ÇALIK ENERJİ
ANNUAL REPORT 2020

annual report

WE ARE SHAPING
THE ENERGY OF
THE FUTURE

ÇALIK ENERJİ

CONTENTS

Çalık Enerji At A Glance

10 Çalık Enerji in Turkey
11 Çalık Enerji in the World
12 Value Creation Model
14 Çalık Holding in Brief
16 Çalık Group
18 Çalık Enerji in Brief
20 Key Financial and Operational Indicators
22 Developments in 2020
26 Awards in 2020
28 Our Mission, Vision, Corporate Values and Competitive Advantages
30 Çalık Enerji's "Firsts" and "Major Achievements" in the Industry
32 Milestones

From the Management

34 Message from the Chairman
36 Message from the General Manager
40 Executive Management

Activities

42 An Overview of the Energy Sector in 2020
46 EPC
58 Renewable Energy Investments
64 Distribution and Retail Services
96 IQB Solutions
98 Workindo
100 Technovision
102 R&D Efforts
112 Procurement and Logistics

Sustainability

116 Sustainability Efforts of Çalık Enerji
118 Environmental Practices
120 Human Resources
124 Occupational Health and Safety Practices

Social Responsibility

128 Social Responsibility Projects

Corporate Management

146 Remarks Regarding Internal Control and Internal Audit
148 Our Quality Policy

Financial Data

151 Consolidated Financial Statements as at and for the Year Ended 31 December 2020 with Independent Auditor's Report

Superior performance to build a better and more sustainable future

Since its founding in 1998, Çalık Enerji has operated in different fields of energy across a wide geographic area, spanning the Middle East, Central Asia, Africa, Europe, and the Balkans.

Recording numerous successes across the globe, we bring the energy of nature to people with the innovative energy facilities that we build.

Aiming to build a better and more sustainable future, Çalık Enerji maintains its position among the world's leading energy companies with its highly successful projects.

GOOD CORPORATE GOVERNANCE, ACCURATE RESULTS

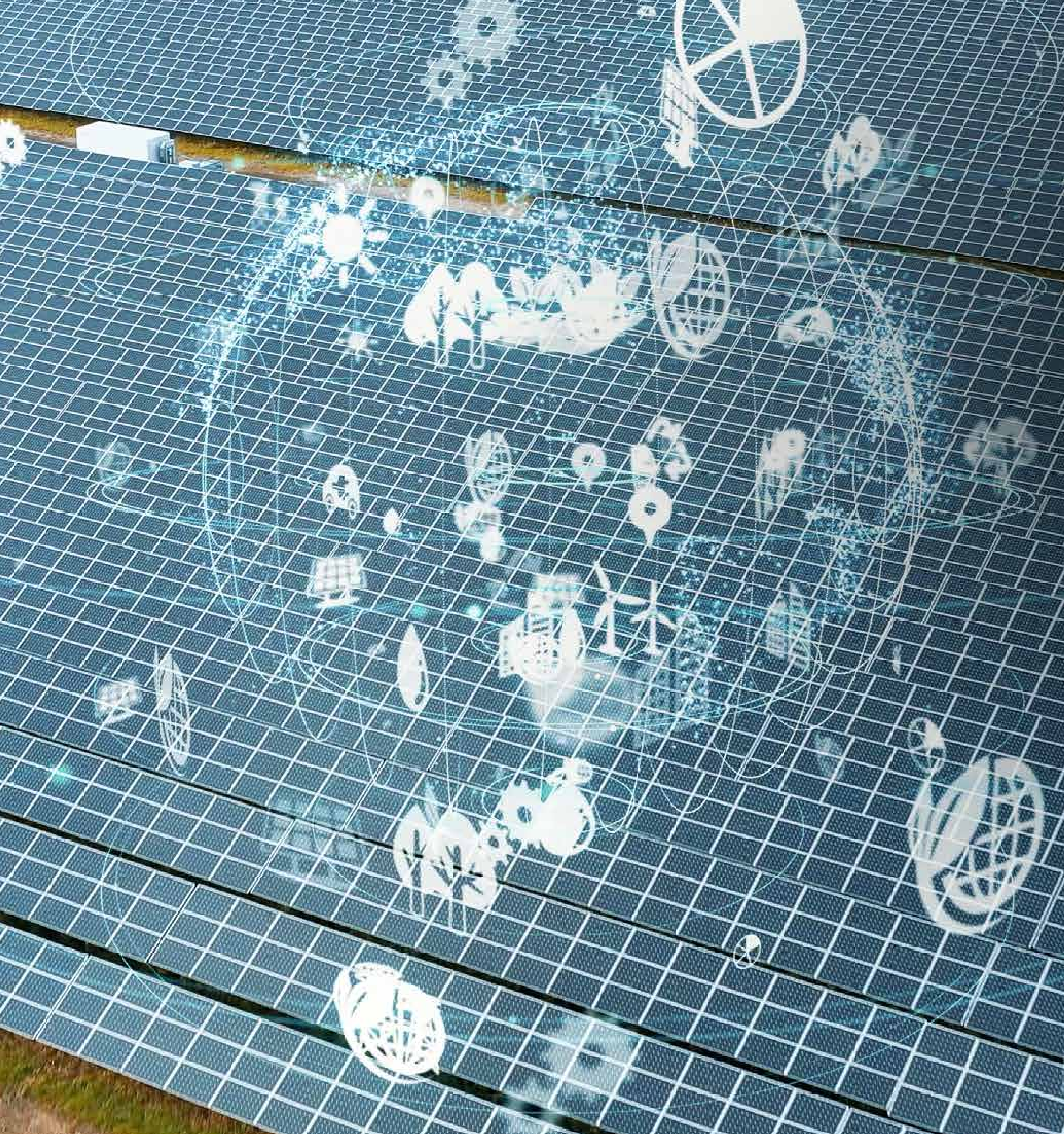
At Çalık Enerji, we operate in line with the principle that good corporate governance leads to greater success. We believe that our corporate governance approach is essential for managing our risks effectively, maintaining productive communications with our stakeholders, formulating and implementing our strategy correctly, and ensuring sustainable success.

HUMAN-CENTERED APPROACH

We make a difference guided by our motto: “Value for people, investing to the future.” In addition to being recognized with our high-quality, creative, environmentally and human-friendly projects in the energy sector, we are committed to prioritize sustainability as a signatory to the United Nations Global Compact. We conduct our business activities by putting people at the heart of everything we do in the geographies where we operate.

WE PRIORITIZE THE ENVIRONMENT FOR OUR PLANET

Çalık Enerji focuses on environmental performance as much as financial returns, while making investment decisions, developing solutions and designing services. While adding value to the environment, we share this approach with all our stakeholders in the value chain.



SUPPORTING THE ECONOMY BY DRIVING DEVELOPMENT

At Çalık Enerji, we prioritize continuous profitability, customer satisfaction, supply chain management, innovation, and digitalization to ensure our economic sustainability. By extending our track record of success with groundbreaking innovations, we also contribute to the national economy.

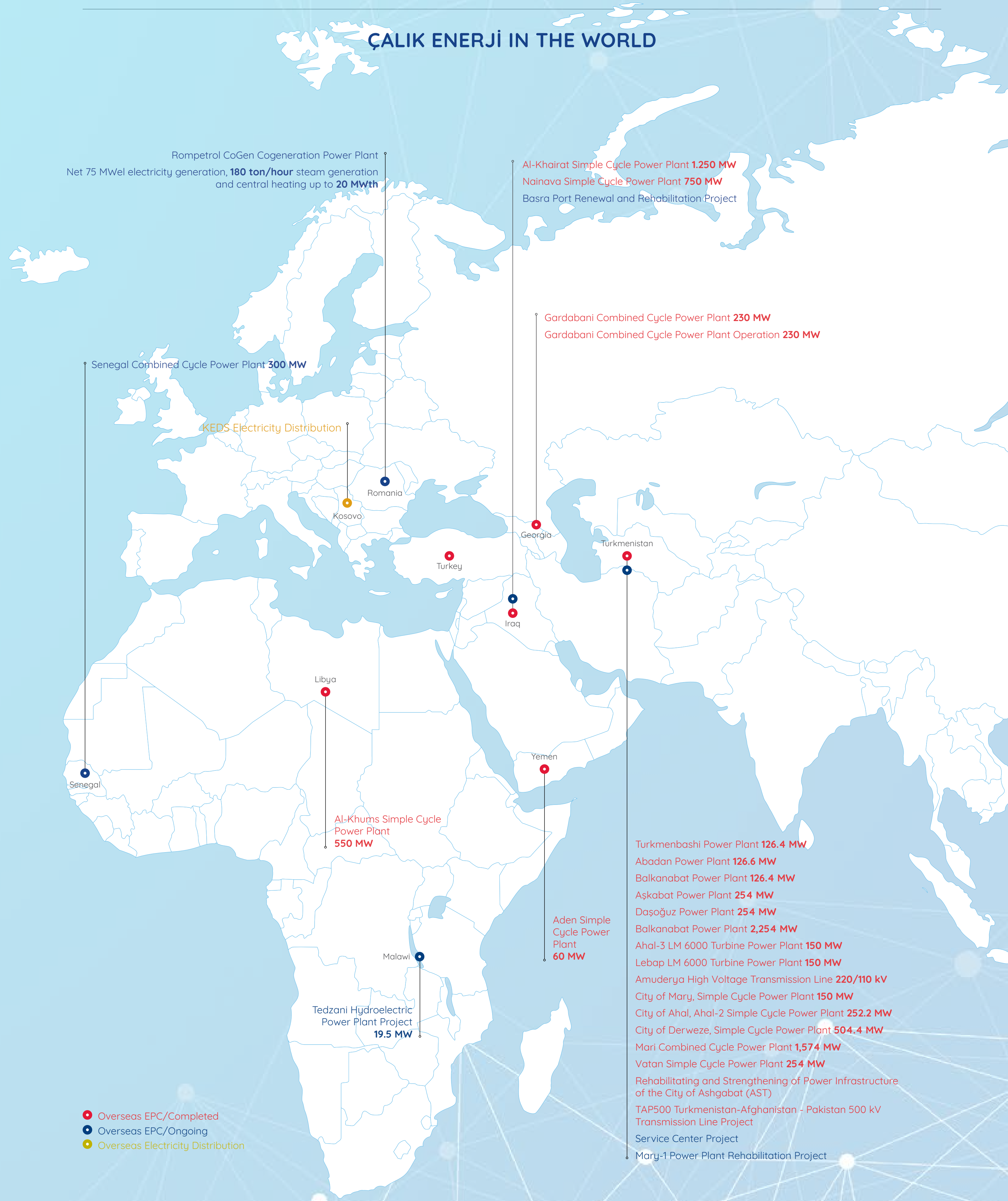
8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

