	9.244.357
	USD	32.500	270.595	4.000	29.362
Notes of guarantees received	TL	2.752.432	2.752.432	2.752.432	2.752.432
	USD	4.340.544	36.139.369	4.340.544	31.861.763
	EURO	33.800	330.365	33.800	304.467
	GBP	5.675	64.879	5.675	56.431
Cheques of guarantees received	TL	106.000	106.000	106.000	106.000
	USD	16.650	138.628	16.650	122.219
Mortgages received	TL	3.242.000	3.242.000	3.242.000	3.242.000
			58.943.193		**90.727.338**

Letters of guarantees received, in general, comprised of the letters of guarantees received from the customers in relation to the Group's electricity sales operations.

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

NOTE 7 - DERIVATIVE FINANCIAL INSTRUMENTS

	31 March 2021		31 December 2020	
	Contract amount	**Fair value**	**Contract amount**	**Fair value**
Forward contracts				
- Short - term	61.612.400	5.485.899	-	-
- Long - term	24.561.700	2.101.145	-	-
Forward term electricity purchase and sale contracts				
- Short - term	57.742.974	13.811.781	39.873.831	10.470.084
Derivative financial assets	**143.917.074**	**21.398.825**	**39.873.831**	**10.470.084**
Interest rate swaps				
- Short - term	304.756.578	17.372.002	268.684.322	15.525.001
- Long - term	669.980.731	38.190.829	590.679.024	34.130.367
Forward contracts				
- Short - term	-	-	55.414.066	2.251.799
- Long - term	-	-	14.313.975	554.041
Forward term electricity purchase and sale contracts				
- Short - term	58.749.729	13.272.928	52.145.967	9.695.301
Derivative financial liabilities	**1.033.487.038**	**68.835.759**	**981.237.354**	**62.156.509**

Movement of derivative instruments during the period is as follows:

	2021	**2020**
1 January	**(51.686.425)**	**(34.381.686)**
To be reclassified to profit or loss	4.249.491	(23.624.976)
- Financial income/(expense)	4.485.421	(24.928.474)
- Other operating income/(expenxse)	(235.930)	1.303.498
31 March	**(47.436.934)**	**(58.006.662)**

NOTE 8 - EQUITY

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

Share capital

Akenerji adopted the registered capital system applicable to the companies registered on the CMB and defined a limit to its registered capital for shares whose nominal value is TL 1 ("One Turkish Lira"). As of 31 March 2021 and 31 December 2020 the share capital held is as follows:

	31 March 2021	31 December 2020
Limit on registered share capital (historical)	1.500.000.000	1.500.000.000
Issued capital	729.164.000	729.164.000

The Company's shareholders and shareholding structure as of 31 March 2021 and 31 December 2020 are as follows:

	31 March 2021		31 December 2020	
	Share (%)	Amount	Share (%)	Amount
CEZ a.s.	37,36	272.425.943	37,36	272.425.943
Akkök Holding A.Ş.	20,43	148.989.090	20,43	148.989.090
Akarsu Enerji Yatırımları San. ve Ticaret A.Ş. ("Akarsu")	16,93	123.436.852	16,93	123.436.852
Publicly held	25,28	184.312.115	25,28	184.312.115
		729.164.000		**729.164.000**
Adjustment to share capital		101.988.910		101.988.910
Total paid-in capital		**831.152.910**		**831.152.910**

The share capital of the Company consists of 72.916.400.000 shares with a nominal value of 1 Kr for each where no privilege rights are provided for any kind of shares.

Share premium

Share premiums presented in the consolidated financial statements represent the proceeds from the excess of the amount of shares compared to their nominal values.

Reserves

	31 March 2021	31 December 2020
Legal reserves	12.053.172	12.053.172
	12.053.172	**12.053.172**

Turkish Commercial Code stipulates that the legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's paid-in share capital. Other legal reserve is appropriated out of 10% of the distributable income after 5% dividend is paid to shareholders. Under the TCC, legal reserves can only be used for compensating losses, continuing operations in severe conditions or preventing unemployment and taking actions for relieving its effects in case general legal reserves does not exceed half of paid-in capital or issued capital.

