(Convenience translation of the independent auditors' report and financial statements originally issued in Turkish)

Astor Transformatör Enerji Turizm İnş. ve Pet. San. Tic. A.Ş.

Financial statements as of December 31, 2020 together with the report of independent auditors'

Astor Transformatör Enerji Turizm İnş. ve Pet. San. ve Tic. A.Ş.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Astor Transformatör Enerji Turizm İnş. ve Petrol Sanayi ve Ticaret A.Ş.

A) Independent audit of Financial Statements

1) Opinion

We have audited the financial statements of Astor Transformatör Enerji Turizm İnş. ve Petrol Sanayi ve Ticaret A.Ş. ("Astor" or the "Company"), which comprise the statement of financial position for the year ended 31 December 2020, and the statement of profit or loss and other 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 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2) Basis for Opinion

We conducted our audit in accordance with the Independent Auditing Standards ("IAS") which is a part of the Turkish Auditing Standards as published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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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.

Key Audit Matters	How This Matter Was Addressed During the Audit
Revenue Recognition The Company recognises revenue with the fulfilment of commitments by transferring a committed good or service to its customer and records the transaction value corresponding to this commitment in its financial statements as revenue. Transfer of control of goods and services are completed at a point in time (or over time). In accordance with the matching of sales, recognition of the revenue of the products in the correct period should also be assessed. Revenue recognition is defined as one of the key audit issues, presentation in the financial statements in the correct period requires significant judgement. Disclosures as to the Company's accounting policies and amounts regarding the revenue are presented in Note 2.4 and Note 18.	The procedures listed below have been applied during our audit for the revenue recognition in the correct period: The design and implementation of the controls applied by the management were evaluated. In this respect, the Company's revenue recognition procedures were analysed. As of the reporting date, it was assessed whether the Company fulfils its performance obligations regarding the revenue it recognized, under criteria of TFRS 15 revenue from contracts with customers, and appropriateness of recognizing this revenue in the related financial statements in terms of periodicity has been analysed. In addition, an analysis for the cut-off has been made over the sales invoices that were subsequently recorded by using sampling method. The sampling method was used to test the accuracy of customer invoices, and the delivery notes of these invoices were checked. The sales agreements made by the Company with its customers were examined and the timing of the revenue recognition in the financial statements was evaluated for the delivery methods. In addition, we assessed the sufficiency of disclosures in the note Revenue in Note 18 in accordance with TFRS 15.

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4) Other Matter

The Company's financial statements as of December 31, 2019 prepared in accordance with TFRS were audited by another Audit firm who expressed unmodified opinion in their Auditors' reports on the related financial statements dated September 29, 2020.

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

Company 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.

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

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

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 the IAS 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 the IAS, we exercise professional judgment and maintain professional scepticism throughout the audit. We are 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.

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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.

B) Report on Other Legal and Regulatory Requirements

1) 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 2020 and financial statements are not in compliance with law and provisions of the Company's articles of association in relation to financial reporting.

2) 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 independent audit herein, is conducted and concluded by the engagement partner Emir Taşar.

Eren Bağımsız Denetim Anonim Şirketi
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Emir Taşar, SMMM
Partner

November 22, 2021
Ankara, Turkey

Member of Grant Thornton International Ltd

Astor Transformatör Enerji Turizm İnş. ve Pet. San. ve Tic. A.Ş.

Statement of financial position
as at December 31, 2020
(Amounts expressed in Turkish Lira ("TRY"), unless otherwise indicated.)

	Notes	Current year Audited December 31, 2020	Prior year Audited December 31, 2019
Assets			
Current assets			
Cash and cash equivalents	*3*	**224.697.347**	94.004.816
Trade receivables:			
- Due from related parties	*5*	***58.713.671***	*27.948.175*
- Due from third parties	*5*	***371.131.866***	*467.376.070*
Other receivables:			
- Due from related parties	*6*	***23.365.064***	*554.524*
- Due from third parties	*6*	***37.231.266***	*14.615.174*
Inventories	*7*	**344.535.871**	185.872.379
Prepaid expenses	*11*	**82.515.048**	41.379.318
Other current assets	*16*	**436.000**	5.934.871
Total current assets		**1.142.626.133**	837.685.327
Non-current assets			
Other receivables:			
- Due from third parties	*6*	***1.019.831***	*636*
Investment properties	*8*	**16.594.255**	12.613.308
Property, plant and equipment	*9*	**444.797.526**	381.778.761
Intangible assets	*10*	**78.234.459**	54.486.514
Prepaid expenses	*11*	**1.439.877**	2.735.878
Total non-current assets		**542.085.948**	451.615.097
Total assets		**1.684.712.081**	1.289.300.424

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

Astor Transformatör Enerji Turizm İnş. ve Pet. San. ve Tic. A.Ş.

Statement of financial position
as at December 31, 2020
(Amounts expressed in Turkish Lira ("TRY"), unless otherwise indicated.)

	Notes	**Current year**	Prior year
		Audited	Audited
		December 31, 2020	December 31, 2019
Liabilities and equity			
Current liabilities			
Short-term borrowings	*4*	**398.874.571**	114.694.302
Other financial liabilities	*4*	**-**	70.555
Trade payables:			
- Due to third parties	*5*	***265.002.999***	*431.540.850*
Payables related to employee benefits	*15*	***6.719.940***	4.399.617
Other payables:			
- Due to related parties	*26*	***18.006.427***	-
Deferred income	*13*	**79.406.714**	99.078.918
Short-term provisions:			
- Short-term provisions related to employee benefits	*15*	***1.817.729***	*2.343.827*
Other current liabilities	*16*	**2.610.789**	1.186.429
Total current liabilities		**772.439.169**	653.314.498
Non-current liabilities			
Long-term borrowings	*4*	**331.819.298**	289.625.212
Long-term provisions:			
- Long-term provisions related to employee benefits	*15*	***7.441.036***	*7.643.521*
Deferred tax liabilities	*17*	**621.646**	243.280
Total non-current liabilities		**339.881.980**	297.512.013
Total liabilities		**1.112.321.149**	950.826.511
Shareholders' equity			
Share capital	*14*	**192.622.306**	192.622.306
Legal reserves	*14*	**12.775.677**	12.775.677
Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss:		**986.841**	(1.507.459)
Accumulated losses		**134.583.389**	(2.881.789)
Net profit for the year		**231.422.719**	137.465.178
Total equity		**572.390.932**	338.473.913
Total liabilities and equity		**1.684.712.081**	1.289.300.424

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

Astor Transformatör Enerji Turizm İnş. ve Pet. San. ve Tic. A.Ş.

Statement of profit and loss and other comprehensive income
for the year ended December 31, 2020
(Amounts expressed in Turkish Lira ("TRY"), unless otherwise indicated.)

	Notes	**Current year Audited January 1 – December 31, 2020**	Prior year Audited January 1 - December 31, 2019
Revenue	*18*	**1.448.766.348**	1.110.723.551
Cost of sales (-)	*19*	**(1.016.662.515)**	(864.058.384)
Gross profit		**432.103.833**	246.665.167
Administrative expenses (-)	*20*	**(36.991.125)**	(24.440.771)
Marketing, sales and distribution expenses (-)	*20*	**(46.986.790)**	(11.173.234)
Research and development expenses (-)	*20*	**(3.315.140)**	(3.364.914)
Other income from operating activities	*21*	**228.370.081**	77.747.527
Other expenses from operating activities (-)	*21*	**(246.892.808)**	(100.208.191)
Operating profit		**326.288.051**	185.225.584
Income from investment activities	*22*	**6.693.642**	3.461.916
Expenses from investment activities	*22*	**-**	(666.462)
Operating profit before finance expenses		**332.981.693**	188.021.038
Finance expenses (-)	*23*	**(101.319.651)**	(48.860.510)
Profit before income tax		**231.662.042**	139.160.528
Current tax expenses (-)	*17*	**(484.532)**	-
Deferred tax income/ (expenses)	*17*	**245.209**	(1.695.350)
Net income for the year		**231.422.719**	137.465.178
Other comprehensive income			
Items that will not be reclassified subsequently as profit or loss:			
Actuarial gain/ (loss)	*15*	**3.117.875**	(2.436.790)
Deferred tax (expenses)/ income		**(623.575)**	536.094
Other comprehensive gain/ (loss)		**2.494.300**	(1.900.696)
Total comprehensive income		**233.917.019**	135.564.482

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

Astor Transformatör Enerji Turizm İnş. ve Pet. San. ve Tic. A.Ş.

Statement of changes in equity
for the year ended December 31, 2020
(Amounts expressed in Turkish Lira ("TRY"), unless otherwise indicated.)

	Share capital	Gain/losses on remeasurement of defined benefit plans	Legal reserves	Retained earnings	Net profit for the year	Total equity
Balances as of January 1, 2019	42.500.000	393.237	5.234.397	68.383.166	78.644.911	195.155.711
Transfers	-	-	7.541.280	71.103.631	(78.644.911)	-
Capital increase	150.122.306	-	-	(150.122.306)	-	-
Net profit for the year	-	-	-	-	137.465.178	137.465.178
Total comprehensive expenses	-	(1.900.696)	-	-	-	(1.900.696)
Other	-	-	-	7.753.720	-	7.753.720
Balances as of December 31, 2019	192.622.306	(1.507.459)	12.775.677	(2.881.789)	137.465.178	338.473.913
Balances as of January 1, 2020	**192.622.306**	**(1.507.459)**	**12.775.677**	**(2.881.789)**	**137.465.178**	**338.473.913**
Transfers	**-**	**-**	**-**	**137.465.178**	**(137.465.178)**	**-**
Net profit for the year	**-**	**-**	**-**	**-**	**231.422.719**	**231.422.719**
Total comprehensive income	**-**	**2.494.300**	**-**	**-**	**-**	**2.494.300**
Balances as of December 31, 2020	**192.622.306**	**986.841**	**12.775.677**	**134.583.389**	**231.422.719**	**572.390.932**

Astor Transformatör Enerji Turizm İnş. ve Pet. San. ve Tic. A.Ş.