ÇALIK ENERJİ IN TURKEY

ÇALIK ENERJİ IN THE WORLD



VALUE CREATION MODEL

Inputs

Human Resources
1,095 employees, local employment in EPC projects

Financial Resources
TL 4.8 billion total equity, TL 8.2 billion total assets

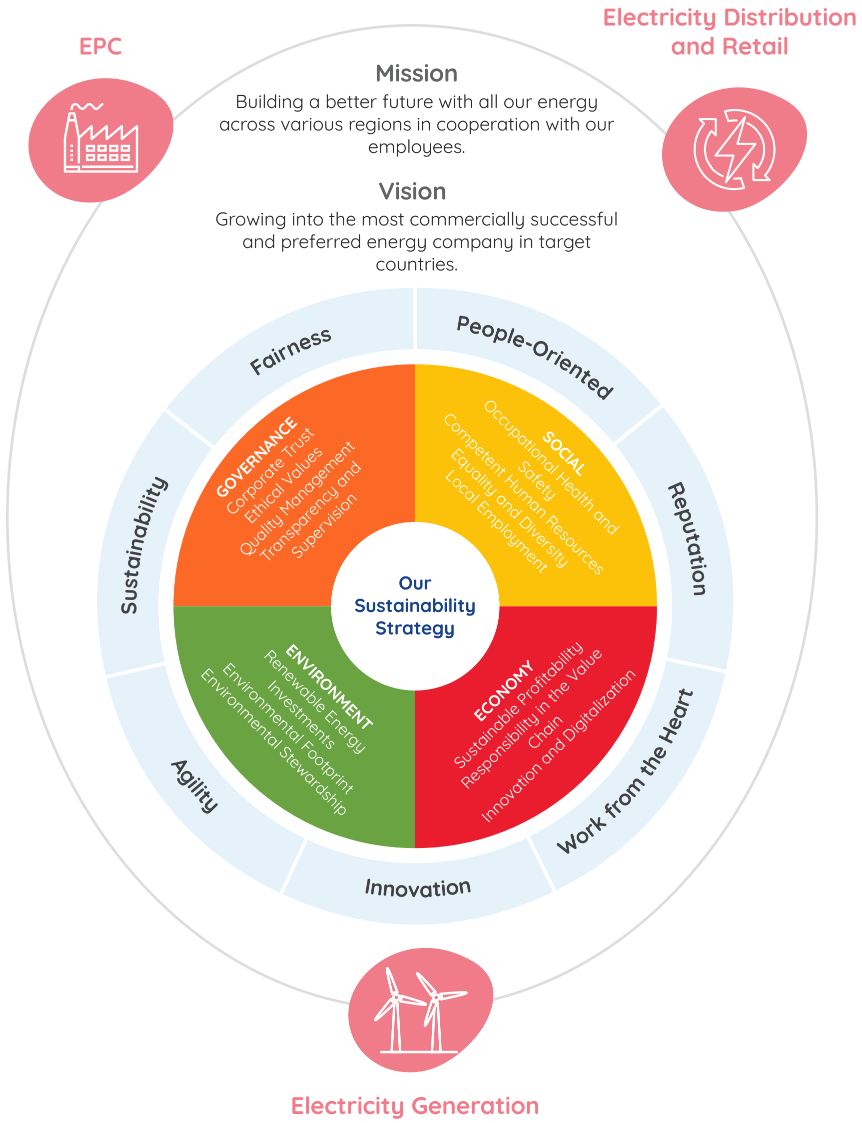
Knowledge
Competency of doing business in different geographies, operating in all areas of the energy market

Relations
Our relations and communications with governments and the public

Tools
Advanced technologies we use, our institutions in different countries and cities

Natural Resources
Wind, Solar, Water, Hydroelectric

Çalık Enerji, For A Better Future



Outputs

- Energy Generation Plants
- Electricity
- Customer Satisfaction
- Employee Satisfaction
- Satisfied Stakeholders

Value Created

Social
Improvement of Quality of Life (Social Contribution)
Gender Equality

1 NO POVERTY · 5 GENDER EQUALITY · 8 DECENT WORK AND ECONOMIC GROWTH

Environment
Investment in the Future with Renewable Energy
Energy Consumption Awareness at a Young Age

6 CLEAN WATER AND SANITATION · 7 AFFORDABLE AND CLEAN ENERGY · 13 CLIMATE ACTION

Economic
Sustainable Development
Improvement of the Supply Chain
Increase in the Welfare of Communities

8 DECENT WORK AND ECONOMIC GROWTH · 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE · 11 SUSTAINABLE CITIES AND COMMUNITIES

Corporate Governance
Corporate Trust

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Inputs
Çalık Enerji, For A Better Future
Outputs
Value Created

ÇALIK HOLDİNG IN BRIEF

Operations in 22 countries and 7 sectors...

Çalık Holding aims to treat all cultures, beliefs, ethnicities, and genders equally by prioritizing diversity, sustainability and agility in all sectors and geographies where it operates.

ÇALIK HOLDİNG

15 thousand+
Employees

76.9
TL billion
Total Assets

12.8
TL billion
Net Sales

Maintaining consistent growth since its founding in 1981, Çalık Holding operates across 22 countries with more than 15 thousand employees in seven different sectors including energy, construction, finance and banking, textiles, mining, telecommunications, and digital.

Deriving most of its income from international projects and investments, Çalık Holding has equity partnerships with major and well-known public companies, including Mitsubishi Corporation, Hitachi, SECOM, SSR Mining and Gold Royalties. Çalık Holding also has long-term business and solution partnerships with General Electric, Honeywell, Siemens and Thyssenkrupp. The Holding closely cooperates with international financial institutions and export lending agencies such as JBIC, JICA, HERMES and UKEF. Çalık Holding is the first Turkish company to be invited to become a member of the Japanese Business Federation Keidanren.

Çalık Holding aims to treat all cultures, beliefs, ethnicities, and genders equally by prioritizing diversity, sustainability and agility in all sectors and geographies where it operates.

Throughout its business operations across the world, Çalık Holding is widely known for its integrity, reliability, robust financial structure, and long-term collaborations with international companies. The Holding develops innovative business models and moves forward in its diversified lines of business with sustainable growth. Çalık Holding remains committed to creating lasting value in every geography where it operates. The Holding realizes pioneering projects to benefit both society and the business world via its corporate processes, services and products developed with the Industry 4.0, Society 5.0 and sustainability approaches it has embraced.

ÇALIK GROUP

Worldwide competition in 7 sectors

Energy


Çalık Enerji


YEDAŞ


YEPAŞ


KEDS*

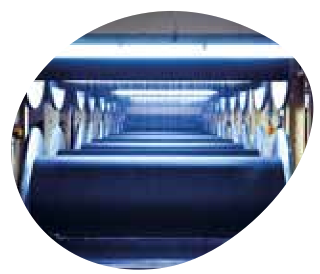

Aras EDAŞ**


Aras EPSAŞ**

Construction


Gap İnşaat

Textile


Çalık Denim


Gap Pazarlama

Partnership with Limak Holding A.Ş.
*** Partnership with Kiler Holding A.Ş.*

Mining


Lidya Madencilik

Finance


Aktif Bank


BKT Arnavutluk


BKT Kosova

Telecommunications


ALBtelecom

Digital


Çalık Digital

ÇALIK ENERJİ IN BRIEF

Specialized and innovative solutions in the energy sector

Çalık Enerji brings the energy of nature to the people in order to create a better and more successful future in a wide geography expanding across the Middle East, Central Asia, Africa and Balkans.

ÇALIK ENERJİ

11
Countries of Operation

22
Completed Project

9
Total Installed Capacity/GW

Çalık Enerji attaches importance to seize energy production and distribution opportunities located in Sub-Saharan Africa.

As one of the leading energy companies in the world, Çalık Enerji brings the energy of nature to the people since the day it was founded in 1998 to create a better and more successful future in a wide geography expanding across the Middle East, Central Asia, Africa and Balkans. Continuing activities in every field of the international energy sector with its expert and experienced staff and its creative and innovative solutions produced by using new technologies, Çalık Enerji currently operates in Turkey, Turkmenistan, Iraq, Georgia, Libya, Malawi, Kosovo, Romania and Senegal markets.

Having a say in the energy sector and energy-related infrastructure works in the fast-growing markets such as Africa and the Middle East, Çalık Enerji broadened its focus areas with a holistic approach and added transportation, desalination and hybrid energy among its activities. Continuing its activities with Mitsubishi Corporation in new geographies in this context, Çalık Enerji is currently executing its first project in the transportation sector, "Basra Seaport Renewal and Rehabilitation Project" signed in 2018 in Iraq.

Prioritizing making use of the energy production and distribution opportunities established in Sub-Saharan Africa, Çalık Enerji simultaneously conducts the tender and bidding processes in the geography.

Within the scope of the Memorandum of Understanding signed in August 2019 for a cooperation with Mitsubishi Heavy Industries Engine & Turbo Charger (MHIET) for the development of "Hybrid Consisting of Three Separate Sources (EBLOX)" projects regarding renewable energy, Çalık Enerji conceptualized the initial application in Malatya Çalık Denim Factory. Within the scope of the cooperation, MHIET carries out the procurement of the generator and the energy management system (COORDY) while Çalık Enerji supplies the solar panel, battery, other electric and construction works as well as maintenance & repair services. Additionally in 2019, the Company has completed the 1,574 MW Mary-3 Combined Cycle Power Plant Project, which is Central Asia's highest capacity power plant located in Turkmenistan.

Continuing its activities in the field of renewable energy in Turkey in the light of its achievements and experience, Çalık Enerji completed the following projects: Adacami Hydroelectric Power Plant (30 MW) commissioned in Güneysu, Rize in 2013; Demircili Wind Power Plant (40 MW) and Sarpıncık Wind Power Plant (32 MW) commissioned in Izmir in 2016; and Solar Power Plants in Çorum (9.25 MW), Amasya (5 MW), Erzincan (5 MW), Erzurum (5 MW), Polatlı (1 MW) commissioned in 2016 and 2017, Amasya Çaydibi and Doğu (5.94 MW) commissioned in 2019 and the Solar Power Plant installed on Çalık Denim roof (0.957 MW) commissioned in 2020.

With the strong management team and competent employees, Çalık Enerji successfully implements its plans thanks to its effective human resources policy. Adopting a win-win approach to investments and services, the company always aims to contribute to the regions where it makes its investments as well.

Çalık Holding attaches importance to managing its supplier processes in a fast, reliable, traceable and measurable manner. In this regard, the Supplier Life Cycle (SLC) module and the Supplier Relationship Management (SRM), which enable the purchasing and supply chain to be managed more effectively, were made available on the Çalık Supplier Portal. Additionally, Çalık Enerji places great importance on improving its relations with local authorities in the countries where it invests with the aims of becoming a key player in these local markets.

Shareholding Structure

95.42%
Çalık Holding

4.48%
Kırmızı Elmas En. ve Altyapı Yat. A.Ş.