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

NOTE 9 - TAX ASSETS AND LIABILITIES

	31 March 2021	31 December 2020
Prepaid taxes	(1.277.078)	(1.048.119)
Current income tax liabilities/ (Current income tax assets), net	**(1.277.078)**	**(1.048.119)**

Corporation tax

The Group is subject to corporate tax in Turkey. Necessary provisions have been made in the financial statements for the estimated tax liabilities of the Group related to the current period activity results.

The corporate tax rate in Turkey is 20%. However, in accordance with the provisional article 10 added to the Corporate Tax Law, the corporate tax rate of 20% will be applied as 25% for the corporate earnings for the 2021 taxation period and 23% within the corporate income for the 2022 taxation period. The corporate tax rate is applied to the net corporate income to be found as a result of adding the non-deductible expenses to the commercial earnings of the companies, and deducting the exemptions and deductions stated in the tax laws. Losses can be carried forward for offset against future taxable income for up to 5 years. However, the resulting losses cannot be deducted retrospectively from the profits of previous years.

In Turkey, there is no practice to reconcile with the tax authority on taxes payable. The corporate tax return is submitted until the evening of the 30th day of the fourth month following the end of the accounting period and is paid until the end of the month.

Companies in Turkey calculate temporary tax at the rate of 20% over their quarterly financial profits (25% for the taxation period of 2021, 23% for the taxation period of 2022, 20% for the following years) and declared until the 17th day of the second month following that period. pay by the evening of the seventeenth day. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated over the corporate tax return to be submitted in the following year. Despite the deduction, if there is an amount of advance tax paid, this amount can be refunded or deducted in cash.

Income tax withholding

Limited taxpayer that earn income through by a permanent establishment or permanent representative and paid to companies (dividends) resident in Turkey not subject to withholding tax. Dividend payments made to persons other than these are subject to 15% withholding tax. The profit included to the capital is not a profit distribution.

The details of tax income / expense for the period ended 31 March 2021 and 2020 are as follows:

	1 January - 31 March 2021	1 January - 31 March 2020
Deferred tax(expense)/income	98.695.024	65.568.925
	98.695.024	**65.568.925**

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

NOTE 9 - TAX ASSETS AND LIABILITIES (Continued)

Deferred taxes

	31 March 2021	31 December 2020
Deferred tax assets	3.979.442	4.176.768
Deferred tax liabilities	(142.056.917)	(240.949.948)
Deferred tax assets, net	**(138.077.475)**	**(236.773.180)**

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising from its financial statements prepared in compliance with TAS and its statutory tax financial statements. The temporary differences usually result from the recognition of revenue and expenses in different reporting periods according to TAS and Tax Laws.

The tax rate used in the calculation of deferred tax assets and liabilities is 20%. (25% for temporary differences expected to close in 2021, 23% for temporary differences expected to close in 2022 and 20% for temporary differences expected to close in the following years).

The breakdown of cumulative temporary differences and the resulting deferred tax assets/liabilities provided using principal tax rates is as follows:

	Total temporary differences		**Deferred tax assets/(liabilities)**	
	31 March 2021	**31 December 2020**	**31 March 2021**	**31 December 2020**
Deferred tax assets on tax losses	(13.285.796)	(15.769.799)	3.321.449	3.469.356
Derivative financial instruments	538.856	-	(134.714)	-
Investment incentives (*)	(153.315.485)	(141.682.127)	30.663.097	28.336.425
Provisions for lawsuits	(2.199.088)	(3.115.125)	549.772	623.025
Provision for employment termination benefit	(5.856.945)	(5.202.610)	1.171.389	1.040.522
Provision for unused vacations	(406.274)	(282.299)	81.255	56.460
Adjustments to property, plant and equipment	739.389.308	1.198.902.547	(140.529.440)	(239.780.509)
Adjustments to borrowings	170.851.981	153.141.636	(33.463.083)	(30.628.327)
Other	(1.051.200)	(626.817)	262.800	109.868
Deferred tax assets/(liabilities), net			**(138.077.475)**	**(236.773.180)**

(*) Within the scope of former Article 19 of Income Taxation Law, the related amount of investment incentive is mainly due to investment expenditures of Uluabat HEPP.