Statement of cash flows
for the year ended December 31, 2020
(Amounts expressed in Turkish Lira ("TRY"), unless otherwise indicated.)

	Notes	Audited January 1- December 31, 2020	Audited January 1- December 31, 2019
A. Cash flows from operating activities		**(8.188.253)**	100.987.651
Net profit for the year		**231.422.719**	137.465.178
Adjustment for reconciliation of profit for the year			
Adjustment for depreciation and amortization	8, 9, 10	**56.715.331**	35.003.084
Adjustment for provisions	*15*	**3.090.528**	9.698.350
Adjustment for tax expenses	*17*	**239.323**	3.181.232
Adjustment for (gain)/ loss on disposal of property, plant and equipment	*22*	**(3.779.801)**	470.945
Adjustments related to interest income and expenses	*23*	**43.739.829**	-
Changes in working capital:			
Changes in trade receivables	*4*	**65.478.708**	(282.872.562)
Changes in inventories	*7*	**(158.663.492)**	(61.509.120)
Changes in trade payables	*5*	**(166.537.851)**	192.954.187
Changes in other receivables	*6*	**(46.104.996)**	14.120.913
Changes in other liabilities	*16, 24*	**20.224.512**	5.934.479
Changes in deferred income	*13*	**(19.672.204)**	83.853.434
Changes in prepaid expenses	11	**(39.839.729)**	(33.199.954)
Changes in other current assets	*16*	**5.498.871**	(4.112.515)
B. Cash flows from investing activities		**(143.683.187)**	(61.702.835)
Cash outflow from purchases of tangible and intangible assets		**(143.798.061)**	(79.383.262)
Purchases of cash outflows from investment properties		**(4.306.300)**	-
Cash inflows from the sale of property, plant and equipment and investment properties		**4.421.174**	17.680.427
C. Cash flows from financing activities		**282.563.971**	41.992.264
Cash inflows from borrowings and repayments from borrowings, net		**327.497.107**	41.992.264
Interest paid		**(44.933.136)**	-
Net increase in cash and cash equivalents (A+B+C)		**130.692.531**	81.277.080
D. Cash and cash equivalents at the beginning of the year		**94.004.816**	12.727.736
E. Cash and cash equivalents at the end of the year	*3*	**224.697.347**	94.004.816

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

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

1. Organization and operations of the Company

The main activity of Astor Transformatör Enerji Turizm İnş. ve Pet. San. ve Tic. Anonim Şirketi is the manufacture of electric motors, generators, and transformers (excluding parts and components). The Company was established on 29 July 1983.

The address of the Company's registered office is Alcı OSB Mahallesi, 2001 cadde, A Blok No: 5a, Sincan, Ankara, Turkey. As of 31 December 2020, the Company employed 1.049 people (31 December 2019: 761).

The shareholding structure of the Company is as follows:

	December 31, 2020		December 31, 2019	
	Share (%)	**TL**	Share (%)	TL
Feridun Geçgel	**100%**	**200.000.000**	100%	200.000.000
Total		**200.000.000**		200.000.000
Unpaid capital		**7.377.694**		7.377.694
Paid in capital		**192.622.306**		192.622.306

Approval of financial statements:

These financial statements have been approved and authorized to be published by the Board of Directors on November 22, 2021. The General Assembly of the Company has the authority to revise the financial statements after issuance.

2. Basis of presentation of financial statement and significant accounting policies

2.1. Basis of presentation

Basis of preparation

The Company maintain its books of account and prepare its statutory financial statements in accordance with accounting principles in the Turkish Commercial Code ("TCC") and tax legislation. The accompanying financial statements are prepared in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/ TFRS") and its addendum and interpretations issued by Public Oversight Accounting and Auditing Standards Authority ("POA").

The financial statements are expressed in TL based on the legal records of the Company and have been prepared in accordance with the TMS principles.

The financial statements are prepared in accordance with Turkish Accounting Standards for the purpose of fair presentation with booking of additional adjustments and reclassifications issued by Public Oversight Accounting and Auditing Standards Authority ("POA"). These adjustments consist of accounting for employee termination benefits, vacation pay liability, useful lives and accounting for depreciation based on the economical useful life, provision accounting for provision, doubtful trade receivables and rediscount of trade payables.

Functional and reporting currency

TL has been determined as the reporting and presentation currency for the financial statements of the Company. The accompanying financial statements are prepared in TL including the financial statements as of 31 December 2020 and the previous period's financial data to be used for comparison.

Going concern basis

The Company prepares its financial statements according to the continuity principle of the business.

2. Basis of presentation of financial statement (continued)

2.2 Comparative information and restatement of prior period financial statements

The accompanying financial statements are prepared comparatively with the previous period for the determination of the Company's financial position, performance, and cash flow trends. When there is a change in the presentation and reclassification of the items of the financial statements, the Company reclassifies the financial statements of the previous period to conform the comparability and discloses information related to these matters.

Without any adjustment on past year financial statements, the reclassifications made in statement of financial position and profit or loss of the Company as of December 31, 2019 are as follows:

- Receivables amounting to TL 27.823.993 from non-related parties accounted for under trade receivables has been reclassified to trade receivables from related parties.
- Receivables amounting to TL 792.180 accounted under other receivables from related parties has been reclassified to other receivables from unrelated parties.
- The loan amount of TL 113.303.133, which was accounted for under long-term financial borrowings has been reclassified to short-term financial borrowings.
- 18.714.598 TL accounted the revenue is reclassified to other income from operating activities, 15.448.198 TL of scrap sales and price difference income is reclassified to other income from operating activities. The remaining rental income and fixture sales amounting to TL 3.266.400 are classified the income from investment activities.
- Foreign exchange difference amounting to TL 5.988.335 accounted other income from operating activities and TL 16.900.323 foreign exchange difference accounted other operating expenses from operating activities are reclassified to finance expense.
- The amount of interest income amounting to TL 838.567 which was accounted income from investment activities has been reclassified to the other income from main activities.
- Loss on sale of tangible fixed assets amounting to TL 666.462 which was accounted in other income from operating activities has been reclassified to expenses from investment activities.

2.3. New and revised financial reporting standards

The accounting policies adopted in preparation of the financial statements as of 31 December 2020 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 2020. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as of January 1, 2020 are as follows

- Definition of a Business (Amendments to TFRS 3)
- Amendments to TFRS 9, TAS 39 and TFRS 7- Interest Rate Benchmark Reform
- Definition of Material (Amendments to TAS 1 and TAS 8)
- Amendments to TFRS 16 – Covid-19 Rent Related Concessions

These changes did not have any impact on the financial status and performance of the Company.

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 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.

- TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)
- TFRS 17 - The new Standard for insurance contracts
- Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities
- Amendments to TFRS 3 – Reference to the Conceptual Framework
- Amendments to TAS 16 – Proceeds before intended use
- Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract
- Interest Rate Benchmark Reform-Phase 2-Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16
- Annual Improvements – 2018–2020 Cycle

The effects of these changes on the financial status or performance of the Company are evaluated.

2. Basis of presentation of financial statement (continued)

2.4 Summary of significant accounting policies (continued)

Related parties

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

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

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

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

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

Trade receivables

Trade receivables are recorded from invoice amounts and then carried after deducting doubtful trade receivable provisions, net of deferred maturity income. Trade receivables with deferred maturity income net off are calculated by discounting the receivables from the original invoice value in the following periods by the effective interest method. Short-term receivables with no determined interest rates are accounted over the original invoice values if the interest accrual effect is not very large. The "simplified approach" is applied within the scope of impairment calculations of trade receivables accounted at amortized cost value in financial statements. With this approach, in cases where trade receivables are not impaired for certain reasons (except for the impairment losses incurred), the provisions for losses related to trade receivables are measured at an amount equal to "lifelong expected Bank loan losses". Following the provision of the provision for the doubtful receivable in case all or part of the doubtful receivable is collected, the collected amount is recorded in other income by deducting the provision for the doubtful receivable.

Trade payables

Trade payables are recorded at their fair values and are subsequently accounted for at the discounted amounts using the effective interest rate method. Maturity differences related to trade payables are accounted under other income and expenses from its main activities.

Prepaid expenses

Prepaid expenses are the amounts generally made to suppliers and which will be transferred to expense and cost accounts in a later period or periods.

Inventories

Inventories are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. When the net fair value of the inventories falls below their cost, the inventories are reduced to their net fair value and reflected to the income statement in the year when the impairment occurs. In case, where the conditions leading to the reduction of inventories to net fair value have expired or there has been an increase in net fair value due to changing economic conditions, the provision for impairment is disappeared. The disappeared amount is limited by the amount of impairment previously reserved. The cost of inventories includes all purchasing costs, conversion costs and other costs incurred to bring the inventories to their current state and position.

2. Basis of presentation of financial statement (continued)

2.4 Summary of significant accounting policies (continued)

Financial assets

Classification

The Company classified its financial assets in three categories as financial assets carried at amortized cost, financial assets carried at fair value though profit of loss, financial assets carried at fair value though other comprehensive income. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date. Financial assets are not reclassified after their initial recognition except the situation when the business model used by the Company in the management of financial assets changes. In the case of a business model change, financial assets are reclassified on the first day of the reporting period.

Accounting and measurement

"Financial assets measured at amortized cost" are non-derivative financial assets, which are held within the scope of a business model aiming to collect the contractual cash flows, and which include cash flows that only include interest payments arising from principal and principal balance at certain dates on contract terms. The Company's financial assets, which are accounted for at amortized cost, include "cash and cash equivalents", "trade receivables", "other receivables" and "financial investments". Related assets, with their fair values in their first recording in the financial statements; In the subsequent recognition, it is measured at the discounted prices using the effective interest rate method. Gains and losses resulting from valuation of non-derivative financial assets measured at amortized cost are accounted in the income statement.