0.10%
Ahmet Çalık

KEY FINANCIAL AND OPERATIONAL INDICATORS

Strong operational and financial performance

Maintaining its strong financial performance in 2020, Çalık Enerji increased its total assets to TL 8.2 billion with an increase of 16%.

Financial Summary (TL Million)	2017	2018	2019	2020
Total Assets	7,062	7,278	7,037	8,173
Net Sales	4,807	5,361	4,240	5,573
Total Equity	2,621	3,473	3,606	4,751
EBITDA	1,470	1,442	1,388	1,960
EBITDA Margin (%)	31	27	33	35

8,173
TL Million
Total Assets

4,751
TL Million
Total Equity

5,573
TL Million
Net Sales

1,960
TL Million
EBITDA

DEVELOPMENTS IN 2020

Solid collaborations with turnkey power plants

Winning the turnkey tender for the 300 MW "Cap des Biches Combined Cycle Power Plant" in Senegal, Çalık Enerji added another one to its projects in Sub-Saharan Africa.

25%
Contribution of the Cap des Biches 300 MW Power Plant to the total energy production of Senegal

Rompetrol CoGen Power Plant Project, which is planned to be completed within 26 months, is the first EPC construction project assumed by Çalık Enerji in Europe, therefore is an important milestone for the Company.

Turnkey Combined Cycle Power Plant in Senegal
Winning the turnkey tender for the 300 MW "Cap des Biches Combined Cycle Power Plant" in Senegal, Çalık Enerji added another one to its projects in Sub-Saharan Africa. The Signing Ceremony for the first combined cycle power plant of Senegal between Çalık Enerji, GE (General Electric) and West African Energy was held on October 3, 2020, in Dakar, capital of Senegal, with the participation of Amadou Hott, Minister of Economic Planning and Cooperation of Senegal.

Turnkey Cogeneration Power Plant in Romania
On July 24, 2020, Çalık Enerji won the EPC construction works tender for "Rompetrol CoGen Power Plant" held by Rompetrol Energy S. A., which is the Romanian subsidiary of KazMunay Gas International, the state oil and gas company of the Republic of Kazakhstan. The agreement for the project was signed on August 19, Wednesday with the Signing Ceremony held via videoconference. The project, which is planned to be completed within 26 months, is the first EPC construction project assumed by Çalık Enerji, therefore is an important milestone for the Company.

Power Plant in Iraq West Qurna Oil Field
At West Qurna 2, one of the largest oil fields in Iraq, developed and operated by LUKOIL, Çalık Enerji will perform the Power Plant Project as well as the engineering, procurement, construction, assembly, testing and commissioning of all auxiliary equipment and structures connected to it. The agreement for the project was signed on December 21, 2020, between LUKOIL and Çalık Enerji.

Turkmenistan-Afghanistan-Pakistan Transmission Line Project (TAPP500)
Considered the most important high voltage transmission line project in Asia, the TAP500 Project will proceed in parallel with the Turkmenistan-Afghanistan-Pakistan-India (TAPI) Natural Gas Pipeline Project. The initial agreement for TAP500 was signed in Kabul, Afghanistan, with the participation of representatives from relevant countries. The USD 1.6 Billion project, which will be managed by Çalık Holding, is one of the most important investment projects undertaken by a Turkish company in Asia. Turkmenistan, currently exporting electricity to Afghanistan and Iran, will be able to sell electricity to countries in Southeast Asia once the TAP500 Project is finalized. TAP500 Project is expected to be finalized in three years following the start of construction.

Basra Seaport Project
Çalık Enerji signed an agreement for Basra Seaport Renewal and Rehabilitation Project, Iraq's most important sea gateway. The project will be implemented in partnership with Mitsubishi Corporation. Basra Seaport Project will expand the oil products dock at Khor Al-Zubair Port, where the existing industrial port facilities surrounding Basra will be located. It is planned to build a new seaport for the vessels and service boats operating at Umm Qasr Port with the project.

Malawi Tedzani-4 Hydroelectric Power Plant Project
The Tedzani-4 Hydroelectric Power Plant located in Malawi has an installed capacity of 19.5 MW and is the first renewable EPC project of Çalık Enerji in Africa. Additionally, the project is the first power plant of Çalık Enerji - Mitsubishi Corporation cooperation in Sub-Saharan Africa. The construction of the project began on June 11, 2018, and is expected to be finished before September 2021. Çalık Enerji undertook turnkey construction of the Project, including construction work and the design, procurement, transport, production and assembly of turbines, generators and peripheral systems, 66 kV switchyard, energy transmission line and hydromechanical equipment. As of the end of 2020, the project achieved a completion rate of 98%.

98%
Malawi Tedzani-4 Hydroelectric Power Plant Completion Rate

Çalık Enerji signed an agreement for Basra Seaport Renewal and Rehabilitation Project, Iraq's most important sea gateway.

DEVELOPMENTS IN 2020

Installation of a Roof Type Solar Power Plant with a capacity of 957kWp/820We on the roofs of Çalık Denim's production facilities in Malatya was completed by Çalık Enerji in 2020.

Amasya Çaydibi and East Solar Power Plant Projects
Doğu and Çaydibi Solar Power Plant (SPP) Projects of Çalık Enerji with a total capacity of 5.94 MWp/5Mwe located in Amasya have initiated commercial power production as of December 2019.

The projects were initiated on August 26, 2019 and all plants were commissioned within 108 days. Within the scope of the projects undertaken by Çalık Enerji as both investor and EPC, installations were made on an area of 100 thousand square meters. In these projects, 15,840 pieces of PV modules, 353 tons of steel and 106 km cable were used. Doğu and Çaydibi SPP Projects are expected to generate a total of 8,222 MWh of energy annually and prevent 4,087 tons of CO_2 emission.

Georgia 50 MW Nigoza Wind Power Plant 50 MW
Planned to be built near Nigoza village in Kartli region of Georgia, the Nigoza Wind Power Plant Project is Çalık Enerji's first renewable energy investment project in Georgia and the first private investment project approved by the Georgian Parliament. Following the approval of the project in November 2019 by the Georgian Parliament, project development, engineering and the Environmental Impact Assessment studies have commenced for the Wind Power Plant. It is aimed to obtain the construction permit for the project by the end of 2021 and to initiate commercial operations within 2022. It is planned that the facility will generate 240 GWh of electricity on an annual once it becomes fully operational; thus, a significant contribution will be made to both Georgia's renewable energy capacity and the electricity needs of around 30 thousand households will be covered from renewable energy sources.

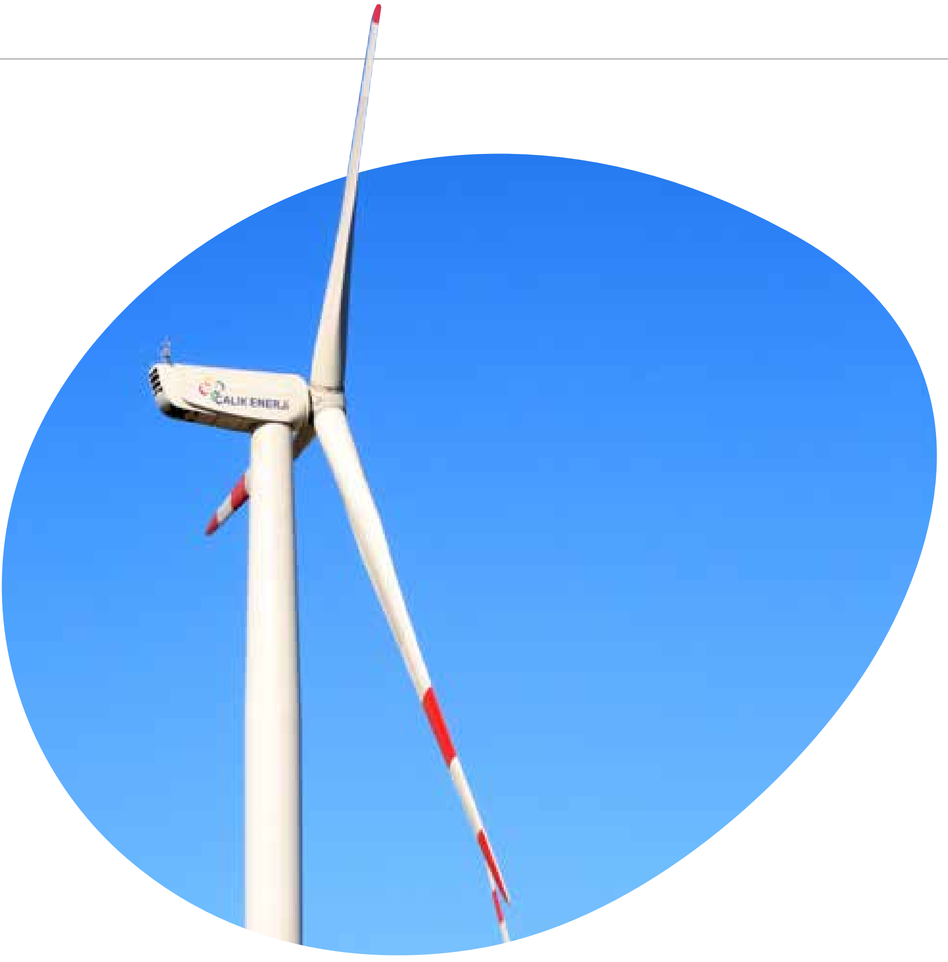
4,087 ton of CO_2
Annual CO_2 emission to be prevented by Doğu and Çaydibi SPP Projects

8,222 MWh
Annual Power Production of Doğu and Çaydibi SPP Projects

Construction of the 230 MW Combined Cycle Power Plant was completed in Gardabani, Georgia; operating activities for this project are ongoing.

Integrated PV Panel Manufacturing Plant
In April 2018, Atayurt İnşaat A.Ş., a Çalık Enerji subsidiary, was granted a state subsidy for the 500 MW Integrated PV Panel Manufacturing Plant. Feasibility and preliminary project design efforts are ongoing. In 2019, the works requested by public institutions were completed and submitted for acquiring a final incentive certificate were completed, and an Investment Incentive Certificate was obtained in 2020.

Çalık Denim Roof Type Solar Power Plant Project
Installation of a Roof Type Solar Power Plant with a capacity of 957kWp/820We on the roofs of Çalık Denim's production facilities in Malatya was completed by Çalık Enerji in 2020. The engineering and procurement stages of the Hybrid Power Plant Project started in 2020 as the second phase of the project and the facility is planned to be commissioned in the first half of 2021. The Hybrid Power Plant Project is a test project that consists of solar energy, energy storage system, diesel generators and allows energy resource management and advanced monitoring features through the energy management system (EMS). This type of power plant, which can be used both with the grid and in the regions where there is no grid, is a solution developed especially for regions such as Africa, where electrical energy quality is low.