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

NOTE 9 - TAX ASSETS AND LIABILITIES (Continued)

Details of tax losses on which deferred taxes are recognized, along with the year it is incurred and the maximum year it can be utilized, are provided below:

Year incurred	Year can be used	31 March 2021	31 December 2020
2017	2022	1.765.528	4.095.277
2019	2024	9.926.854	10.181.258
2020	2025	1.593.414	1.493.264
		13.285.796	**15.769.799**

Details of tax losses on which deferred taxes are not recognized, along with the year it is incurred and the maximum year it can be utilized, are provided below:

Year incurred	Year can be used	31 March 2021	31 December 2020
2016	2021	104.375.065	104.375.065
2017	2022	86.943.115	86.943.115
2018	2023	296.812.402	296.812.402
2019	2024	266.523.719	266.523.719
2020	2025	525.151.464	528.473.885
		1.279.805.765	**1.283.128.186**

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

NOTE 10 - REVENUE AND COST OF SALES

a) Revenue

	1 January- 31 March 2021	1 January- 31 March 2020
Electricity sales revenue	437.875.338	404.415.494
Revenue on sharing of instability savings	75.251.660	90.450.273
Revenue on loading instructions	54.145.135	25.783.171
Revenue on seconder frequency control	20.127.516	22.687.940
Revenue on capacity mechanism	18.605.210	18.263.446
Other revenues	8.333.756	11.495.611
	614.338.615	**573.095.935**

b) Cost of sales

	1 January- 31 March 2021	1 January- 31 March 2020
Direct raw materials consumed and cost of electricity purchased(*)	441.737.544	421.944.637
Depreciation and amortisation expenses	64.416.694	78.847.602
Maintenance and repair expenses	19.966.411	7.131.644
Personnel expenses	10.675.527	9.002.993
Insurance expenses	3.824.885	3.822.874
Other materials and spare parts consumed	1.117.452	662.314
Other expenses	1.967.693	3.563.529
	543.706.206	**524.975.593**

(*) Direct raw materials consumed comprised of cost of natural gas purchased, cost of energy purchased, imbalance sharing costs, system usage costs, and etc.

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

NOTE 11- EXPENSES BY NATURE

	1 January- 31 March 2021	**1 January- 31 March 2020**
Direct raw materials consumed and cost of electricity purchased (*)	441.737.544	421.944.637
Depreciation and amortisation expenses (**)	65.695.243	80.216.340
Maintenance and repair expenses	19.966.411	7.131.644
Personnel expenses (***)	19.526.361	16.181.274
Insurance expenses (****)	3.897.527	3.884.400
Consultancy expenses	1.900.873	704.630
Advertising and sponsorship expenses	1.361.889	1.260.150
Taxes and duties	1.355.490	1.630.869
IT expenses	1.313.241	940.727
Other materials and spare parts consumed	1.117.452	662.314
Office expenses	798.979	717.839
Vehicle expenses	212.466	200.734
Travel expenses	136.050	143.536
Other expenses	3.011.385	4.410.819
	562.030.911	**540.029.913**

(*) Direct raw materials consumed comprised of cost of natural gas purchased, cost of energy purchased, imbalance sharing costs, system usage costs, and etc.

(**) Depreciation and amortization expenses amounting to TL 64.416.694 (31 March 2020: TL 78.847.602) is classified in cost of sales, TL 1.278.549 (31 March 2020: TL 1.368.738) of amortization and depreciation expenses is classified in general administrative expenses.

(***) Personnel expenses amounting to TL 10.675.527 (31 March 2020: TL 9.002.993) is classified in cost of sales, TL 8.850.834 (31 March 2020: TL 6.987.581) is classified in general and administrative expenses.

(****) Insurance expenses amounting to TL 3.824.885 (31 March 2020: TL 3.822.874) is classified in cost of sales, TL 72.642 (31 March 2020: TL 61.526) is classified in general and administrative expenses.