"Financial assets whose fair value difference is reflected in other comprehensive income" are non-derivative instruments held within the scope of a business model aiming to collect contractual cash flows and sell financial assets, and which include cash payments that include interest payments only on principal and principal balance at certain dates in contract terms. are financial assets. Outside gains or losses arising from related financial assets, impairment gains or losses and those other than exchange difference income or expenses are reflected to other comprehensive income. In the event that such assets are sold, valuation differences classified into other comprehensive income are classified in previous years' profits. For investments made in equity-based financial assets, the Company may irrevocably choose the method of reflecting subsequent changes in its fair value to other comprehensive income for the first time. In the event that such preference is made, dividends obtained from related investments are accounted in the income statement.

"Financial assets at fair value through profit or loss" consist of financial assets that are measured at amortized cost and whose fair value difference is reflected in other comprehensive income. Gains and losses resulting from the valuation of such assets are accounted for in the income statement.

Derecognition

When the rights related to cash flows arising due to the contract regarding financial assets are terminated or when all of the risks and benefits of this financial asset is transferred through a sales or purchasing process, said financial assets shall be extracted from the records of the Company. Any rights created or held by the financial assets transferred by the Company are recognized as a separate asset or liability.

Impairment

Impairment of financial assets and contract assets is calculated using the "expected credit loss" ("ECL") model. Loss provisions are measured on the following basis: 12-month ECLs: ECLs arising from possible default events within 12 months after the reporting date. Lifetime ECLs: ECLs resulting from all possible default events over the expected life of a financial instrument. The lifetime ECL measurement is applied at the reporting date when the bank loan risk related to a financial asset increases significantly after the first recognition date. In all other cases where the relevant increase was not experienced, 12-month ECL calculation was applied.

2. Basis of presentation of financial statements (continued)

2.4 Summary of significant accounting policies (continued)

Effective interest method:

The effective interest method is the valuation of the financial asset at amortized cost and the redistribution method in which the relevant income is related. Effective interest rate is the rate which reduces the estimated cash receipts to be collected over the expected life of the financial instrument or, where appropriate for a shorter period of time to the net present value of the related financial asset.

Income related to financial assets other than financial assets at fair value through profit or loss are accounted by using the effective interest method.

Cash and cash equivalents:

Cash and cash equivalents are cash, demand deposits and other short-term investments with high liquidity with a maturity of less than 3 months or 3 months from the date of purchase, which can be converted into cash immediately and without significant risk of value change.

Other liquid assets consist of POS receivables arising from credit card sales that are not open to the Company's use as of the reporting date but have high liquidity to be opened to the use of the Company in less than 1 month, and whose change in value is negligible.

Financial Liabilities

Financial liabilities are measured at their fair value during their initial recognition. Transaction costs that can be directly associated with the undertaking of the related financial liability are added to the fair value in question.

Financial liabilities are classified as equity instruments and other financial liabilities.

Other financial liabilities

Other financial liabilities are accounted over the amortized cost value by using the effective interest method together with the interest expense calculated over the effective interest rate in the following periods.

Effective interest method; is the method of calculating the amortized costs of the financial liability and distributing the related interest expense to the related period. Effective interest rate: It is the rate that precisely reduces the estimated future cash payments to be made in the lifetime of the financial instrument or, if appropriate, for a shorter period of time, to the net present value of the relevant financial liability.

Offsetting

Clarification of financial assets and liabilities is possible only if it is legally possible and the entity has an intention in this direction, or the acquisition of assets and the fulfilment of obligations are simultaneous.

Investment properties

Lands and buildings held for the purpose of obtaining rent or appreciation or for both are classified as "investment properties" instead of being used in the production of goods and services or sold for administrative purposes or during the normal course of business.

2. Basis of presentation of financial statements (continued)

2.4 Summary of significant accounting policies (continued)

Property, plant and equipment and related depreciation

Tangible fixed assets are accounted with their net value after deducting the accumulated depreciation from the acquisition cost. Depreciation is allocated by using linear depreciation method considering the useful lives of tangible assets over their acquisition cost / fair value. The estimated useful lives of these assets are as follows:

	Useful life
Land improvements	10
Buildings	10-50
Machinery, plant and equipment	5-20
Vehicles	3-5
Fixtures	4-15
Special costs	5

If there are conditions indicating impairment in tangible assets, an investigation is carried out to determine a possible impairment and at the end of this investigation, the recorded value of the tangible asset is reduced to its recoverable value.

The recoverable value is accepted as the higher of the cash flows from the current use of the related tangible fixed asset and the net sales price.

Expenses arising from replacing any part of the tangible assets can be capitalized if they increase the future economic benefit of the asset along with maintenance and repair costs. All other expenses are recognized in the expense items in the income statement as they occur.

Profit or loss resulting from disposal of tangible assets is reflected in the related income and expense accounts in the current period.

Intangible assets

Intangible assets are capitalized in the event that economic benefits can be obtained in the future and the cost can be determined accurately. After the first registration, intangible assets are accounted with their values after deducting accumulated amortization and accumulated impairment provisions.

Intangible assets are amortized using the straight-line method over their estimated economic lives. The amortization period and the amortization method are examined at least once a year for intangible assets with a definite economic life.

The carried values of intangible assets are examined in terms of impairment if the events or changes in conditions indicate that the carried value is not realizable.

	Years
Rights	5 - 30

2. Basis of presentation of financial statements (continued)

2.4 Summary of significant accounting policies (continued)

Intangible assets

Intangible assets purchased

Purchased intangible assets are reported at cost less accumulated amortization and accumulated impairment losses. These assets are amortized using the straight-line method over their expected useful lives. The expected useful life and depreciation method are reviewed every year in order to determine the possible effects of the changes in the estimates and the changes in the estimates are accounted for prospectively.

Research and development expenses

Research expenses are recorded in the income statement in the incurred period. Expenses resulting from development activities (relating to the design and testing of new or improved products), are recorded as intangible assets when the following conditions are all met:

- It is technically feasible to complete the intangible asset so that it will be available for use;
- Management intends to complete the intangible asset and use or sell it;
- There is an ability to use or sell the intangible asset;
- It can be demonstrated how the intangible asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- The expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. For ongoing development costs, an impairment test is performed each year within the scope of TAS 36.

Development costs other than research activities that meet the above criteria, capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years

Derecognition of intangible assets

An intangible asset is derecognized when it is disposed of or when future economic benefits are not expected from its use or sale. The profit or loss resulting from the derecognition of an intangible asset is calculated as the difference between the net proceeds from the disposal of the assets and their carrying amount, if any. This difference is recognized in profit or loss when the related asset is taken out of the balance sheet.

Impairment of assets

In cases where the registered values of the assets are more than their recoverable values, the book value of the asset is reduced to its recoverable amount and the provision is reflected as expense in the comprehensive income statement by allocating a provision for impairment. On the other hand, the recoverable amount of the cash generating assets is the higher of the net sales prices and usage values. The usage value of the said assets represents the net present values of the net cash inflows to be obtained from the continuous use and sales of these assets, discounted with an appropriate discount rate.

2. Basis of presentation of financial statements (continued)

2.4 Summary of significant accounting policies (continued)

Leasing

<u>As a Company tenant</u>

Financial leasing;

The Company's lease of property, plant and equipment that it takes on all the risks and returns of the property is classified as financial leasing. Financial leases are included in the tangible assets at the beginning of the lease period, based on the fair value of the fixed asset and the lower value of the lease payments. Financing costs arising from the lease are spread over the lease period, forming a fixed interest rate during the lease period. In addition, the fixed assets subject to financial leasing are depreciated based on their useful lives. If a decrease in the value of fixed assets subject to financial leasing is detected, provision for impairment is reserved. Interest and foreign exchange expenses regarding lease obligations are reflected in the statement of profit or loss. Rent payments are deducted from financial lease debts.

Operating leasing;

The leasing process, where a significant part of the property risks and returns belongs to the lessor, is classified as operating lease. Payments made as operating leases (after the incentives from the lessor are deducted) are recorded as expense in the profit or loss statement through the linear method during the lease period.

In operating lease, the leased assets are classified under tangible assets in the financial statement, excluding real estate, land and investment properties, and the rental income obtained is reflected in an equal amount of profit or loss during the lease period. Rental income is reflected to the profit or loss statement through the straight-line method during the lease period.

Current tax expense and deferred tax

Tax liability on period profit or loss includes current period tax and deferred tax. The current year tax liability includes the tax rate over the taxable part of the period profit as of the date of the financial statements, the tax liability calculated in accordance with the applicable tax legislation and the correction records related to the tax liability in the previous years.

Deferred tax is calculated over the temporary differences between the registered values of the assets and liabilities in the financial statements and the tax values by using the liability method. In the calculation of deferred tax, current tax rates are used as of the financial statements as per the tax legislation in force.

While deferred tax liabilities are accounted for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are recognized on condition that it is highly likely to benefit from these differences by obtaining taxable profit in the future.

2. Basis of presentation of financial statements (continued)

2.4 Summary of significant accounting policies (continued)

Provisions for debt

Provisions are recorded if a business has a past (still or ongoing) obligation (legal or structural) and if the resources that provide economic benefits to the business are likely to be disposed of due to this obligation and the amount of the obligation to be realized can be estimated reliably. When the depreciation of money gains importance over time, provisions are reflected with the reduced value of the expenses that are likely to occur in the future on the financial statements. Provisions are reviewed at the date of preparation of each financial position table and necessary arrangements are made to reflect the best estimates of the management. The warranty obligation is calculated by calculating the estimated liability of the returns, which were realized within the scope of the previous years, in proportion to the sales after one year. Provisions are calculated on the gross profit margin of returns.

Contingent liabilities and contingent assets

Contingent liabilities are considered contingent liabilities, which may be confirmed by the occurrence of one or more uncertain events in the future, which arise from past events and whose existence is not fully under control. Contingent liabilities are not reflected in the financial statements and explained in footnotes if the situation requiring resource transfer is not likely. Contingent assets, on the other hand, are not reflected in the financial statements, but are explained in the footnotes if they are likely to generate economic returns.