Turkmenistan Fleet Maintenance Project (TFM Project) – Service Center Project
In order to ensure stable and reliable production of the gas turbine fleet under the Turkmenistan Ministry of Energy, the Turbine Fleet Maintenance Project, which includes many firsts, was planned. The contract stage and its financial processes were finalized within 2019 and 2020, respectively, and the project has been commenced.

The extensive maintenance project executed by Çalık Enerji is the first project funded by the Company in Turkmenistan by obtaining Exim-supported international funding. The funding of the project was provided with the export loans utilized from Exim-supported (Swiss "SERV") European Banks (Credit Suisse and Commerzbank). Within the scope of the project, maintenance works on the Turkmenenergo Turbine fleet and the construction of a "Service Center" in Ashgabat have been started.

Mary-1 Power Plant Rehabilitation Project
1,685 MW Mary-1 Power Plant is one of the first thermal power plants in Turkmenistan. Its main production is provided by Russian LMZ branded steam turbines and expansion works for the plant were commenced in 1973 and continued until 1987. The project includes the rehabilitation and heavy maintenance works of the plant and is expected to be finalized by the end of 2021 after starting in June 2019. Within the scope of the project, turbines, generators, boilers and all other residual system equipment of 7 units will be renewed or maintained.

In order to ensure stable and reliable production of the gas turbine fleet under the Turkmenistan Ministry of Energy, the Turbine Fleet Maintenance Project, which includes many firsts, was planned in cooperation with Çalık Enerji and Turkmenenergo.

AWARDS IN 2020

Success certified with awards

Çalık Enerji's Malawi Tedzani Region Support Project was deemed worthy of the "Our Energy is Our Future Social Responsibility Award" by the Turkish Ministry of Energy and Natural Resources at the 3rd Turkey Energy and Natural Resources Summit.

"Corporate Social Responsibility" Award to Çalık Enerji
Çalık Enerji's Malawi Tedzani Region Support Project was deemed worthy of the "Our Energy is Our Future Social Responsibility Award" by the Turkish Ministry of Energy and Natural Resources at the 3rd Turkey Energy and Natural Resources Summit. Çalık Enerji General Manager Onur Yücekal received the award from the Minister of Energy and Natural Resources Mr. Fatih Dönmez and the Minister of Energy and Economy of the TRNC, Mr. Hasan Taçoy.

OUR MISSION, VISION, CORPORATE VALUES AND COMPETITIVE ADVANTAGES

A preferred energy company in the world

Together with its employees, Çalık Enerji aims to build a better future in our country and in different geographies.

Our Mission
Building a better future with all our energy across various regions in cooperation with our employees.

Our Vision
Growing into the most commercially successful and preferred energy company in target countries.

Our Competitive Advantages

- Highly qualified workforce
- The capacity of doing business in challenging regions
- Embracing the principles of reliability and transparency in all business relations
- Targeting high levels of customer satisfaction
- World-class quality standards
- Fast decision-making
- Effective management of business processes and connections
- Strong international business partnerships in the sector

Our Corporate Values

Fairness
At work and in our principles, we are a family that is motivated by what is right and fair.

People-Oriented
We devote all our energy to improving people's lives. Our priority is always the development and happiness not only of our employees and customers but of all the people touched by the value we generate.

Reputation
Our good reputation comes before anything else.

Work from the Heart
No matter what, we put our hearts into what we do for our company, to achieve our goals and to realize projects we firmly believe will add value to people's lives.

Innovation
We continuously develop and improve our solutions and business models, identifying those that will distinguish us.

Agility
We have the flexibility and speed to overcome all challenges.

Sustainability
We value long-term, continuous success and respect the environment.

ÇALIK ENERJİ'S "FIRSTS" AND "MAJOR ACHIEVEMENTS" IN THE INDUSTRY

A groundbreaking company in its sector

The "Project for Increasing the Reliability of Power Supply to the City of Ashgabat (AST)" is the largest electricity infrastructure replacement project ever undertaken by Çalık Enerji. The project is the highest budget project in which the energy infrastructure of a city has been completely replaced.

The "550 MW Al-Khums Fast Track Simple Cycle Power Plant Project" is the first project undertaken by Çalık Enerji in Libya.

- In addition to being Georgia's first combined cycle power plant and the investment project with the highest budget, Çalık Enerji's first turnkey natural gas combined cycle power plant project, "230 MW Gardabani Combined Cycle Power Plant,"
- The "Adacami HEPP investment" which features the longest tunnel (12 km) among hydroelectric power plants with regulators,
- Construction of the "1,250 MW Al-Khairat Simple Cycle Power Plant" and "750 MW Nainawa Simple Cycle Power Plant" in Iraq in 2013 – the biggest power plants in the country.
- Construction of the 450 MW LM6000 gas turbines in Turkmenistan's Ahal-Mary-Lebap provinces, advanced technology used for the first time in the country.
- In addition to being an important project executed by Çalık Enerji and the highest budget electric infrastructure replacement project in which the entire electricity infrastructure of a city has been replaced; "Increasing the Reliability of Power Supply to the City of Ashgabat (AST),"
- The "1,574 MW Mary-3 Combined Cycle Power Plant," the largest power plant constructed after Turkmenistan's independence; the facility was commissioned in 2018.
- Construction of the "550 MW Al-Khums Fast Track Simple Cycle Power Plant," the first project that Çalık Enerji completed in Libya.
- The "60 MW Aden Fast-Track Mobile Power Plant" is Çalık Enerji's third project in the Middle East, the first mobile power plant contract and the Company's first project in Yemen.

- "Demircili and Sarpıncık Wind Power Plants" which consist of 29 turbines with an aggregate installed capacity of 72 MW, are the first WPPs built by Çalık Enerji.
- Çalık Enerji ranks among the world's top 10 companies in constructing fossil fuel power plants.
- The "Turkmenistan-Afghanistan -Pakistan (TAP500) Transmission Line," which is one of the most important investment projects ever undertaken by a Turkish company in Asia,
- The "Basra Seaport Renewal and Rehabilitation Project," which is performed in the Middle East and North Africa (MENA) Region and is the company's first project in the transportation sector,
- 19.5 MW Tedzani-4 Hydroelectric Power Plant, the first power plant realized by Çalık Enerji and Mitsubishi Corporation cooperation in Sub-Saharan Africa in addition to being the company's first renewable EPC project,
- "Turkmenistan Fleet Maintenance and Service Center Projects," as well as being the largest maintenance project to be executed by Çalık Enerji, the first project to be funded and executed by the Company in Turkmenistan,
- The 300 MW EPC project of Çalık Enerji in Sub-Saharan Africa, "Cap des Biches Combined Cycle Power Plant Project" is the first combined cycle power plant of Senegal,
- The first EPC project of Çalık Enerji; "Rompetrol CoGen Power Plant Project" in Romania.

Çalık Enerji ranks among the world's top ten companies in constructing fossil fuel power plants.

MILESTONES

22 years of successful performance

Çalık Enerji's "Cap des Biches 300 MW Combined Cycle Power Plant Project" is the first EPC project in Senegal and the second in Sub-Saharan Africa.

1998
- Çalık Enerji is established.

2002
- The first power plant contract for Turkmenistan was signed.

2003
- The first power plant project was completed in Turkmenistan.

2004
- Bursagaz, the natural gas distribution company of the city of Bursa, was acquired by the Company through a privatization tender.

2007
- Çalık Enerji acquired Kayserigaz, a natural gas distribution company operating in Kayseri.

2008
- In line with its growth strategy and restructuring initiative, Çalık Enerji sold off majority shares in Bursagaz and Kayserigaz to the Germany-based international energy company EWE.

2010
- Yeşilırmak Elektrik Dağıtım A.Ş., which distributes electricity to Samsun, Ordu, Çorum, Amasya and Sinop in the Central Black Sea region was taken over.

2011
- A contract was signed for the construction of a total of 2,000 MW power plants in Mosul and Karbala regions of Iraq.

2012
- Electricity distribution services of Kosovo were acquired by Çalık Holding and Limak Holding partnership.
- The Company ranked among 250 global companies in the list of "ENR Engineering News Record," which ranks the world's largest international companies.

2013
- The 1,250 MW Al-Khairat Power Plant, the largest power plant in Iraq, was constructed and commenced operation in 2013.
- The Adacami Hydroelectric Power Plant, the Company's first investment contract in Turkey, was opened.
- Çalık Holding, in partnership with Kiler Holding, acquired Aras Electricity Distribution, which distributes electricity to seven provinces in Eastern Anatolia.

2014
- The 1,250 MW Al-Khairat Power Plant Project, completed in Iraq, was selected by ENR as the best industrial project of the world.
- The 750 MW Nainawa Power Plant, the second-largest power plant in Iraq, was opened in Mosul.

2015
- The Company partnered with Mitsubishi Corporation.
- Çalık Enerji completed and delivered the Gardabani Natural Gas Combined Cycle Power Plant. The Company also carried out the operation of the facility, thereby venturing into the area of combined cycle power plant operation.

2016
- Comprising 29 turbines and 72 MW installed capacity, Demircili and Sarpıncık WPPs, the first WPP investment of the Company, started generation activities.
- The "AST Project (Increasing the Reliability of Power Supply to the City of Ashgabat)" was completed as the largest single-stage electricity infrastructure replacement project undertaken by the Company.
- Çalık Enerji constructed its first solar power plant in Polatlı, Ankara.

2017
- The "530 MW Al-Khums Fast Track Simple Cycle Power Plant," the first project the company completed in Africa (Libya) commenced operations.
- A contract was signed for the 18 MW Tedzani-4 plant, the first power plant project undertaken by the Company in partnership with Mitsubishi Corporation in Sub-Saharan Africa.
- The Company invested in 30 MW of solar power plants in Turkey.

2018
- The 1,574 MW Mary-3 Combined Cycle Power Plant was commenced operations in the Mary province of Turkmenistan as the largest combined cycle power plant of Central Asia after independence.
- In Afghanistan, a contract was signed for the TAP500 500 kV transmission line, with the participation of Energy Ministers and executives. The project will be the first international transmission line project of the Company and enable the sales of Turkmenistan's electricity to Afghanistan and Pakistan.
- Atayurt İnşaat A.Ş., a Çalık Enerji subsidiary, was entitled to a state subsidy for the 500 MW Integrated PV Panel Manufacturing Plant.
- Çalık Enerji entered into an agreement for the Renewal and Rehabilitation of the Basra Seaport, Iraq's most important gateway at sea.
- A groundbreaking ceremony for the Capacity Increase of Tedzani-4 Hydroelectric Power Plant in Malawi was held. Construction works started afterward.

2019
- Çalık Enerji continues the Tedzani Hydroelectric Power Plant Capacity Increase Project (Tedzani-4) in Malawi. Following the construction of all water structures and the power plant building of the project funded by the Japan International Cooperation Agency (JICA), Çalık Enerji assumed the procurement and assembly of hydromechanical, electrical and electromechanical equipment on a turnkey (EPC) basis.
- As the largest maintenance project to be undertaken by Çalık Enerji; Turkmenistan Fleet Maintenance and Service Center Projects were initiated.
- In order to create a common development culture in the business world, Çalık Enerji became a signatory of the Global Compact, which recommends universal principles.