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

NOTE 12 - OTHER OPERATING INCOME AND EXPENSE

a) Other operating income

	1 January- 31 March 2021	1 January- 31 March 2020
Foreign exchange gains from trading activities	13.999.999	1.167.453
Profits from forward electricity purchase and sale contracts	6.757.668	2.884.006
Income from compensation	4.547.628	-
Gain on risk sharing contracts	3.121.095	982.968
Provisions no longer required (*)	2.242.876	560.845
Gain on futures and options markets	358.608	2.035.209
Option premium income	350.400	-
Income from insurance compensation	-	888.060
Other income	2.265.450	333.772
	33.643.724	**8.852.313**

(*) As of 31 March 2021, TL 1.073.446 (31 March 2020: TL 478.711) of the provisions no longer required comprised of released provisions of litigation provisions, TL 872.758 premium provisions (31 March 2020: TL 82.134) and TL 296.672 of other provisions (31 March 2020:None).

b) Other operating expense

	1 January- 31 March 2021	1 January- 31 March 2020
Foreign exchange losses from trading activities	11.117.838	11.994.516
Losses from forward electricity purchase and sale contracts	6.993.595	1.580.508
Losses on risk sharing contracts	3.418.555	198.797
Provisions for litigations	2.501.899	458.646
Losses on futures and options market	84.072	5.113.279
Discount expenses from trading activities	-	1.129.993
Other expenses	72.530	353.616
	24.188.489	**20.829.355**

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

NOTE 13 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

a) Income from investing activites

	1 January - 31 March 2021	1 January - 31 March 2020
Dividend income	25.703	-
Gain on sale of property,plant and equipment	-	182
	25.703	**182**

NOTE 14 - FINANCIAL INCOME AND EXPENSES

a) Financial income

	1 January - 31 March 2021	1 January - 31 March 2020
Foreign exchange gain	15.804.142	2.505.246
Gain on derivative financial instruments	16.512.308	2.904.428
Interest income	4.576.311	1.617.732
	36.892.761	**7.027.406**

b) Financial expenses

	1 January - 31 March 2021	1 January - 31 March 2020
Foreign exchange losses	465.697.341	273.335.996
Interest and commission expenses	152.854.106	123.755.883
Losses on derivative financial instruments	13.970.603	25.301.323
Other financial expenses (*)	14.321.338	7.169.704
	646.843.388	**429.562.906**

(*) For the period 1 January - 31 March 2021, TL 13.515.921 (1 January - 31 March 2020: TL 4.700.281) of the respective amount is comprised of the indexation difference of the liability due to Uluabat DSİ Water Use Agreement calculated by WPT.

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

NOTE 15 - RELATED PARTY DISCLOSURES

a) Transaction with related parties

- *Purchases from related parties*

	1 January - 31 March 2021	1 January - 31 March 2020
Sakarya Elektrik Perakende Satış A.Ş. ("Sepaş") (1) (***)	16.784.037	13.144.986
Cez a.s. (2) (*)	3.482.895	198.797
Dinkal Sigorta Acenteliği A.Ş. ("Dinkal") (3) (**)	1.562.305	1.212.584
Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş. ("Aktek") (4) (**)	1.326.109	1.017.893
Aksa Akrilik Kimya Sanayi A.Ş. ("Aksa) (5) (**)	1.031.035	3.236.071
Ak-Han Bakım Yön. Serv. Hiz. Güv. Malz. A.Ş. ("Ak-Han") (6) (**)	849.850	825.532
Akkök Holding A.Ş. ("Akkök") (7) (*)	186.516	173.904
Cez Trade Bulgaria Ead. (***)	-	970.982
Other	-	44.161
	25.222.747	**20.824.910**

(1) Comprised of purchase of electricity and sharing of instability savings.
(2) Comprised of purchase of electricity and risk sharing contracts.
(3) Comprised of insurances purchased from insurance companies by the intermediary of Dinkal.
(4) Comprised of IT services received.
(5) Comprised of sharing of instability savings.
(6) Comprised of building maintenance and other services received.
(7) Comprised of rent service received.