Employee benefits

Provision for severance pay;

In accordance with the existing labor law, the Company is obliged to pay a certain amount of severance pay to personnel who have left their job due to retirement or who have been dismissed due to reasons other than resignation and bad behaviour and who have served at least one year.

The Company calculated the provision for severance pay in its financial statements based on the previous years' experience in completing the personnel service period and qualifying for severance pay and recorded its discounted value as of the date of the financial statements. Calculated actuarial gains and losses are reflected as other comprehensive income.

Unused vacation provision;

The Company accrues the unused vacation allowance in its financial statements on the daily gross date of the unused vacation and is reflected in the personnel expenses accounts as of the financial statement date.

Foreign currency transactions

Transactions made in terms of foreign currency during the period were translated using the exchange rates valid at the date of the transaction. Monetary assets and liabilities at the date of the financial statements have been translated into TL from the Republic of Turkey Central Bank buying rate.

Foreign exchange income and expenses arising from the translation of foreign currency-based monetary assets and liabilities are reflected in the comprehensive income statement of the period. Regarding the main activity subject, foreign exchange income/ expense arising from trade receivables and debts are included in the main operating income/ expenses item, while the others are accounted in the financial income/ expense account.

2. Basis of presentation of financial statements (continued)

2.4 Summary of significant accounting policies (continued)

Revenue recognition

The Company's main source of income consists of the revenues from the production and sale of transformers, reactors and compact substations.

Revenues are measured at the fair value of the amount of receivable collected or to be received. Net sales are accounted by deducting estimated and realized returns, discounts, commissions, turnover premiums and sales-related taxes from the sales amount of the goods.

Revenue is reflected in the financial statements at the transaction price. The transaction fee is the amount that the enterprise expects to deserve in return for the transfer of the services it promises to the customer, excluding the amounts collected on behalf of third parties. When the Company is transferred to the control of the customers, the relevant amount is reflected in the financial statements as revenue.

While evaluating the transfer of control of the goods or services sold to the customer,

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

Evaluate whether the Company has different performance obligations at the beginning of the contract, which must be allocated. The Company does not have an important service component identified in customer contracts.

<u>Important financing component:</u>

The Company does not make any adjustments to the effect of an important financing component in the promised price at the beginning of the contract, if the period between the transfer date of the goods and services promised to the customer and the date when the customer pays the price of this goods or service will be one year or less. On the other hand, if there is an important financing element in the revenue, the revenue value is determined by reducing the future collections with the interest rate included in the financing element. The difference is recorded in the relevant periods as other income from the main activities on an accrual basis.

Other revenue

Other income generated by the Company consists of rental income and reflection income from dealers and are reflected on a periodic accrual basis.

Bank loans

Bank loans are recorded with their values after the transaction costs are deducted from the loan amount received on the date of receipt. Bank loans are carried over the discounted cost value by using effective interest method. The difference between the amount remaining after the transaction costs are deducted and the discounted cost value is reflected in the comprehensive income statement as financing cost during the loan period.

Borrowing costs

Borrowing costs associated with the qualifying asset are included directly in the cost of the qualifying asset. Activation of borrowing costs will be terminated if the activities required to make a special asset ready for use or sale as intended are completed completely. Other borrowing costs are recorded as expense in the period when they occur. There are no borrowing costs capitalized during the relevant periods.

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

2. Basis of presentation of financial statements (continued)

2.5 Significant accounting judgments, estimates and assumptions

Significant accounting judgments, estimates and assumptions

The preparation of the financial statement requires Company management to make judgments, estimates and assumptions that are reflected in the measurement of income and expense in the income statement and in the carrying value of assets and liabilities in the balance sheet. The actual future results from operations may be different than those estimated. Estimates are reviewed periodically, and adjustments become necessary, they are reported in the income statement in which they become known. However, the actual results may be different than those estimated.

The key assumptions concerning the future and other key resources of estimation at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and the significant judgments with the most significant effect on amounts recognized in the financial statements are as follows:

a) Provisions for employment termination benefits have been calculated according to various actuarial assumptions (discount rate, estimated future wage increase, and rate of retirement of the employees).

b) Management makes assumptions such as expected credit loss rate when assessing impairment on financial assets. When the Company makes these assumptions and judgements as of each reporting period, past experiences of the Company are taken as basis, and current market conditions and future expectation as to the market are taken into consideration.

c) Provisions for lawsuits are determining by the management with support of Company's legal advisers that can result a cash outflow for the Company in every period at the date of preparation of financial statements.

d) The Company management made significant assumptions on the useful economic lives of the tangible assets according to experiences of technical team, especially in buildings and equipment.

e) Research expenses are recorded as expense when realized. Costs incurred in development projects (related to the design and testing of new or improved products) are recorded as intangible assets if the conditions described in Note 2.4 are met.

3. Cash and cash equivalents

Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand	**275.078**	17.990
Cash at banks:		
- Demand deposits denominated in TL	**25.618.162**	65.066.096
- Demand deposits denominated in foreign currency	**93.418.050**	19.403.783
- Time deposits denominated in TL (*)	**105.386.057**	8.465.971
- Time deposits denominated in foreign currency	**-**	1.050.976
Cash and cash equivalents in financial statement	**224.697.347**	94.004.816

(*) As of December 31, 2020, the Company's time deposits are TL denominated, the maturity range are between 1-90 days, the interest rates are between 18% and 25%.

As of December 31, 2020, there is no restriction on the bank deposits (December 31, 2019: None).

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

4. Financial instruments

As of 31 December 2020, and 2019, the details of the Company's financial liabilities are as follows:

	December 31, 2020	December 31,2019
Short-term bank loans	**280.169.995**	44.216.740
Short-term portion of long-term bank loans	**115.854.233**	68.523.579
Payables from short-term financial leases	**3.340.391**	2.393.306
Short-term deferred finance lease borrowing costs (-)	**(490.048)**	(439.323)
Short-term financial borrowings	**398.874.571**	114.694.302

	December 31, 2020	December 31,2019
Long-term bank loans	**322.955.426**	281.262.270
Payables from long-term financial leases	**9.568.218**	9.212.861
Long-term deferred finance lease borrowing costs (-)	**(704.346)**	(849.919)
Long-term financial borrowings	**331.819.298**	289.625.212

Repayment schedule of financial borrowings is as follows:

	December 31, 2020	December 31,2019
To be paid within 1 year	**398.874.571**	114.694.302
To be paid within 1 to 2 years	**115.132.852**	95.013.777
To be paid within 2 to 3 years	**76.586.870**	64.278.947
To be paid within 3 to 4 years	**63.357.868**	50.195.587
To be paid within 4 to 5 years	**25.866.794**	46.381.517
To be paid within 5 to 6 years	**50.874.914**	33.755.384
Total	**730.693.869**	404.319.514

As of December 31, 2020 and 2019, bank loans original currency balances and effective interest rates as follows:

			December 31, 2020
	Weighted effective interest rate (%)	**Original currency**	**TL**
Bank loans:			
- TL	**9,24**	**421.908.814**	**421.908.814**
- EUR	**2,56**	**34.279.361**	**308.785.055**
Total bank loans and financial leasing			**730.693.869**

			December 31, 2019
	Weighted effective interest rate (%)	Original currency	TL
Bank loans:			
- TL	11,18	192.839.405	192.839.405
- EUR	3,96	31.798.651	211.480.109
Total bank loans and financial leasing			404.319.514

Other Financial Liabilities

	December 31, 2020	December 31, 2019
Credit card debts	**-**	70.555
Total	**-**	70.555

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

5. Trade receivables and payables

a) Trade receivables

As of December 31, 2020 and 2019, details of the Company's trade receivables are as follows:

	December 31, 2020	December 31, 2019
Notes receivable	**76.304.905**	131.721.765
Trade receivables: (*)		
Trade receivables from related parties (Note 24)	***58.713.671***	*27.948.175*
Trade receivables from third parties	***312.333.115***	346.267.746
Minus: Provision for doubtful receivables	***(17.506.154)***	*(10.613.441)*
Total	**429.845.537**	495.324.245

(*) Trade receivables consist of the receivables from the customer for the services provided in the normal course of business. The maturity of trade receivables is between 90-120 days, and they are classified as short-term trade receivables. The Company holds its trade receivables with the purpose of collecting the contractual cash flows and therefore measures them at amortized cost using the effective interest method.

b) Trade payables

As of balance sheet date, the details of the Company's trade payables are as follows:

	December 31, 2020	December 31, 2019
Notes payables	**118.490.660**	189.790.305
Trade payables (*)	**99.845.508**	197.796.117
Other trade payables	**46.666.831**	43.954.428
Total	**265.002.999**	431.540.850

(*) The average payment term about for the purchase of certain goods and services is in the range of 90-120 days. No interest is charged on overdue trade payables related to these activities.

6. Other receivables

a) Other short-term receivables

As of December 31, 2020 and 2019, the details of other receivables are as follows:

	December 31, 2020	December 31, 2019
Other receivables from related parties (Note 24)	**23.365.064**	554.524
Other receivables from third parties:		
- Deposits and guarantees given	***2.705.801***	*2.337.489*
- Receivables from tax office	***33.853.776***	*11.485.505*
- Receivables from personnel	***671.689***	*792.180*
Total	**60.596.330**	15.169.698

b) Other long-term receivables

	December 31, 2020	December 31, 2019
Deposits and guarantees given (*)	**1.019.831**	636
Total	**1.019.831**	636

(*) It consists of the guarantee amounts paid to the Customs administration.