2020
- Çalık Enerji won the tender for the "Rompetrol CoGen Power Plant Project" in Romania, which will be its first EPC construction work in Europe.
- Çalık Enerji's "Cap des Biches 300 MW Combined Cycle Power Plant Project" is the first EPC project in the country
- and the second in Sub-Saharan Africa.
- Çalık Enerji published its first Sustainability Report.
- The agreement for the construction of two new high-tech gas turbines at the Oil Refinery Complex in Turkmenbashi and the reconstruction of the power plant has been signed by "Çalık Enerji Sanayi ve Ticaret A.Ş."

MESSAGE FROM THE CHAIRMAN

Global value created

In 2020, Çalık Group prepared its sustainability strategy roadmap in conjunction with all its Group companies. We plan to increase the global value we add in light of this strategy.

8.2
TL billion
Total Assets

4.8
TL billion
Total Equity

Çalık Group successfully navigated the many challenges of pandemic during the year.

Esteemed Stakeholders,

As the COVID-19 pandemic adversely affected the entire world throughout 2020, digitalization accelerated in almost every field. At the start of the year, a moderate recovery was forecast in the global economy compared to the previous year. However, due to the new waves of the pandemic, many sectors of the world economy, especially the service sector, entered a long-term environment of uncertainty as a result of anti-coronavirus restrictions implemented by countries.

Turkey also experienced the negative impact of the pandemic and faced severe economic and social challenges, like many countries. However, with rapidly implemented precautionary measures, incentive packages and supportive policies, Turkey regained economic growth momentum in the third quarter. Effective policy implementations and higher foreign investment enabled economic growth to resume in Turkey.

As Çalık Group we have successfully navigated many challenges of the pandemic during the year. The Group's agility, one of our key corporate values, helped us to manage this risk. Thanks to quickly implemented responsive measures, Çalık Group's domestic and overseas operations continued without interruption during the pandemic period.

We create value for our stakeholders with our sustainability approach

At Çalık Holding, creating value for stakeholders is a top priority. We believe that creating long-term value is only possible with a sustainability-oriented approach. Çalık Group companies are signatories of the UN Global Compact, which recommends universal principles in order to foster a shared development culture in the business world. In 2020, Çalık Group prepared its sustainability strategy roadmap in conjunction with all its Group companies. We plan to increase the global value we add in light of this strategy.

We will celebrate our 40th anniversary in 2021

Çalık Group plans to celebrate its 40th anniversary in the next fiscal year. With our corporate values – such as innovation, sustainability, and agility – we are aiming for further achievements in the coming year. Çalık Group is committed to maintain its sustainable growth while taking into account the responsibilities that societies expect from its institutions.

I would like to extend my thanks to all our stakeholders, especially our scientists and healthcare professionals, and all our colleagues who work with us devotedly.

Kind regards,

AHMET ÇALIK
Chairman

MESSAGE FROM THE GENERAL MANAGER

The rising global reputation of our brand

Driven by its core values of fairness, people-oriented, reputation, working from the heart, innovation, agility, and sustainability, Çalık Enerji is steadily moving toward its goal of becoming one of the world's leading energy companies.

5.6
TL billion
Net Sales

2.0
TL million
EBITDA

Çalık Enerji quickly adapted to the pandemic environment and the remote working system, thanks to its significant investments in digitalization.

Esteemed Business Partners and Dear Employees,

At Çalık Enerji, we continue our journey towards building a better future in our home country and other geographies of the world together with our employees, thanks to the expertise and experience of Çalık Holding. Driven by its core values of fairness, people-oriented, reputation, working from the heart, innovation, agility, and sustainability, Çalık Enerji is steadily moving toward its goal of becoming one of the world's leading energy companies.

While increasing its investments in the energy of the future, Çalık Enerji recorded a strong performance in 2020. We bolstered our current market position with new projects undertaken during the year. Our year-end financial results once again demonstrated the success of our business development activities. As of the end of 2020, Çalık Enerji reported total assets of TL 8.2 billion and total equity of TL 4.8 billion. Our turnover for the year totaled TL 5.6 billion. Despite the challenging conditions of the pandemic, we combined growth with profitability in 2020. We recorded EBITDA of TL 2.0 million and an EBITDA margin of 35%.

2020 was a challenging year for Çalık Enerji, as for the entire world. Çalık Enerji quickly adapted to the pandemic environment and the remote working system, thanks to its significant investments in digitalization. We conducted our business operations without interruption during the pandemic. 2020 was also a year when we completed major projects and focused on business development.

We further boosted the solid global reputation of our brand with targeted activities. The new geographies we added to our portfolio ranked among the most exciting developments for us in 2020.

We aim to become one of the world's leading energy companies with our EPC projects.
After winning the turnkey tender for the 300 MW Cap des Biches Combined Cycle Power Plant in Senegal, we held the signing ceremony of our second project in Sub-Saharan Africa, after Malawi. Çalık Enerji will build Senegal's largest and first combined cycle power plant together with GE under the leadership of West African Energy.

During the year, we won the "Rompetrol CoGen Power Plant EPC" construction works tender held by Rompetrol Energy S.A. in Romania. The contract for the project was signed in August 2020. Our first EPC project in Europe will be an inspiration to us for future projects we will undertake in this key region.

Another major development this year was execution of the contract for the Power Plant Project at West Qurna 2 – one of the largest oil fields in Iraq, developed and operated by LUKOIL. The scope of the contract also includes the engineering, procurement, construction, assembly, testing and commissioning of all auxiliary equipment and structures connected to the project. We are very excited about this project in which we can capitalize on our previous experience in the Iraq region.

In 2020, Çalık Enerji had the opportunity to take on another major project in Turkmenistan. We entered into a contract for the construction of two new gas turbines at the Oil Refinery Complex in Turkmenbashi as part of the Socio-Economic Development Program. The contract scope included the reconstruction of the power plant. This was another exciting development for us during the year.

We are increasing our renewable energy investments for a sustainable world
In pursuit of sustainability, one of our core values at Çalık Enerji, we are boosting our investments in renewable energy. We

In pursuit of sustainability, one of our core values at Çalık Enerji, we are boosting our investments in renewable energy.

MESSAGE FROM THE GENERAL MANAGER

Çalık Enerji engages in efforts to expand its value chain through its affiliates. We also conduct studies to make our business processes and environmental elements smart in an organic way.

formulated our strategy based on secure energy supply as well as sustainable and efficient natural resource use. Çalık Enerji does its part to expand the share of renewable energy sources in Turkey's total electricity production – one of the most important objectives of the National Energy and Mining Policy.

Continuing its activities in renewable energy in Turkey, Çalık Enerji boasts a wide portfolio. Our Turkish renewable power plant portfolio includes: Adacami Hydroelectric Power Plant (30 MW) commissioned in Güneysu, Rize in 2013; Demircili Wind Power Plant (40 MW) and Sarpıncık Wind Power Plant (32 MW) commissioned in İzmir in 2016; and Solar Power Plants in Çorum (9.25 MW), Amasya (5 MW), Erzincan (5 MW), Erzurum (5 MW), Polatlı (1 MW) and Amasya Çaydibi and Doğu (5.94 MW).

Çalık Enerji also completed the installation of the Roof Type Solar Power Plant installation on the rooftops of Çalık Denim's production facilities in Malatya.

Our distribution and retail companies operated uninterruptedly during the challenging pandemic conditions.
As one of the exemplary companies in electricity distribution in Turkey, YEDAŞ provides stable, high-quality and uninterrupted energy supply services with a focus on "superior customer/stakeholder satisfaction." In 2020, YEDAŞ recorded investment spending of TL 359 million to maintain its sector leadership position with innovative R&D projects. Serving over 1 million subscribers and 2.2 million citizens, Aras EDAŞ has reported investment expenditures of TL 1.2 billion since the day it was founded. Meeting all of Kosovo's net electrical energy consumption needs in cooperation with Limak Holding, KEDS has expanded its subscriber base from 470 thousand in 2013 to 629,359 as of the end of 2020.

35%
EBITDA Margin

359
TL Million YEDAŞ Total Investment

We expect our Nigoza WPP project to produce 232 GWh of electricity on an annual basis with its installed capacity of 50 MW.

YEPAŞ prioritizes digitalization solutions with a focus on maximizing customer satisfaction and facilitating the lives of its customers. In 2020, YEPAŞ digitized all its processes and launched the YEPAŞ mobile application.

Bursagaz, one of our natural gas distribution companies, expanded its district service areas to 11 as of year's end, distributing a total of 2.42 million m^3 of natural gas to its subscribers. In 2020, Kayserigaz recorded investment spending of TL 39 million for the year, with its total capital investments climbing to TL 465 million.

We are expanding our value chain thanks to our affiliates
Çalık Enerji engages in efforts to expand its value chain through its affiliates. We also conduct studies to make our business processes and environmental elements smart in an organic way.

Workindo is our affiliate established to find technological solutions to issues in the construction industry. We aim to become the preferred solution partner of the sector on finding subcontractors, project bidding, buying and selling materials, and reaching employees. In 2020, Workindo.com was renewed and upgraded. An infrastructure for buying and selling materials and bidding for construction projects was also added to the platform. Expanding to overseas markets, Workindo started publishing ads for projects in many countries including Europe, Turkic Republics, Middle East, and Africa.

After joining Çalık Enerji Group in 2015, Technovision aims to deliver high-quality engineering services and optimum designs for human-oriented products and solutions. Our engineering company operates with the motto "Line of the Future." Technovision provides engineering and consultancy services in line with the requirements and expectations of our customers by taking into consideration environmental, safety and ethical rules.

Çalık Enerji's company IQB Solutions, a technology, software and consultancy services provider, exported its IQBig product for the first time in 2020. Working on big data analytics, IoT technologies and digitalization solutions, IQB Solutions boasts an extensive product portfolio. Its innovative products include Power Generation Asset Performance Management Platform, Electricity Distribution Digital Customer, Service Center Solution, Big Data Platform IoT Platform, and Energy Sales and Trade Management.

We do our part for a sustainable world
The Covid-19 pandemic has shown us that there are key steps we must take in the field of sustainability. Çalık Enerji completed preparations to fulfill the commitments it made by becoming a signatory to the United Nations Global Compact in 2019. At the beginning of 2020, we selected "Sustainability Ambassadors" from our volunteer employees. Consisting of representatives from each department, our team worked selflessly to prepare Çalık Enerji's first sustainability report. During the reporting process, we had the opportunity to list our ongoing sustainability initiatives and also set targets for the future. Çalık Enerji published its first Sustainability Report in July 2020. Efforts are ongoing at the company to ensure that a sustainability culture is adopted by all our employees and that it becomes integrated into all our business activities.