- *Sales to related parties*

	1 January - 31 March 2021	1 January - 31 March 2020
Sepaş (1) (****)	257.021.253	35.258.139
Cez a.s (2) (*)	8.494.622	1.594.700
Aksa (3) (**)	823.025	1.084.883
Cez Trade Bulgaria Ead. (***)	-	6.271.077
Other	53.285	40.033
	266.392.185	**44.248.832**

(1) In general, comprised of sales of electricity and sharing of instability.
(2) Comprised of sales of electricity and risk sharing contracts.
(3) Comprised of sharing of instability.
(*) Shareholder.
(**) Akkök Holding group company.
(***)Cez a.s. group company.
(****)Akkök Holding and Cez a.s. group company.

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

NOTE 15 - RELATED PARTY DISCLOSURES (Continued)

b) Balances with related parties

- *Short-term trade receivables from related parties*

	31 March 2021	31 December 2020
Sepaş (1) (****)	6.892.484	12.205.186
CEZ a.s. (2) (*)	1.178.700	1.244.764
Aksa (3) (**)	347.747	178.766
CEZ Trade Bulgaria Ead. (***)	-	1.878.469
Other	14.761	13.233
	8.433.692	**15.520.418**

(1) Comprised of receivables from sales of electricity and sharing of instability.
(2) Comprised of receivables from sales of electricity and risk sharing.
(3) Comprised of receivables from sales of sharing of instability.

The average maturity days of trade receivables from related parties is 20 days.

- *Other receivables from related parties*

	31 March 2021	31 December 2020
Cez a.s. (1) (*)	9.774.100	9.007.900
	9.774.100	**9.007.900**

(1) Comprised of cash collateral given amounting to EUR 1.000.000 within the scope of electricity exported (31 December 2020: comprised of EUR 1.00.000 cash collateral given).

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

NOTE 15 - RELATED PARTY DISCLOSURES (Continued)

- *Short-term trade payables to related parties*

	31 March 2021	31 December 2020
Sepaş (1) (****)	6.084.362	4.326.098
Akkök (2) (*)	3.563.000	3.563.000
CEZ a.s. Turkey Daimi Tem. (3) (***)	2.058.373	1.897.016
Dinkal (4) (**)	1.297.628	8.000.454
CEZ a.s (5) (*)	649.424	370.643
Aktek (6) (**)	583.885	904.203
Ak-Han (7) (**)	365.029	301.010
Aksa (8) (**)	306.365	1.862.191
Ak Havacılık (9) (**)	276.266	243.565
Ak-Pa (10) (**)	206.133	206.133
	15.390.465	**21.674.313**

(1) Comprised of the payables related to electricity and sharing of instability.
(2) Comprised of the payables related to consultancy services and rent received.
(3) Comprised of the payables related to consultancy services received.
(4) Comprised of payables to Dinkal for the insurances purchased from insurance companies by the intermediary of Dinkal.
(5) Comprised of payables on risk sharing.
(6) Comprised of payables related to IT services and equipments purchased.
(7) Comprised of the payables related to office maintenance and management services received.
(8) Comprised of payables on risk sharing.
(9) Comprised of payables related to aviation services received.
(10) Comprised of the payables related to rent services received.
(*) Shareholder.
(**) Akkök Holding group company.
(***) Cez a.s. group company.
(****)Akkök Holding and Cez a.s. group company.

The average maturity days of trade payables from related parties is 30 days.

c) Key management compensation

For the purpose of these consolidated financial statements, key management compensation consists of the payments made to Group shareholders and top management (General Manager and Vice General Managers and directors).