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

7. Inventories

	December 31, 2020	December 31, 2019
Raw materials	**172.418.581**	94.330.332
Work-in process	**40.591.236**	24.887.999
Finished goods	**125.047.795**	31.610.798
Merchandise goods	**6.478.259**	35.043.250
Total	**344.535.871**	185.872.379

8. Investment properties

	January 1, 2020	**Additions**	**Disposals**	**December 31, 2020**
Cost Value:				
Land (*)	**11.099.554**	**2.121.300**	**-**	**13.220.854**
Buildings	**1.686.943**	**2.185.000**	**-**	**3.871.943**
Total	**12.786.497**	**4.306.300**	**-**	**17.092.797**
Accumulated depreciation:				
Buildings	**173.189**	**325.353**	**-**	**498.542**
Total	**173.189**	**325.353**	**-**	**498.542**
Net book value	**12.613.308**			**16.594.255**

	January 1, 2019	**Additions**	**Disposals**	**December 31, 2019**
Cost Value:				
Land (*)	11.099.554	-	-	11.099.554
Buildings	2.131.387	-	(444.444)	1.686.943
Total	13.230.941	-	(444.444)	12.786.497
Accumulated depreciation:				
Buildings	131.015	42.174	-	173.189
Total	131.015	42.174	-	173.189
Net book value	13.099.926			12.613.308

(*) Consist of land at different locations which purchased in order to invest for forward construction projects and gain from the appreciation.

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

9. Property, plant, and equipment

As of January 1 - December 31, 2020, the details of property, plant and equipment and accumulated depreciation are as follows:

	January 1, 2020	Additions	Disposals	Transfers	December 31, 2020
Cost value:					
Land	8.268.574	-	-	-	8.268.574
Land improvements	8.128.302	-	-	-	8.128.302
Buildings	203.148.760	-	-	-	203.148.760
Plant, machinery and equipment	184.014.929	18.953.075	-	-	202.968.004
Vehicles	9.246.692	9.164.072	(883.688)	-	17.527.076
Fixtures	13.859.950	1.481.785	-	-	15.341.735
Leasehold improvements	89.735	246.810	-	-	336.545
Purchased by financial leasing (*)	21.833.248	-	-	-	21.833.248
Construction in progress	107.539	75.569.801	(132.413)	-	75.544.927
Total	448.697.729	105.415.543	(1.016.101)	-	553.097.171
Accumulated depreciation:					
Land improvements	1.385.689	1.169.946	-	-	2.555.635
Buildings	19.442.392	6.695.408	-	-	26.137.800
Plant, machinery and equipment	30.902.601	22.898.196	-	-	53.800.797
Vehicles	1.993.818	2.171.483	(374.728)	-	3.790.573
Fixtures	7.468.126	3.299.248	-	-	10.767.374
Leasehold improvements	13.969	41.850	-	-	55.819
Purchased by financial leasing	5.712.373	5.479.274	-	-	11.191.647
Total	66.918.968	41.755.405	(374.728)	-	108.299.645
Net book value	381.778.761				444.797.526

As of December 31, 2020, the total insurance amount on tangible assets is TL 126.355.000.

(*) Includes fixed assets purchased for the rooftop solar power plant project through financial leasing.

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

9. Property, plant, and equipment (continued)

As of January 1 - December 31, 2019, the details of property, plant and equipment and accumulated depreciation are as follows:

	January 1, 2019	Additions	Disposal	Transfers	December 31, 2019
Cost value:					
Land	8.268.574	-	-	-	8.268.574
Land improvements	8.128.302	11.178.000	(11.178.000)	-	8.128.302
Buildings	202.212.753	1.950.387	(1.014.380)	-	203.148.760
Plant, machinery, and equipment	170.106.657	23.569.119	(9.660.847)	-	184.014.929
Vehicles	6.447.502	4.151.941	(1.352.751)	-	9.246.692
Fixtures	12.981.254	1.327.230	(448.534)	-	13.859.950
Leasehold improvements	200.181	89.735	(200.181)	-	89.735
Purchased by financial leasing	8.000.000	13.833.248	-	-	21.833.248
Construction in progress	-	107.539	-	-	107.539
Total	416.345.223	56.207.199	(23.854.693)	-	448.697.729
Accumulated depreciation:	(42.543.912)	(31.189.283)	6.814.227	-	(66.918.968)
Total	(42.543.912)	(31.189.283)	6.814.227	-	(66.918.968)
Net book value	373.801.311	25.017.916	(17.040.466)	-	381.778.761

As of 31 December 2019, the total insurance amount on tangible fixed assets is TL 105.226.000.

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

10. Intangible assets

As of January 1, 2020 and December 31, 2020, the details of intangible assets and accumulated depreciation are as follows:

	January 1, 2020	Additions	Disposal	Transfers	December 31, 2020
Cost:					
Rights	915.733	587.141	-	-	1.502.874
Capitalized development costs (*)	87.054.351	32.778.724	-	-	119.833.075
Ongoing development costs (*)	-	5.016.653	-	-	5.016.653
Other intangible assets	134.548	-	-	-	134.548
Total	88.104.632	38.382.518	-	-	126.487.150
Accumulated depreciation:					
Rights	130.757	165.851	-	-	296.608
Capitalized development costs	33.413.762	14.448.257	-	-	47.862.019
Other intangible assets	73.599	20.465	-	-	94.064
Total	33.618.118	14.634.573	-	-	48.252.691
Net book value	54.486.514				78.234.459

As of January 1, 2019 and December 31, 2019, the details of intangible assets and accumulated depreciation are as follows:

	January 1, 2019	Additions	Disposal	Transfers	December 31, 2019
Cost:					
Rights	139.529	14.633.544	(13.857.340)	-	915.733
Capitalized development costs (*)	57.996.408	47.449.066	(18.391.123)	-	87.054.351
Other intangible assets	173.920	-	(39.372)	-	134.548
Total	58.309.857	62.082.610	(32.287.835)	-	88.104.632
Accumulated depreciation:	(23.032.263)	(27.364.000)	16.778.145	-	(33.618.118)
Total	(23.032.263)	(27.364.000)	16.778.145	-	(33.618.118)
Net book value	35.277.594				54.486.514

(*) The Company has established an R&D center in order to be eligible for the incentives and exemptions provided under the "Law on Support of Research and Development Activities" n. 5746 by the Ministry of Science, Industry and Technology of the Republic of Turkey and consequently has obtained the certificate for R&D center.

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

11. Prepaid expenses

As of December 31, 2020, and 2019, the details of short-term prepaid expenses are as follows:

	December 31, 2020	December 31, 2019
Order advances given for inventory purchases	**82.515.048**	41.252.960
Prepaid expenses	**-**	126.358
Total	**82.515.048**	41.379.318

As of December 31, 2020, the details of long-term prepaid expenses are as follows:

	December 31, 2020	December 31, 2019
Prepaid expenses	**1.439.877**	2.735.878
Total	**1.439.877**	2.735.878

12. Provisions, contingent assets and liabilities

a) Guarantees, pledge and mortgage ("GPM") given for Company's own legal personality:

Guarantees, pledge and mortgage ("GPM") position of the Company as of 31 December 2020 and 2019 are as follows:

December 31, 2020	**TL equivalent**	**TL**	**USD**	**Euro**
Guarantees (*)	**392.041.905**	**191.392.418**	**12.442.889**	**12.135.177**
Mortgages (**)	**306.268.600**	**-**	**-**	**34.000.000**
Total	**698.310.505**	**191.392.418**	**12.442.889**	**46.135.177**

December 31, 2019	TL equivalent	TL	USD	Euro
Guarantees	236.190.043	236.190.043	-	-
Mortgages (**)	226.120.400	-	-	34.000.000
Total	462.310.443	236.190.043	-	34.000.000

(*) Amounting of TL 157.854.545 of the letters of guarantee given by the Company to Türkiye Elektrik Üretim A.Ş.

(**) There are mortgages for bank loans amounting to EUR 12.750.000 and EUR 21.250.000, respectively, given for Sakarya Factory and Temelli Factory.

b) Other GPM's given to related parties on behalf of its own legal entity:

Joint and Several Guarantee

	December 31, 2020	December 31, 2019
Güney Ges Elektrik San. Tic. Ltd. Şti. (*)	**162.225.050**	131.278.420
Total	**162.225.050**	131.278.420

(*) As of December 31, 2020, the Company has been jointly and severally guarantor amounting to USD 22.100.000 for Güney Ges San. Tic. Ltd. Şti regarding to solar power plant project (December 31, 2019: USD 22.100.000).

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

12. Provisions, contingent assets and liabilities (continued)

b) Other GPM's given to related parties on behalf of its own legal entity (continued):

Guarantee

December 31, 2020	**TL Equivalent**	**TL**	**USD**	**Euro**
Özgüney Elek. İnş. Nak. Taş. Mob.San. Tic. Ltd. Şti. (**) (***)	**45.039.501**	**-**	**-**	**5.000.000**
Güney Elektrik Ltd. Şti. (***)	**169.176.504**	**-**	**23.047.000**	**-**
Tropikal Ahşap ve Orman Ürünleri İnş. Gıda Otomotiv Sanayi Dış Ticaret Limited Şti (**) (***)	**54.822.600**	**30.300.000**	**1.500.000**	**1.500.000**
Yentek Enerji İnşaat Elektrik Sanayi ve Tic. Ltd. Şti. (**) (***)	**57.255.900**	**-**	**7.800.000**	**-**
Total	**326.294.505**	**30.300.000**	**32.347.000**	**6.500.000**

December 31, 2019	TL Equivalent	TL	USD	Euro
Özgüney Elek. İnş. Nak. Taş. Mob.San. Tic. Ltd. Şti. (**) (***)	33.253.000	-	-	5.000.000
Güney Elektrik Ltd. Şti. (**) (***)	136.903.789	-	23.047.000	-
Tropikal Ahşap ve Orman Ürünleri İnş. Gıda Otomotiv Sanayi Dış Ticaret Limited Şti (**) (***)	49.186.200	30.300.000	1.500.000	1.500.000
Yentek Enerji İnşaat Elektrik Sanayi ve Tic. Ltd. Şti. (**) (***)	46.333.560	-	7.800.000	-
Total	265.676.549	30.300.000	32.347.000	6.500.000

(**) Borrowings used by related parties from banks are guaranteed by Astor Transformatör Enerji Turizm İnş. ve Pet. San. Tic. Anonim Şirketi.