1.2
TL billion Aras EDAŞ Total Investment

629
thousand Number of KEDS Subscribers

Our company IQB Solutions, a technology, software and consultancy services provider, exported its IQBig product for the first time in 2020.

We plan to focus on achieving growth and increasing our added value in the coming year
While continuing its business development efforts, Çalık Enerji strives to increase its added value to the geographies where it operates. We aim to further boost our investments in operational excellence and Industry 4.0 – key pillars of our competitive capacity.

I wholeheartedly believe that the success we have achieved in 2020 will multiply and extend into 2021. I would like to express my gratitude to all members of the Çalık Enerji Family, whom I am delighted to work with, our driving force Çalık Holding and all our stakeholders.

Kind regards,

ONUR YÜCEKAL
General Manager

EXECUTIVE MANAGEMENT

General Manager
Onur Yücekal

Deputy General Manager of Proposals & Engineering
Savaş Karahan

Deputy General Manager of Business Development
Selçuk Sayılır

Deputy General Manager of Financial Affairs
Deniz Makbule Kuyubaşı

Business Development Director
Mehtap İpek

East Africa Business Development Director
Tolga Bayav

Iraq and Turkmenistan Projects Director
Hilmi Karagöz

Energy Investments Director
Hikmet Gökoğlu

Project Director
Mustafa Karakuş

Director of Legal Department
Semih Kutlu Sarısakal

Procurement and Logistics Director
Veysel Bülent Öcal

Senegal Project Director
Akın Bağlan

Corporate Communications Manager
Koray Balkaya

Turkmenistan Country Manager
Mehmet Çırak

Uzbekistan Country Manager
Umidjon Alimov

AN OVERVIEW OF THE ENERGY SECTOR IN 2020

Increase in renewable energy production

The share of all energy resources, especially fossil fuel, in electricity production decreased during the pandemic. Meanwhile, the share of renewable energy resources in electricity production rose drastically due to low operating costs.

4%
Global Renewable Energy Capacity Increase Rate

107 GW
Solar Power Capacity Commissioned in 2020

According to the "2020 World Energy Outlook Report," the global demand for energy decreased 5% compared to the previous year and this caused a standstill in the energy sector, especially in the electricity sector.

World Energy Market

As 2020 goes down in history as one of the most challenging years due to the COVID-19 pandemic, the energy sector has been adversely affected by these challenges. The impact on the economies of the measures taken to prevent the spread caused the demand for energy to decrease significantly. According to the "2020 World Energy Outlook Report" prepared by the International Energy Agency (IEA), the global demand for energy decreased 5% compared to the previous year and this caused a standstill in the energy sector, especially in the electricity sector.

While transportation is the sector most affected by the restrictions and travel bans that came with the epidemic, oil and natural gas prices were affected by the decrease in demand in China, where the coronavirus outbreak occurred. In addition, due to the fact that Saudi Arabia and Russia did not decide to make additional cuts in crude oil production, gasoline and diesel prices hit historic lows in April. During this period, the economies of petroleum and natural gas exporting countries were impacted adversely.

Although the initial direct effects of the pandemic started to be seen in developed economies, especially Europe and the US, the continent that was most affected by the slowdown in the energy sector was Africa, where the investment did not increase in parallel with demand.

The only sector that was positively affected by the pandemic was renewable energy. The share of all energy resources, especially fossil fuel, in electricity production decreased during the pandemic. Meanwhile, the share of renewable energy resources in electricity production rose drastically due to low operating costs.

According to the IEA Renewable Energy 2020 Report, the global renewable energy capacity rose 4% with the US and China leading the way, and the global capacity increased by 200 GW in 2020. The report points out that more than 90% of the global additional energy capacity increase came from renewable energy sources.

Although hydroelectric still has a dominant role among renewable energy sources, solar energy is the source with the highest capacity increase. With 107 GW of new capacity, solar energy was the source that grew the most in 2020.

According to the IEA Report, the decline in renewable energy costs is expected to continue in the next five years. Therefore, it is predicted that the total global production capacity from low-carbon sources will exceed the total natural gas capacity in 2023 and the total coal capacity in 2024.

AN OVERVIEW OF THE ENERGY SECTOR IN 2020

In 2020, efforts to reduce foreign dependency in energy and security of supply were the important agenda items of our country's energy market.

Turkey's Energy Sector
The stagnating impact of the COVID-19 pandemic on economic activities and certain business lines affected the energy market as well. The restrictions and tightening policies applied in Turkey as of March, caused many companies in the manufacturing and service sector to temporarily cease their operations. Within the scope of these restrictions and tightening policies, a significant decrease in the electricity demand occurred in April and May compared to the previous year. Especially during April, the first month of the restrictions, consumption dropped significantly. With the partial normalization following June, demand for electricity started to recover.

According to the year-end data announced by Türkiye Elektrik İletim A.Ş. (TEİAŞ), the total installed capacity of Turkey rose 4,623.6 MW to 95,890.6 MW in 2019. The distribution of shares in the installed capacity as of the end of the year is as follows: hydroelectric 32%, natural gas 27%, wind 9%, solar 7%. The installed capacity of the power plants producing from renewable energy sources has exceeded 51% of the total installed capacity.

The electricity production and consumption volume in Turkey remained stable due to COVID-19 pandemic. The upward trend of foreign currency rates caused an increase in operational costs, which lead to an increase in electricity prices.

95,890.6 MW
Total Installed Capacity in Turkey

9%
The Share of Wind Power in Installed Capacity

The distribution of power plant investments in Turkey in 2020 is as follows: 56.1% hydroelectric, 28.0% wind, 5.4% solar.

In parallel with the world, a significant part of the investments originated from clean energy in the Turkish energy sector. The distribution of power plant investments in Turkey in 2020 is as follows: 56.1% hydroelectric, 28.0% wind, 5.4% solar. YEKDEM incentives had a significant contribution to the increase in renewable energy investments. The amount of renewable energy installed capacity commissioned in 2020 is more than the total renewable energy installed capacity of 17 countries in Europe.

In 2020, efforts to reduce foreign dependency in energy and security of supply were the important agenda items of our country's energy market. Increasing its seismic detection and drilling activities in the recent period, Turkey discovered a high-quality natural gas reserve in Sakarya Gas Field in the Black Sea in August.

Another important development in 2020 was the opening of the TurkStream Natural Gas Pipeline, which will transport Russian natural gas to Turkey and Europe. With the project, Turkey has taken another important step towards becoming a regional energy center.

Turkey entered a new period in energy with the Green Tariff (YETA), which entered into force on August 1, 2020, and provides consumers with the opportunity to use electricity produced from renewable energy sources. It is expected that this tariff, which prioritizes the protection of the environment, to become even more important with the decrease in renewable energy investment costs in the upcoming period.

EPC

International experience and special plant solutions

With our international experience, we provide EPC services which consist of engineering, procurement and construction processes. We prove our success with all projects we perform.

Our EPC business line consists of engineering, procurement, construction, activation and commissioning, warranty period services and spare part support. We shape the energy of tomorrow with our projects.

9 GW

Total Installed Capacity

EPC

Turnkey mega projects

Çalık Enerji proves that it has the capacity to provide all kinds of engineering, procurement and construction (EPC) services with its mega projects.

1,574 MW
Mary-3 Combined Cycle Power Plant

Çalık Enerji has attained outstanding success through its engineering, construction, procurement and logistics skills in EPC projects it has undertaken in Turkmenistan since the early 2000s.

Çalık Enerji believes that advanced technologies and program infrastructure allow for the successful completion of its works. Furthermore, the Company proves its capacity of providing "EPC (Engineering-Procurement-Construction)" services through the projects it undertakes. Engineering, procurement, construction, operation and commissioning, warranty-period services, and spare part support are within the scope of the activities of the Company.

Within this scope, the Company serves in the following areas of activity:

- Natural gas combined and simple cycle power plants;
- Renewable energy plants;
- Thermal plants;
- Switchyards and transformer substations; and
- High voltage power transmission lines.

Innovation and digitalization, which establishes the appropriate communication infrastructure between construction sites and control centers through innovative solutions based on artificial intelligence and neural systems, are indispensable for Çalık Enerji. The Investment and Funding Management Program, SAP, Supplier Life Cycle (SLC) Module, Supplier Relationship Management (SRM) and other special software programs provide the Company with sufficient capability to track technical progress, timetables, and the financial performance during the execution of a project.

Exclusive partnerships with well-known firms, including GE, Mitsubishi and Honeywell, have significantly contributed to the enhancement of the Company's EPC capacity.

Çalık Enerji has attained outstanding success through its engineering, construction, procurement and logistics skills in EPC projects it has undertaken in Turkmenistan since the early 2000s. Propelled by this success, the Company has commissioned numerous projects in different countries in the world that range from power plants and transmission lines to electricity distribution and energy infrastructure projects.

Çalık Enerji has successfully completed numerous power plants in various regions including Turkmenistan, Iraq, Georgia, Libya and Yemen. Among these projects, the Mary-3 Combined Cycle Power Plant was the largest combined cycle power plant not only in Turkmenistan but also in Central Asia that was built in one stage and equipped with modern technologies on the date its construction was completed. The 1,250 MW "Al-Khairat Power Plant" Çalık Enerji constructed in 2014 was

EPC

By winning the tender for the turnkey construction of a cogeneration power plant in Romania in 2020, Çalık Enerji has taken an important step to bring its experience to Europe.

selected the world's best "Industrial Project" by Engineering News Record (ENR), the most prestigious contracting and engineering magazine in the globe, being deemed worthy of the "World's Number One" award in the category of "Industrial Plants."

Meanwhile, Çalık Enerji completed the "AST Project (Increasing the Reliability of Power Supply to the City of Ashgabat)," replacing the entire infrastructure of the city in a single stage with modern technologies for the first time in the world. This has become an outstanding achievement for the Company regarding energy infrastructure projects. Load dispatch centers, high voltage transmission lines and switchyards were constructed as part of the project.

Çalık Enerji continues to carry out activities diligently, with the pride of having executed numerous important projects.

Activities in 2020

In 2020, Çalık Enerji won the turnkey tender for the Cap des Biches Combined Cycle Power Plant, which will be the first cycle power plant in Senegal. The 300 MW Project, which will be carried out in order to increase Senegal's capacity to use local resources, is the second EPC project of the Company in Sub-Saharan Africa and is expected to meet 25% of the electricity need in the country. The signing ceremony between Çalık Enerji, GE (General Electric) and West African Energy was held on October 3, 2020, in Dakar, capital of Senegal, with the participation of Amadou Hott, Minister of Economic Planning and Cooperation of Senegal.

75 MWel
Rompetrol CoGen Power Plant Electricity Generation

180 tons/hour
Rompetrol CoGen Power Plant Steam Production

Çalık Enerji continues to carry out activities diligently, with the pride of having executed numerous important projects.