	1 January - 31 March 2021	1 January - 31 March 2020
Bonus payment	4.335.110	2.822.088
Salaries and benefits	1.562.866	1.082.039
Attendance fee	190.881	190.921
	6.088.857	**4.095.048**

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

NOTE 16 - FINANCIAL RISK MANAGEMENT

- ***Foreign exchange risk***

The Group is exposed to foreign exchange risk through the impact of rate changes in the translation of foreign currency denominated assets and liabilities to local currency. Foreign exchange risk arises from future obligations as well as foreign currency denominated assets and liabilities. These risks are monitored and limited by the monitoring of the foreign currency position. In order to manage this risk, foreign exchange purchases are made from spot markets and derivative instruments are used. The management limits the foreign currency position of the Group through analyzing it. The Group has reduced its exposure to currency risk by converting a significant portion of its USD denominated loans into TL with the refinancing it has made within the scope of Financial Restructuring on 11 November 2019. In addition to these, the Group has reduced its exposure to currency risk by creating a natural hedge mechanism from USD based revenues obtained within the scope of Turkish Renewable Energy Resources Support Mechanism.

The details of the foreign currency assets and liabilities as of 31 March 2021 and 31 December 2020 are as follows:

	31 March 2021	**31 December 2020**
Assets	118.524.759	59.115.252
Liabilities	4.069.335.353	3.596.357.994
Net financial position	**(3.950.810.594)**	**(3.537.242.742)**
Net position of derivative instruments	86.174.100	(69.728.041)
Foreign currency position(net)	**(3.864.636.494)**	**(3.606.970.783)**

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

NOTE 16 – FINANCIAL RISK MANAGEMENT (Continued)

Assets and liabilities denominated in foreign currency held by the Group at 31 March 2021 and 31 December 2020 and their TL equivalent are as follows:

			31 March 2021				31 December 2020	
	TL Equivalent	**USD**	**Euro**	**Other**	**TL Equivalent**	**USD**	**Euro**	**Other**
Trade receivables	3.984.622	4.647	403.713	-	3.124.676	50	346.841	-
Monetary financial assets	104.004.681	11.887.962	514.139	23	46.282.135	4.914.150	1.133.416	12
Current assets	**107.989.303**	**11.892.609**	**917.852**	**23**	**49.406.811**	**4.914.200**	**1.480.257**	**12**
Monetary financial assetsvarlıklar	10.535.456	3.400	1.074.999	-	9.708.441	3.400	1.074.999	-
Non-current assets	**10.535.456**	**3.400**	**1.074.999**	**-**	**9.708.441**	**3.400**	**1.074.999**	**-**
Total assets	**118.524.759**	**11.896.009**	**1.992.851**	**23**	**59.115.252**	**4.917.600**	**2.555.256**	**12**
Trade payables	16.713.485	1.394.314	521.854	330	79.659.361	10.429.525	344.297	4
Financial liabilities	296.136.868	34.278.106	1.098.553	-	257.205.477	33.594.684	1.177.155	-
Other monetary liabilities	2.119.458	254.559	-	-	1.674.867	228.168	-	-
Short-term liabilities	**314.969.811**	**35.926.979**	**1.620.407**	**330**	**338.539.705**	**44.252.377**	**1.521.452**	**4**
Trade payables	-	-	-	-	-	-	-	-
Financial liabilities	3.754.362.212	441.942.980	7.647.247	-	3.257.815.353	433.795.768	8.163.669	-
Other monetary liabilities	3.330	400	-	-	2.936	400	-	-
Long-term liabilities	**3.754.365.542**	**441.943.380**	**7.647.247**	**-**	**3.257.818.289**	**433.796.168**	**8.163.669**	**-**
Total liabilities	**4.069.335.353**	**477.870.359**	**9.267.654**	**330**	**3.596.357.994**	**478.048.545**	**9.685.121**	**4**
Net Asset(Liability) Position of Statement of Financial Position Derivative Instruments	**86.174.100**	**10.350.000**	-	-	**(69.728.041)**	**(9.450.000)**	**(40.000)**	-
Off statement of financial position foreign currency derivative assets	86.174.100	10.350.000	-	-	-	-	-	-
Off statement of financial position foreign currency derivative liabilities	-	-	-	-	69.728.041	9.450.000	40.000	-
Net foreign currency asset(liability) position	**(3.864.636.494)**	**(455.624.350)**	**(7.274.803)**	**(307)**	**(3.606.970.783)**	**(482.580.945)**	**(7.169.865)**	**8**
Net foreign currency asset(liability) position of monetary items	**(3.950.810.594)**	**(465.974.350)**	**(7.274.803)**	**(307)**	**(3.537.242.742)**	**(473.130.945)**	**(7.129.865)**	**8**
Total fair value of financial instruments used for foreign currency hedging	**3.178.947**	**372.296**	**8.104**	**-**	**2.805.840**	**372.296**	**8.104**	**-**
Export	**8.494.622**	**-**	**945.653**	**-**	**39.384.285**	**-**	**4.806.136**	**-**
Import	**17.027.772**	**1.787.501**	**422.961**	**3.690**	**47.717.492**	**4.347.398**	**2.158.423**	**80**