Guarantee letters

	December 31, 2020	December 31, 2019
Güney Ges Elektrik San. Tic. Ltd. Şti. (***)	**501.630**	389.130
Güney Elektrik Ltd. Şti. (***)	**2.570.234**	2.460.234
Yentek Enerji İnşaat Elektrik Sanayi ve Tic. Ltd. Şti. (***)	**378.085**	378.085
Renpower 2 Enerji Elektrik Üretim Sanayi ve Tic. Ltd. Şti (***)	**722.188**	722.188
Total	**4.172.137**	3.949.637

(***) As of December 31, 2020 and 2019, it consists of letters of guarantee and joint and several guarantee given by the Company on behalf of its own legal entity for related parties.

c) GPM's received on behalf of its own legal entity:

	December 31, 2020	December 31, 2019
Guarantee letters	**14.114.183**	7.421.159
Total	**14.114.183**	7.421.159

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

13. Deferred income

As of December 31, 2020 and 2019, the details of short-term deferred income are as follows:

	December 31, 2020	December 31, 2019
Order advances received (*)	**67.488.434**	97.227.348
Income for next months	**11.918.280**	1.851.570
Total	**79.406.714**	99.078.918

(*) As of December 31, 2020, and 2019, the deferred income consists of order advances received.

14. Shareholders' equity

a) Capital

As of December 31, 2020, and 2019, the details of Company's paid-in share capital are as follows:

	December 31, 2020		December 31, 2019	
	Share (%)	**TL**	Share (%)	TL
Feridun Geçgel	**100%**	**200.000.000**	100%	200.000.000
Total		**200.000.000**		200.000.000
Unpaid capital		**7.377.694**		7.377.694
Paid in share capital		**192.622.306**		192.622.306

As of 31 December 2020, the capital of the Company consists of 20.000.000.000 shares with TL 0,01 (31 December 2019: 20.000.000.000 shares with TL 0,01) nominal price each.

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

14. Equity (continued)

b) Legal reserves

As of December 31, 2020, and 2019, the details of Company's restricted profit reserves are as follows:

	December 31, 2020	December 31, 2019
Legal reserves	**12.775.677**	12.775.677
	12.775.677	12.775.677

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code. The Turkish Commercial Code 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.

Dividends:

Unless the dividends determined for the shareholders in the articles of association or dividend distribution policy are required to be reserved according to the TCC; It is not possible to decide to allocate another reserve fund, to transfer profit to the following year, and to distribute dividends to redeemed shareholders, members of the board of directors, shareholders and non-shareholders, and dividends cannot be distributed to these persons unless the dividend determined for the shareholders is paid in cash.

In the calculation of the net distributable period profit, the portion exceeding the sum of the total legal reserves including the previous years' profits, the premiums related to the shares, and the equity items excluding capital are adjusted for inflation accounting.

Equity inflation adjustment differences and registered values of extraordinary reserves, bonus increase; can be used in cash profit distribution or loss offset. However, equity inflation adjustment differences will be subject to corporate tax if used in cash profit distribution.

Legal reserves are accounted with their amounts in legal records. In this context, the distribution of profits TFRS principles as the report date and the resulting capital increase in the valuation made under or subject to inflation adjustments arising from differences, retained earnings / loss has been associated with.

15. Payables related to employee benefits

	December 31, 2020	December 31, 2019
Due to personnel	**4.508.234**	3.120.666
Social security premiums payable	**2.211.706**	1.278.951
Total	**6.719.940**	4.399.617

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

15. Payables related to employee benefits (continued)

Short-term provisions for employee benefits:

	December 31, 2020	December 31, 2019
Provision for unused vacation	**1.817.729**	2.343.827
Total	**1.817.729**	2.343.827

Long-term provisions for employee benefits:

Under the Turkish Labour Law, the Company is 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, or who retires or resigns. The indemnity is one month's salary for each working year and is limited to TL 7.638,96 as of January 1, 2020 (January 1, 2020: TL 6.730,15).

The Company reflected a liability calculated using the Projected Unit Credit Method and based upon factors derived using their experience of personnel terminating their services and eligible to receive retirement pay and discounted by using the current market yield on government bonds at the statement of financial position date. This provision is calculated by expecting the present value of the future liability which will be paid for the retired personnel.

TFRS requires actuarial valuation methods to be developed to estimate the provision for severance pay. Accordingly, the following actuarial predictions were used in the calculation of the total provision:

	December 31, 2020
Interest rate	**12,90%**
Inflation rate	**9,00%**
Discount rate	**3,58%**

	December 31, 2020	December 31, 2019
Provision for employee termination benefits	**7.441.036**	7.643.521
Total	**7.441.036**	7.643.521

Movement of retirement pay provision is as follows:

	2020	2019
January 1	**7.643.521**	3.798.196
Service costs	**2.713.160**	1.961.004
Interest costs	**903.465**	62.191
Retirement benefits paid (-)	**(701.235)**	(614.660)
Actuarial (gain)/ loss	**(3.117.875)**	2.436.790
December 31	**7.441.036**	7.643.521

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

16. Other assets and liabilities

a) Other current assets

As of December 31, 2020 and 2019, the details of other current assets are as follows:

	December 31, 2020	December 31, 2019
Deferred VAT	**-**	5.614.008
Job advances	**436.000**	320.863
Total	**436.000**	5.934.871

b) Other current liabilities

As of December 31, 2020, and 2019, the details of other current liabilities are as follows:

	December 31, 2020	December 31, 2019
Taxes payable and liabilities	**2.518.020**	1.172.678
Other	**92.769**	13.751
Total	**2.610.789**	1.186.429

17. Tax assets and liabilities

Current tax expenses and deferred tax expenses

Tax expense includes current tax expense and deferred tax expense. Tax is included in the income statement, provided that it is not directly related to a transaction accounted under equity. Otherwise, the tax is also accounted under equity together with the related transaction.

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. Under the Turkish Tax Code, companies having head office or place of business in Turkey are subject to corporate tax.

In the Turkish tax system, financial losses can be offset by financial profits within the next five years, and it is not possible to offset earnings (retrospectively) from previous years.

In addition, temporary tax is paid at the rate of 22% (22% for the taxation periods for 2018, 2019 and 2020) over the tax declared in the interim periods during the year to be deducted for corporate tax. As of December 31, 2020, and 2019, the provision for tax has been set aside under the applicable tax legislation.

Deferred tax is calculated over the temporary differences between the registered values of the assets and liabilities in the financial statements and the tax values by using the liability method. In the calculation of deferred tax, tax rates valid as of the financial statement date are used in accordance with the applicable tax legislation.

While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly likely to benefit from these differences by obtaining taxable profit in the future.

Deferred tax assets and liabilities are mutually offset provided that they are subject to the tax legislation of the same country and that there is a legally enforceable right to set off current tax assets from current tax liabilities.

17. Tax assets and liabilities (continued)

Corporate Tax

The Company is subject to the applicable tax legislation and practices of the countries in which they operate.

Tax expense includes current tax expense and deferred tax expense. Tax is included in the income statement, provided that it is not directly related to a transaction accounted under equity. Otherwise, the tax is also accounted under equity together with the related transaction.

The corporate tax rate in Turkey is 22%. In accordance with the provisional article 10 added to the Corporate Tax Law, the 20% corporate tax rate will be applied as 22% for corporate earnings for the corporate tax periods of 2019, 2019 and 2020. The corporate tax rate is applied to the corporate income of the corporations, which is the result of the addition of the expenses that are not allowed to be discounted in accordance with the tax laws, and the deduction of the exemptions and discounts included in the tax laws. The corporate tax is declared until the evening of the twenty-fifth day of the fourth month following the end of the relevant year and is paid until the end of the relevant month.

Companies calculate temporary tax at a rate of 22% over their quarterly financial profits (22% for taxation periods 2019, 2019 and 2020) and declare until the 14th day of the second month following that period and pay until the evening of the 17th day. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated on the corporate tax return to be submitted in the following year. Despite the offset, if the amount of temporary tax paid remains, this amount can be refunded or deducted.

According to the Corporate Tax Law, financial losses accounted on the declaration can be deducted from the corporate tax base of the period, provided that they do not exceed 5 years. Declarations and related accounting records can be examined within five years by the tax office.

In Turkey, the resident companies from corporation tax and income not liable for the tax and those made to those except for exempted who are resident in Turkey and non-natural persons and dividend payments to legal persons not resident in Turkey are subject to 15% income tax.

Dividend payments made to resident corporations in Turkey again from resident companies in Turkey are not subject to income tax. In addition, income tax is not calculated if the profit is not distributed or added to the capital.

Turkish tax legislation does not allow the parent Company, the Company, to file a tax return on its financial statements. For this reason, tax liabilities reflected in the financial statements of the Company have been calculated. Tax amounts payable in the statement of financial position dated December 31, 2020, and 2019 are netted for each subsidiary and are classified separately in the financial statements.

<u>Real estate and subsidiary shares sales gain expectation</u>

The corporate tax is exempted from 50% of the earnings of the institutions arising from the sale of the real estates included in their assets for at least two full years, 75% of the participation shares, pre-emptive rights, founder bonds and usufruct notes. In order to benefit from the exemption, the said profit should be kept in a passive fund account and should not be withdrawn for 5 years. The sales price must be collected until the end of the second calendar year following the year of sale.