By winning the tender for the turnkey construction of a cogeneration power plant in Romania in 2020, Çalık Enerji has taken an important step to bring its experience to Europe. On July 24, 2020, Çalık Enerji won the EPC construction works tender for "Rompetrol CoGen Power Plant" held by Rompetrol Energy S. A., which is the Romanian subsidiary of KazMunay Gas International, the state oil and gas company of the Republic of Kazakhstan. The agreement for the project was signed on August 19, Wednesday with the Signing Ceremony held via videoconference. The plant will be built to have 75 MWel electricity generation capacity, 180 tons/hour steam generation capacity and a central heating capacity of up to 20 MWth. The project, which will include 2 Siemens SGT 750 gas turbines and generator sets, 2 waste heat boilers and auxiliary units, is planned to be completed within 26 months.

At West Qurna 2, one of the largest oil fields in Iraq, developed and operated by LUKOIL, Çalık Enerji will perform the Power Plant Project as well as the engineering, procurement, construction, assembly, testing and commissioning of all auxiliary equipment and structures connected to it. LUKOIL and Çalık Enerji has signed an agreement regarding the project on December 21, 2020.

Çalık Enerji signed the preliminary contract regarding the 500 kV Electricity Transmission Line Project (TAP500), which will be conducted in parallel with the Turkmenistan, Afghanistan, Pakistan natural gas pipeline project, the most important energy project in Asia. The USD 1.6 billion project, which will be managed by Çalık Holding, is one of the most important projects undertaken by a Turkish company in Asia.

Currently exporting electricity to Afghanistan and Iran, Turkmenistan will start selling electricity to Southeast Asian countries upon the completion of the electricity transmission project that will proceed in parallel with the natural gas pipeline. The TAP500 project is anticipated to be finalized in three years following the commencement of construction.

Çalık Enerji continues its support to Mary-3 Power Plant in Turkmenistan, which is the largest combined cycle power plant of Central Asia with a capacity of 1,574 MW, for the 2 years warranty period in order to ensure its uninterrupted operation.

Çalık Enerji continues its activities for the "Basra Seaport Renewal and Rehabilitation Project," carried out with Mitsubishi Corporation in the Basra Region of Iraq and opened by the General Company for Ports of Iraq ("GCPI"). Çalık Enerji will play a vital role in the EPC section of the tender in partnership with Gap İnşaat as a subcontractor. Mitsubishi Corporation will be in charge of project coordination and provision of core products and services of Japanese origin as the main contractor.

Çalık Enerji continues to support the uninterrupted operation of the Mary-3 Power Plant in Turkmenistan during its 2 year warranty period.

EPC

Turbine Fleet Maintenance Project is the largest maintenance project to be undertaken by Çalık Enerji. In this project, Çalık Enerji will carry out the maintenance of the old type gas turbines by using innovative solutions and parts within a period of 3 years.

The agreement for the Capacity Increase Project for the 19.5 MW Malawi Tedzani Hydroelectric Power Plant, which is the first power plant project to be undertaken by Çalık Enerji and Mitsubishi Corporation in Sub-Saharan Africa was signed in 2017. Under this agreement, Çalık Enerji will deliver a turnkey project including engineering, construction, hydromechanics, electromechanical installation, and commissioning works. Construction works, which commenced in June 2018 upon finalization of official permits, are ongoing at full speed and a completion rate of 98% was achieved in the project as of the end of 2020. The project is intended to increase the total installed capacity of Tedzani 1, 2 and 3 Hydroelectric Power Plants, located 70 km from Blantyre, the second largest city of Malawi, by an additional 18 MW.

The Turbine Fleet Maintenance Project is carried out to make the Gas Turbine fleet of the Ministry of Energy of Turkmenistan produce stable and reliable energy. The project was initiated within 2020 following the finalization of its financial processes. With the project carried out in cooperation with Çalık Enerji and Turkmenenergo, many firsts were achieved. The project is the largest maintenance project to be carried out by Çalık Enerji. Within 3 years, primarily old type gas turbines will be rehabilitated using new technological solutions and parts and by performing heavy maintenance. Additionally, upcoming periodic heavy maintenance works will be carried out for other newer units. As a result of these rehabilitation/upgrades and other maintenance works, the losses will be recovered and an important production increase will be achieved.

18 MW
Installed Capacity to be Increased at Tedzani 1, 2 and 3

98%
Completion Rate of the Malawi Tedzani Hydroelectric Power Plant Project

Expanding its field of activity this year, Çalık Enerji included transportation, desalination and hybrid energy to the sectors in which it operates.

This is the first project that the Company executed in Turkmenistan by providing financing. The funding of the project is provided with the export loans utilized from Exim-supported (Swiss "SERV") European Banks (Credit Suisse and Commerzbank).

Also, within the scope of the project, a "Service Center" is installed which includes a repair workshop for turbine spare parts (capital parts; burning rooms, blades etc.) and all kinds of maintenance work. Çalık will make a very important contribution to reducing Turkmenistan's foreign-source dependency with the repair workshop to be built in MoE/Turkmenenegro within the scope of the Project.

For the "Service Center" to be built within the scope of the project, GE company will be transferring its capital part repair technology of all GE Fr. 9E and 6B type turbines to Turkmenenergo.

Also during the year, Çalık Enerji continued the rehabilitation and heavy maintenance works for Mary-1 Power Plant, which has an installed capacity of 1,685 MW and which is one of the oldest thermal power plants in Turkmenistan. Within the scope of the project, turbines, generators, boilers and all other residual system equipment of 7 units will be renewed or maintained.

Çalık Enerji aimed to have a pivotal role in energy and energy infrastructure projects in fast-growing markets including Africa and the Middle East and has this year expanded its operations venturing into transport, desalination and hybrid energy sectors.

Ongoing Projects

Tedzani Hydroelectric Power Plant Capacity Increase - Tedzani-4

Plant Type: River
Location: Malawi
Status: Under Construction
River: Shire River
Installed Capacity: 19.3 MW
Start of Commercial Enterprise: December 2020

Cap des Biches Combined Cycle Power Plant

Plant Type: Combined Cycle Power Plant
Location: Senegal
Status: Under Construction
Installed Capacity: 300 MW
Employer: Senegal Ministry of Energy
Scope: Turnkey EPC Prime Contractor

Rompetrol CoGen Cogeneration Power Plant

Plant Type: Combined Cycle Power Plant
Location: Romania
Status: Under Construction
Installed Capacity: Net 75 MWel electricity generation, 180 ton/hour steam generation and central heating up to 20 MWth
Scope: Turnkey EPC Prime Contractor

Turkmenistan-Afghanistan-Pakistan Transmission Line Project (TAPP500)

Plant Type: Power Transmission Line EPC Project
Location: Turkmenistan, Afghanistan, Pakistan
Employer: Turkmenistan Ministry of Energy
Scope: Turnkey EPC Prime Contractor

Basra Port Renewal and Rehabilitation Project

Location: Khor al Zubayr Port and Umm Qasr Port Basra/Iraq (Two Different Ports/Worksites)
Status: Under Construction
Start Date: 02.08.2018
Employer: Iraq Ministry of Transport
Consultant: Nippon Koei Co. Ltd and Oriental Consultants Global Co. Ltd Consortium
Partner: Mitsubishi Corporation
Scope: Partial Procurement and Construction Works of Khor Al Zubayr Port Extension and Umm Qasr Port Construction

EPC

Çalık Enerji completed the construction of "1,574 MW Mary-3 Combined Cycle Power Plant," the largest power plant constructed after Turkmenistan's independence and the facility was commissioned in 2018.

Completed Projects

Mary-3 Combined Cycle Power Plant

Capacity: 1,574 MW
Equipment: 4 x GE F.03 Multi-Shaft Gas Turbines + 4 x HP-LP Waste Heat Boilers + 2 x Steam Turbines
Voltage Level: 500 kV & 220 kV
Start Date: July 2015
Delivery Date: September 2018
Employer: Turkmenistan Ministry of Energy
Scope: Turnkey EPC Prime Contractor

Watan Simple Cycle Power Plant

Capacity: 254 MW
Equipment: 2 x GE 9E PG9171
Voltage Level: 110 kV & 220 kV
Start Date: January 2015
Delivery Date: June 2016
Employer: Turkmenistan Ministry of Energy
Scope: Turnkey EPC Prime Contractor

Aden Simple Cycle Power Plant

Capacity: 60 MW
Equipment: 2 x GE TM2500+
Voltage Level: 33 kV
Start Date: January 2017
Delivery Date: May 2017
Employer: Republic of Yemen/General Electricity Company "PEC"
Scope: Turnkey EPC Prime Contractor

Increasing the Reliability of Power Supply to the City of Ashgabat 2 & 3

Transformer Substations: 5 x 220 kV; 6 x 110 kV; 18 x 35 kV; 43 x 10 kV
Cabling: 0.95 km 220 kV, 22.43 km 220 kV Aerial Line, 8.45 km 110 kV, 27.2 km 110 kV Overhead Line, 93 km 35 kV, 2.35 km 35 kV Overhead Line, 418.72 km 10 kV
Monitoring and Management System: SCADA Communication System
Start Date: August 2014
Delivery Date: October 2016
Employer: Governorship of Ashgabat
Scope: Turnkey EPC Prime Contractor

Al-Khums Simple Cycle Power Plant

Capacity: 550 MW
Equipment: 2 x GE 9FA MS9001 FA
Voltage Level: 220 kV
Delivery Date: June 2014
Delivery Date: February 2017
Employer: Libya General Electricity Company
Scope: Turnkey EPC Prime Contractor

Gardabani Natural Gas Combined Cycle Power Plant

Installed Capacity: 230 MW
Equipment: 2 x GE 6FA, 2 x Nooter Eriksen HRSG and Doosan-Skoda Steam Turbine
Voltage Level: 220 kV
Start Date: October 2013
Delivery Date: July 2015
Employer: Partnership Fund & GOGC
Main Contractor: Çalık Enerji Sanayi ve Ticaret A.Ş.
Scope: Turnkey EPC

Derweze Simple Cycle Power Plant

Capacity: 504.4 MW
Equipment: 4 x GE 9E PG9171-B (Frame 9E)
Voltage Level: 110 kV/220 kV
Start Date: July 2013
Delivery Date: September 2015
Employer: Turkmenistan Ministry of Energy
Scope: Turnkey EPC Prime Contractor

Ahal-2 Simple Cycle Power Plant

Capacity: 252.2 MW
Equipment: 2 x GE 9E PG9171
Voltage Level: 110 kV & 220 kV
Start Date: July 2013
Delivery Date: December 2014
Employer: Turkmenistan Ministry of Energy
Scope: Turnkey EPC Prime Contractor

Lebap Simple Cycle Power Plant

Capacity: 149.2 MW
Equipment: 3 x GE LM6000
Voltage Level: 110 kV
Start Date: May 2013
Delivery Date: February 2014
Employer: Turkmenistan Ministry of Energy
Scope: Turnkey EPC Prime Contractor

Mary-2 Simple Cycle Power Plant

Capacity: 146.7 MW
Equipment: 3 x GE LM6000
Voltage Level: 110 kV
Start Date: May 2013
Delivery Date: February 2014
Employer: Turkmenistan Ministry of Energy
Scope: Turnkey EPC Prime Contractor

Ahal-3 Simple Cycle Power Plant

Capacity: 141.7 MW
Equipment: 3 x GE LM6000
Voltage Level: 110 kV
Start Date: May 2013
Delivery Date: February 2014
Employer: Turkmenistan Ministry of Energy
Scope: Turnkey EPC Prime Contractor

Increasing the Reliability of Power Supply to the City of Ashgabat 1

Transformer Substations: 16 X 110 kV, 11 x 35 kV, 97 x 10 kV
Cabling: 111.3 km 110 kV, 31.5 km 110 kV Aerial line, 8 km 35 kV, 100 km 10 kV
Monitoring and Management System: 2 x SCADA and Control Facilities
Start Date: September 2012
Delivery Date: December 2015
Employer: Governorship of Ashgabat
Scope: Turnkey EPC Prime Contractor

EPC

Çalık Enerji carried out the construction of the “1,250 MW Al-Khairat Simple Cycle Power Plant” and “750 MW Nainawa Simple Cycle Power Plant” in Iraq in 2013 – the biggest power plants in the country.