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

NOTE 16 - FINANCIAL RISK MANAGEMENT (Continued)

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and EURO. As of 31 March 2021 and 2020, the following table details of Group's sensitivity to a 10% increase and decrease in the TL against relevant foreign currencies, all other variables held constant. The sensitivity analysis includes only monetary items in open foreign currency at the end of the year, and the positive effect of Turkish Renewable Energy Resources Support Mechanism revenues in foreign currency on operating profit is not taken into account in this calculation.

				31 March 2021
		Profit /Loss		**Equity**
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
+/- 10% fluctuation of USD rate				
1- USD net asset/liability	(387.970.244)	387.970.244	-	-
2- Part of hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	**(387.970.244)**	**387.970.244**	**-**	**-**
+/- 10% fluctuation of EUR rate				
4- EUR net asset/liability	(7.110.465)	7.110.465	-	-
5- Part of hedged from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	**(7.110.465)**	**7.110.465**	**-**	**-**
+/- 10% fluctuation of other currencies rate against to TL				
7- Other currencies net asset/liability	(351)	351	-	-
8- Part of hedged from other currencies risk (-)	-	-	-	-
9- Other currencies net effect (7+8)	**(351)**	**351**	**-**	**-**
Total (3+6+9)	**(395.081.060)**	**395.081.060**	-	-

				31 December 2020
		Profit /Loss		**Equity**
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
+/- 10% fluctuation of USD rate				
1- USD net asset/liability	(347.301.770)	347.301.770	-	-
2- Part of hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	**(347.301.770)**	**347.301.770**	**-**	**-**
+/- 10% fluctuation of EUR rate				
4- EUR net asset/liability	(6.422.511)	6.422.511	-	-
5- Part of hedged from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	**(6.422.511)**	**6.422.511**	**-**	**-**
+/- 10% fluctuation of other currencies rate against to TL				
7- Other currencies net asset/liability	8	(8)	-	-
8- Part of hedged from other currencies risk (-)	-	-	-	-
9- Other currencies net effect (7+8)	**8**	**(8)**	**-**	**-**
Total (3+6+9)	**(353.724.273)**	**353.724.273**	**-**	**-**

NOTE 17 - FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The estimated fair values of financial instruments have been determined by the Group, 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 Group could realize in a current market exchange.

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

Financial assets

The carrying values of financial assets including cash and cash equivalents which are accounted with their costs are estimated to be their fair values since they are short term.

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

Financial liabilities

The fair values of floating rate and short-term bank borrowings and other financial liabilites are estimated to coverge to their fair values.

Fair value hierarchy table

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques does not contains observable market inputs

As of 31 March 2021, the Group has short-term and long-term liabilities from derivative financial instruments amounting to TL 30.644.930 (31 December 2020: TL 27.472.101) and TL 38.190.829 (31 December 2020: TL 34.684.408) respectively and current and non-current assets TL 19.297.680 (31 December 2020: TL 10.470.084) and TL 2.101.145 (31 December 2020:None) respectively which are categorized as level 2.

Fair value of the lands, land improvements, buildings, machinery and equipment of the Group's power plants were measured by a professional independent valuation company on 31 December 2019 through other valuation techniques involving direct and indirect observable inputs (Level 3).

NOTE 18 – SUBSEQUENT EVENTS

None.

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