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

17. Tax assets and liabilities (continued)

As of December 31, 2020, and 2019, the details of tax assets and liabilities are as follows:

	December 31, 2020	December 31, 2019
Period tax expenses	**(484.532)**	-
Deferred tax income/ (expenses)	**245.209**	(1.695.350)
Total tax expenses, net	**(239.323)**	(1.695.350)

The reconciliation of the period tax expense with the profit for the period is as follows:

Reconciliation of tax provision	**December 31, 2020**	December 31, 2019
Profit before tax	**231.422.719**	137.465.178
Calculated tax expenses	**(50.912.998)**	(30.242.339)
Non-deductible expenses	**(492.123)**	(367.396)
Research and development concessions and other discounts	**8.025.787**	6.006.079
Investment incentive discount	**42.049.305**	22.908.306
Effect of change in rate of corporation tax	**155.668**	-
Investment incentive discount	**935.038**	-
Total tax income/ (expenses) reported in the profit or loss statement	**(239.323)**	(1.695.350)

Deferred tax income/ (expense)

Deferred tax is calculated over the temporary differences between the registered values of the assets and liabilities in the financial statements and the tax values by using the liability method. In the calculation of deferred tax, tax rates valid as of the financial statement date are used in accordance with the applicable tax legislation. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly likely to benefit from these differences by obtaining taxable profit in the future.

Deferred tax assets and liabilities are mutually offset provided that they are subject to the tax legislation of the same country and that there is a legally enforceable right to set off current tax assets from current tax liabilities.

Since the tax rate valid for 3 years has changed to 22% as of January 1, 2020, a tax rate of 22% has been used in the deferred tax calculation as of 31 December 2020 for temporary differences expected to occur / close within 3 years (in 2019, 2019 and 2020). However, since the current corporate tax rate for 2020 is 20%, a 20% tax rate is used for the current differences expected to be realized / closed after 2020.

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

17. Tax assets and liabilities (continued)

Deferred tax (continued)

As of December 31, 2020, and 2019, the details of deferred tax assets and liabilities are as follows:

	Deferred tax asset/ liabilities December 31, 2020	Deferred tax asset/ liabilities December 31, 2019
Deferred tax assets and liabilities:		
Provision for severance payments and unused vacation	**1.851.753**	2.078.208
Provisions for doubtful receivables and ECL	**2.643.267**	1.560.941
Rediscount income/ (expenses), net	**(2.323.347)**	(1.976.693)
Depreciation and amortization of tangible assets, intangible assets and investment properties	**(2.924.563)**	(1.905.736)
Other	**131.244**	-
Deferred tax liability, net	**(621.646)**	(243.280)

18. Revenue

The Company fulfils its performance obligations at a certain time by transferring goods and services.

	January 1 – December 31, 2020	January 1 – December 31, 2019
Domestic sales	**1.183.284.201**	893.312.936
Exports	**278.278.471**	222.363.668
Other sales	**3.361.569**	23.458.429
Gross sales	**1.464.924.241**	1.139.135.033
Sales discounts (-)	**-**	(3.082.565)
Sales returns (-)	**(16.157.893)**	(25.328.917)
Net sales	**1.448.766.348**	1.110.723.551

19. Cost of sales

	January 1 – December 31, 2020	January 1 – December 31, 2019
Raw materials and consumables	**787.193.337**	751.522.332
Personnel expenses	**53.056.361**	48.924.979
Depreciation and amortization expenses	**43.794.787**	45.480.922
Change in semi-finished product inventories (Note 7)	**15.703.237**	10.881.980
Change in finished product inventories (Note 7)	**93.436.997**	3.605.982
Cost of merchandise sold (-)	**23.477.796**	3.642.189
Total	**1.016.662.515**	864.058.384

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

20. General administrative expenses and marketing expenses (-)

a. General administrative expenses (-)

	January 1 – December 31, 2020	January 1 – December 31, 2019
Personnel expenses	**(15.509.621)**	(3.634.732)
Depreciation expenses	**(9.605.404)**	(9.749.621)
Taxes, duties, and fees	**(4.470.910)**	(1.493.783)
Licences expenses	**(1.786.062)**	(590.242)
Travel expenses	**(1.672.267)**	(2.536.456)
Maintenance and repair costs	**(1.175.768)**	(1.251.903)
Outsourced services	**(1.297.056)**	(2.242.175)
Other	**(1.474.037)**	(2.941.859)
Total	**(36.991.125)**	(24.440.771)

b. Marketing, sales, and distribution expenses (-)

	January 1 – December 31, 2020	January 1 – December 31, 2019
Sales premium and commission expenses	**(15.668.833)**	(1.506.772)
Export expenses	**(11.499.053)**	(3.361.346)
Transportation expenses	**(6.955.011)**	(4.259.131)
Travel expenses	**(3.818.959)**	(489.633)
Maintenance and repair costs	**(3.148.372)**	(622.344)
Advertising and sponsorship expenses	**(1.601.110)**	-
Other	**(4.295.452)**	(934.008)
Total	**(46.986.790)**	(11.173.234)

c. Research and development expenses (-)

	January 1 – December 31, 2020	January 1 – December 31, 2019
Amortization	**(3.315.140)**	(3.364.914)
Total	**(3.315.140)**	(3.364.914)

21. Other income and expenses from operating activities

a) Other income

	January 1 – December 31, 2020	January 1 – December 31, 2019
Foreign exchange gains	**187.318.496**	36.707.025
Incentive income	**11.316.526**	6.573.439
Scrap sales	**9.336.425**	6.260.963
Rediscount interest income	**6.220.428**	6.890.954
Trade receivables interest income	**2.168.983**	838.567
Other (*)	**12.009.223**	20.476.579
Total	**228.370.081**	77.747.527

(*) It consists of returns, promotions, penalties, interest, and R&D income.

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

21. Other income and expenses from operating activities (continued)

b) Other expenses

	January 1 – December 31, 2020	January 1 – December 31, 2019
Foreign exchange loss	**(226.959.385)**	(78.641.400)
Provision for doubtful receivables (Note 5)	**(6.892.713)**	(7.507.707)
Commission expenses	**(6.462.094)**	(488.427)
Rediscount interest expenses	**(3.588.661)**	(10.975.416)
Other	**(2.989.955)**	(2.595.241)
Total	**(246.892.808)**	(100.208.191)

22. Income and expenses from investment activities

a) Income from investment activities

	January 1 – December 31, 2020	January 1 – December 31, 2019
Fixed asset sales profit	**3.779.801**	195.517
Rent incomes	**2.913.841**	3.266.399
Total	**6.693.642**	3.461.916

b) Expenses from investment activities

	January 1 – December 31, 2020	January 1 – December 31, 2019
Fixed asset sales expenses	**-**	(666.462)
Total	**-**	(666.462)

23. Financial expenses

a) Financial expenses

	January 1 – December 31, 2020	January 1 – December 31, 2019
Foreign exchange loss	**(55.975.154)**	(10.911.987)
Bank commission interest expenses	**(43.739.829)**	(37.948.523)
Guarantee letter commission expenses	**(1.604.668)**	-
Total	**(101.319.651)**	(48.860.510)

24. Related party disclosures

Trade receivables from related parties generally result from sales transactions. As of the end of each month, non-commercial receivable amounts are justified by using current interest rates determined according to market conditions.

The Company's top management team consists of the members of the Board of Directors. For the year ended December 31, 2020, the Company does not have any wages or similar benefits paid to senior executives (31 December 2019: None).

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

24. Related party disclosures (continued)

a) Trade receivables from related parties

	December 31, 2020	December 31, 2019
Astor Energy Algeria (1)	**12.108.382**	-
Etm – Astor Sarl (1)	**8.743.786**	6.177.780
Özgüney Elek. İnş. Nak. Taş. Mob. San. Tic. Ltd. Şti. (2)	**18.780.825**	124.182
EFG Elektrik İnş. Enerji San. ve Tic. Ltd. Şti. (2)	**19.080.678**	21.646.213
Total	**58.713.671**	27.948.175

b) Other receivables from related parties

	December 31, 2020	December 31, 2019
Özgüney Elek. İnş. Nak. Taş. Mob. San. Tic. Ltd. Şti. (2)	**23.365.064**	-
Total	**23.365.064**	-

c) Receivables from shareholder

	December 31, 2020	December 31, 2019
Feridun Geçgel	**-**	554.524
Total	**-**	554.524

d) Payables to shareholder

	December 31, 2020	December 31, 2019
Feridun Geçgel	**18.006.427**	-
Total	**18.006.427**	-

e) Sales of goods and services to related parties

	December 31, 2020	December 31, 2019
Güney Ges Elektrik San. Tic. Ltd. Şti. (2)	**47.752.282**	39.872.905
Özgüney Elek. İnş. Nak. Taş. Mob.San. Tic. Ltd. Şti. (2)	**18.780.825**	15.755.687
Astor Energy Algeria (1)	**16.164.192**	6.943.065
EFG Elektrik İnşaat Enerji San. ve Tic. Ltd. Şti.(2)	**14.922.028**	11.409.606
Etm – Astor Sarl (1)	**9.339.953**	6.144.427
Güney Elektrik Ltd. Şti. (2)	**3.951.900**	77.309.764
Yentek Enerji İnşaat Elektrik Sanayi ve Tic. Ltd. Şti.(2)	**2.596.852**	12.982.242
Renpower 2 Enerji Elektrik Üretim Sanayi ve Tic. Ltd. Şti. (2)	**494.235**	-
Total	**114.002.267**	170.417.697

The Company generally sells its core business products to related party companies.

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

24. Related party disclosures (continued)

f) Purchases of goods and services from related parties

	December 31, 2020	December 31, 2019
Özgüney Elek. İnş. Nak. Taş. Mob.San. Tic. Ltd. Şti. (2)	**14.144.461**	15.755.687
EFG Elektrik İnşaat Enerji San. ve Tic.Ltd.Şti. (2)	**6.457.792**	771.602
Güney Ges Elektrik San. Tic. Ltd. Şti.(2)	**-**	16.000.000
Güney Elektrik Ltd. Şti. (2)	**-**	11.132.000
Yentek Enerji İnşaat Elektrik Sanayi ve Tic.Ltd.Şti.(2)	**-**	209.000
Total	**20.602.253**	43.868.289

The company procures raw materials and other materials from related party companies.

(1) Company owned by shareholders
(2) Companies controlled by close family members

25. The nature and risk level of financial instruments

The main financial instruments of the Company consist of short-term and long-term bank loans, cash and bank deposits. The main purpose of these financial instruments is to finance the Company's operating activities. The Company also has other financial instruments such as trade payables and trade receivables arising from direct operating activities.

Share capital management

While managing the capital, the Company's goals are to maintain the most appropriate capital structure and to ensure the continuity of the Company's activities in order to benefit its partners and reduce the cost of capital.

The ratio of net debt calculated by subtracting cash and cash equivalents of 31 December 2020 and 2019 from financial debts, divided by total capital, is as follows:

	December 31, 2020	December 31, 2019
Total financial liabilities	**730.693.869**	404.319.514
Cash and cash equivalents (-)	**(224.697.347)**	(94.004.816)
Net financial liabilities	**505.996.522**	310.314.698
Shareholder's equity	**572.390.932**	338.473.913
Total equity	**1.078.387.454**	648.788.611
Net financial liabilities/ equity	**47%**	48%

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

25. The nature and risk level of financial instruments (continued)

Currency risk management

Foreign currency transactions cause currency risk. Exchange rate risk is managed by balancing the assets and liabilities in foreign currency.

As of December 31, 2020, and 2019, the Company's foreign currency position is as follows:

31 December 2020	**USD**	**Euro**	**Total TL equivalent (Unit of currency)**
Cash and cash equivalents	**9.779.768**	**2.413.012**	**93.524.558**
Trade receivables	**1.841.904**	**15.000**	**13.655.611**
Total assets	**11.621.672**	**2.428.012**	**107.180.169**
Bank loans	**-**	**(34.279.361)**	**(308.785.055)**
Other payables	**(6.360.119)**	**(2.321.254)**	**(67.596.076)**
Total liabilities	**(6.360.119)**	**(36.600.615)**	**(376.381.131)**
Net foreign currency position	**5.261.553**	**(34.172.603)**	**(269.200.962)**

31 December 2019	USD	Euro	Total TL equivalent (Unit of currency)
Cash and cash equivalents	3.135.908	274.359	20.452.570
Trade receivables	-	-	-
Total assets	3.135.908	274.359	20.452.570
Bank loans	-	(31.798.651)	(211.480.108)
Other payables	(5.935.144)	(1.400.458)	(47.791.267)
Total liabilities	(5.935.144)	(33.199.109)	(259.271.375)
Net foreign currency position	(2.799.236)	(32.924.750)	(235.597.364)

Sensitivity of currency risk

The Company is exposed to currency risk mainly in USD and Euros.

The table on the next page shows the Company's sensitivity to the 10% increase and decrease in USD Euro rates. The rate of 10% is the rate used for reporting to senior executives in exchange rate risk within the Company, and this rate represents the possible change expected by management in exchange rates. The sensitivity analysis covers only the monetary items in open foreign currency at the end of the year and shows the approximate effects of the exchange rate change of 10% at the end of the year. The positive value represents an increase in profit / loss.

	USD effects		***EUR effects***	
	2020	2019	**2020**	2019
Profit or Loss	**3.862.243**	(1.662.802)	**(30.782.339)**	(21.896.934)

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

25. The nature and risk level of financial instruments (continued)

Credit risk

Credit risk is the risk that one of the parties investing in a financial instrument cannot fulfil its obligations and suffer financial losses from the other party. The Company manages credit risk by limiting its transactions with certain third parties and by constantly reviewing the credit risk of third parties. There is no credit risk in the retail sector as it is sold with cash and credit cards. It works with customers with high credibility in wholesale sales, often uses advance method in advance and continuous credit evaluations are made.

Credit risk concentrations occur when counterparties carry out similar business activities or operate within the same geographic region or if they have similar economic characteristics, the fulfilment of their contractual obligations is equally affected by changes in economic, political and other circumstances. The Company manages credit risk by diversifying its sales activities against the risk of excessive concentration resulting from working with individuals and groups in limited regions and sectors. The maximum credit risk amount of the Company is the carried value of the financial instruments it carries in the financial statements.

	Receivables				
	Trade receivables		**Other receivables**		
December 31, 2020	**Related party**	**Other party**	**Related party**	**Other party**	**Bank deposits**
Maximum credit risk exposed as of balance sheet data (A+B+C+D)	**82.078.735**	**371.131.866**	**23.365.064**	**37.231.266**	**224.422.269**
- Secured portion of the maximum credit risk by guarantees	**-**	**-**	**-**	**-**	**-**
A. Net book value of financial assets that are neither past due nor impaired	**82.078.735**	**371.131.866**	**23.365.064**	**37.231.266**	**224.422.269**
B. net book value of financial assets that are past due but not impaired	**-**	**-**	**-**	**-**	**-**
C. Net book value of the impaired assets	**-**	**-**	**-**	**-**	**-**
- Pass due (gross amount)	**-**	**17.506.154**	**-**	**-**	**-**
- Impairment (-)	**-**	**(17.506.154)**	**-**	**-**	**-**
- Secured portion of the net book value by guarantees, etc.	**-**	**-**	**-**	**-**	**-**
- Not past due (gross amount)	**-**	**-**	**-**	**-**	**-**
- Impairment (-)	**-**	**-**	**-**	**-**	**-**
D. Off-balance sheet items including credit risk	**-**	**-**	**-**	**-**	**-**

	Receivables				
	Trade receivables		Other receivables		
December 31, 2019	Related party	Other party	Related party	Other party	Bank deposits
Maximum credit risk exposed as of balance sheet data (A+B+C+D)	**27.948.175**	467.376.070	554.524	14.615.174	93.986.826
	-				
- Secured portion of the maximum credit risk by guarantees	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	27.948.175	467.376.070	554.524	14.615.174	93.986.826
B. net book value of financial assets that are past due but not impaired	-	-	-	-	-
C. Net book value of the impaired assets	-	-	-	-	-
- Pass due (gross amount)	-	10.613.441	-	-	-
- Impairment (-)	-	(10.613.441)	-	-	-
- Secured portion of the net book value by guarantees, etc.	-	-	-	-	-
- Not past due (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-

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

25. The nature and risk level of financial instruments (continued)

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. When receivables and payables are not fixed, the amount is determined by using the interest rate derived from yield curves at the reporting date.

December 31, 2020 expected terms	**Carrying value**	**Total contracted cash outflows (I+II+III)**	**Less than 3 months (I)**	**3 to 12 months (II)**	**1 to 5 years (III)**
Non-derivative financial liabilities					
Bank loans (Note 4)	**730.693.869**	**781.331.629**	**282.648.402**	**130.020.646**	**368.662.581**
Trade payables (Note 5)	**265.002.999**	**265.002.999**	**265.002.999**	**-**	**-**
Other liabilities (Note 2-16)	**2.610.789**	**2.610.789**	**2.610.789**	**-**	**-**
Total liabilities	**998.307.657**	**1.048.945.417**	**550.262.190**	**130.020.646**	**368.662.581**

December 31, 2019, expected terms	Carrying value	Total contracted cash outflows (I+II+III)	Less than 3 months (I)	3 to 12 months (II)	1 to 5 years (III)
Non-derivative financial liabilities					
Bank loans (Note 4)	404.319.514	448.138.111	56.167.268	67.136.534	324.834.308
Trade payables (Note 5)	431.540.850	431.540.850	431.540.850	-	-
Other liabilities (Note 16)	1.186.429	1.186.429	1.186.429		
Total liabilities	837.046.793	880.865.390	488.894.547	67.136.534	324.834.308

Interest rate risk

The sensitivity analyses below were determined based on interest rate risks that non-derivative instruments were exposed to as at the reporting date. For the analysis of floating-rate liabilities, it was assumed that balance at the end of the year existed throughout the year.

26. Fair value disclosure

Financial instruments

Fair value is the amount that a financial instrument can change hands in a current transaction between voluntary parties other than a mandatory sale or liquidation transaction, if any, it is best determined by a market price.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methods. However, judgment is used in the interpretation of market data for the purpose of fair value estimation. Accordingly, the estimates presented here may not be indicative of the values that Cricket can achieve in a current market transaction.

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

26. Fair value disclosures (continued)

	December 31, 2020					
	Financial assets valued at amortized cost (TL)	**Fair Value**		**Financial liabilities valued at amortized cost (TL)**	**Carrying Amount**	
		Assets	**(Liabilities)**			**Note**
Financial Assets						
Cash and cash Equivalents	**224.697.347**	**-**	**-**	**-**	**224.697.347**	*3*
Receivables from third parties	**371.131.866**	**-**	**-**	**-**	**371.131.866**	*5*
Receivables from related parties	**82.078.735**	**-**	**-**	**-**	**82.078.735**	*24*
Financial Liability						
Financial liability	**-**	**-**	**-**	**730.693.869**	**730.693.869**	*4*
Trade payables	**-**	**-**	**-**	**265.002.999**	**265.002.999**	*5*

	December 31, 2019					
	Financial assets valued at amortized cost (TL)	Fair Value		**Financial liabilities valued at amortized cost (TL)**	Carrying Amount	
		Assets	(Liabilities)			Note
Financial Assets						
Cash and cash Equivalents	94.004.816	-	-	-	94.004.816	*3*
Receivables from third parties	467.376.070	-	-	-	467.376.070	*5*
Receivables from related parties	28.502.699	-	-	-	28.502.699	*24*
Financial Liability						
Financial Liability	-	-	-	404.319.514	404.319.514	*4*
Trade payables	-	-	-	431.540.850	431.540.850	*5*

27. Subsequent event after financial statement

In accordance with the Law No. 7316 on the Procedure for the Collection of Public Receivables and the Law Amending Certain Laws published in the Official Gazette dated April 22, 2021, and numbered 31462, the corporate tax rate has been increased to 25% for 2021 and 23% for 2022 corporate earnings. These rates will be applied to the earnings of the accounting period that started in the relevant year for institutions designated as a special accounting period.

The new trade name of the Company was announced as "Astor Enerji Anonim Şirketi" in the Trade Registry Gazette dated March 5, 2021.