Completed Projects

Nainawa Simple Cycle Power Plant

Capacity: 750 MW
Equipment: 6 x GE PG9161-E (Frame 9E)
Voltage Level: 132 kV & 400 kV
Start Date: March 2011
Delivery Date: January 2014
Employer: Iraq Ministry of Electricity
Scope: Turnkey EPC Prime Contractor

Al-Khairat Simple Cycle Power Plant

Capacity: 1,250 MW
Equipment: 6 x GE PG9161-E (Frame 9E)
Voltage Level: 132 kV & 400 kV
Start Date: April 2011
Delivery Date: November 2013
Employer: Iraq Ministry of Electricity
Scope: Turnkey EPC Prime Contractor

Balkanabat-2 Simple Cycle Power Plant

Capacity: 254.2 MW
Equipment: Simple Cycle, 2xGE-PG9161-E (Frame 9E)
Voltage Level: 220 kV
Start Date: July 2008
Delivery Date: April 2010
Employer: Turkmenistan Ministry of Energy
Scope: Turnkey EPC Prime Contractor

Dashoguz Simple Cycle Power Plant

Capacity: 254.2 MW
Equipment: 2 x GE-PG9161-E (Frame 9E)
Voltage Level: 110 kV
Start Date: February 2006
Delivery Date: October 2007
Scope: Turnkey EPC Prime Contractor

Ashgabat Simple Cycle Power Plant

Capacity: 254.2 MW
Equipment: 2 x GE-PG9161-E (Frame 9E)
Voltage Level: 110 kV
Start Date: December 2004
Delivery Date: February 2006
Employer: Turkmenistan Ministry of Energy
Scope: Turnkey EPC Prime Contractor

Amuderya High Voltage Electricity Transmission/Distribution

Location: Turkmenabad - Turkmenistan
Start Date: January 2007
Delivery Date: March 2007
Employer: Turkmenistan Ministry of Energy
Scope: Engineering, Procurement, Logistic and Assembly Supervisor

Abadan Simple Cycle Power Plant

Capacity: 123.6 MW
Equipment: Simple Cycle, GE-PG9161-E (Frame 9E)
Start Date: February 2002
Delivery Date: October 2003
Employer: Turkmenistan Ministry of Energy
Scope: Turnkey EPC Prime Contractor

Balkanabat Simple Cycle Power Plant

Capacity: 126.4 MW
Equipment: Simple Cycle, 3 x GE-PG6581-B (Frame 6B)
Voltage Level: 35 kV & 110 kV
Start Date: November 2002
Delivery Date: October 2003
Employer: Turkmenistan Ministry of Energy
Scope: Turnkey EPC Prime Contractor

Turkmenbashi Refinery Simple Cycle Power Plant

Capacity: 126.4 MW
Equipment: Simple Cycle, 3 x GE-PG6581-B (Frame 6B)
Voltage Level: 35 kV & 110 kV
Start Date: September 2001
Delivery Date: May 2003
Employer: Turkmenistan Ministry of Oil and Natural Gas
Scope: Turnkey EPC Prime Contractor

The Gardabani Combined Cycle Power Plant Project with a capacity of 230 MW is Çalık Enerji’s first turnkey natural gas combined cycle power plant project.

Renewable Energy Investments

Green and reliable energy for a sustainable future

With our comprehensive and robust knowledge formed in different geographies, we carry out environmentally friendly and efficient power generation projects based on renewable resources as a global player in the energy sector.

We are taking important steps for the sustainability of the world with our environmentally friendly projects and continue to expand our product portfolio.

136 MW
Renewable Energy Portfolio Size

RENEWABLE ENERGY INVESTMENTS

A better future with renewable energy

Çalık Enerji expands its product portfolio in targeted markets by following a growth strategy that includes environmentally friendly projects with high profitability.

40 MW
Demircili Wind Power Plant Installed Capacity

30 MW
Adacami Hydroelectric Power Plant Installed Capacity

The solar power plants operated-maintained by Çalık Enerji generated more than 300 GWh of electricity and prevented 229,701 kilotons of CO^2 emissions since the date they were commissioned.

Since the day it was founded, Çalık Enerji has established a valuable repository of knowledge and services by consolidating its experience in project development, engineering, procurement, construction and assembly, project management, operation, and maintenance. As a global player in the energy sector, Çalık Enerji is driven by its extensive experience and knowledge in different regions while following a growth strategy built on effective, environmentally friendly projects comprising renewable resources. The Company expands its generation portfolio in target markets in line with this strategy.

Continuing its activities in the field of renewable energy in Turkey in the light of its achievements and experience, Çalık Enerji completed the following projects: Adacami Hydroelectric Power Plant (30 MW) commissioned in Güneysu, Rize in 2013; Demircili Wind Power Plant (40 MW) and Sarpıncık Wind Power Plant (32 MW) commissioned in Izmir in 2016; and Solar Power Plants in Çorum (9.25 MW), Amasya (5 MW), Erzincan (5 MW), Erzurum (5 MW), Polatlı (1 MW) commissioned in 2016 and 2017, Amasya Çaydibi and Doğu (5.94 MW) commissioned in 2019 and the Solar Power Plant installed on Çalık Denim roof (0.957 MW) commissioned in 2020.

The solar power plants invested by Çalık Enerji and other group companies operated-maintained by Çalık Enerji generated more than 300 GWh of electricity and prevented 229,701 kilotons of CO_2 emissions since the date they were commissioned.

At the wind power plants where Çalık Enerji is the investor, Çalık Enerji teams carry out partial operation-maintenance works. For hydroelectric power plants and solar power plants, Çalık Enerji teams perform 95% of the operation and maintenance works.

The first power plant, for which the Company completed the project development, feasibility and construction phases and commenced operation, is Adacami HPP in Güneysu, Rize. Demircili WPP in Urla, Izmir, Sarpıncık WPP in Karaburun, Izmir and solar power plants in five different cities all together generate 335 million kWh of energy. Propelled by this experience in renewable-based power plants, the Company has begun executing its own investment projects and providing the world's largest energy investors with EPC services.

RENEWABLE ENERGY INVESTMENTS

In line with its sustainability goals, Çalık Enerji plans to expand its portfolio in renewable energy with 1,000 MW with new electricity generation plant investments until 2025.

In line with its sustainability goals, Çalık Enerji plans to expand its portfolio in renewable energy with 1,000 MW new electricity generation plant investments until 2025. To achieve this goal, the Company continues its project development activities especially in Turkey and in different geographies such as Sub-Saharan countries and Central Asia.

In line with its vision of innovation, Çalık Enerji attaches importance to innovation and digitalization in its energy investments, keeps a close track of the latest technologies and applies them in its power plants. In this context, Çalık Enerji adds value to its investments by monitoring all power plants through the integrated energy monitoring platform it has developed.

Activities in 2020

- As of the end of 2020, Çalık Enerji achieved a completion rate of 98% in the 19.5 MW Tedzani-4 Hydroelectric Power Plant Project, which is Çalık Enerji's first renewable EPC project.
- After obtaining the approval from the Georgian Parliament for the 50 MW Nigoza Wind Power Plant, project development, engineering and the Environmental Impact Assessment studies have commenced. It is aimed to obtain the construction permit for the project by the end of 2021 and to initiate commercial operations within 2022.

19.5 MW
Tedzani-4 Hydroelectric Power Plant Installed Capacity

10 MWp
Çorum Solar Power Plant Installed Capacity

Çalık Enerji adds value to its investments by monitoring all power plants through the integrated energy monitoring platform it has developed.

- Installation of a Roof Type Solar Power Plant with a capacity of 957kWp/820We on the roofs of Çalık Denim Textile Factory's production facilities in Malatya was completed by Çalık Enerji in 2020. Pursuant to the Memorandum of Understanding (MOU) signed between Forklift, Engine & Turbocharger Holdings, Ltd. (M-FET) and Çalık Enerji, a pilot project at the Çalık Denim Textile Factory for potential hybrid power plants in the African market has been started. The engineering and procurement stages of the Hybrid Power Plant Project started in 2020 and the facility is planned to be commissioned in the first half of 2021.
- Studies were initiated regarding on-site generation plants. Strategies were formulated for the business model, and hybrid (solar, diesel, storage) power station package systems were created. In addition to the modular package systems developed, special solutions designed according to customer needs are offered as well. The Company started to offer services in EPC/EPC-F/BOOT/IPP business models to customers in potential countries, the African market in particular, through affordable financial solutions.

Projects Developed

Adacami HPP

Project Start Date: 2012
Project Delivery Date: 02.08.2013 (Unit 1 commissioning date), December 16, 2013 (Unit 2 commissioning date)
Installed Capacity: 2 x (14,951 MWm/14,652 MWe)

Demircili WPP

Project Start Date: September 2015
Project Commissioning Date: September 2016
Installed Capacity: 40 MW

Sarpıncık WPP

Project Start Date: November 2015
Project Commissioning Date: 10 turbines were commissioned in 2016. The last turbine was commissioned in 2019.
Installed Capacity: 32 MWe/32.5 MWm

Polatlı SPP

Project Start Date: 01.03.2016
Project Commissioning Date: 29.06.2016
Installed Capacity: 1.07 MWp/0.93 MWe
Annual Energy Consumption: 1,671 MWh

Erzincan SPP

Project Start Date: 08.06.2017
Project Commissioning Date: 13.11.2017
Installed Capacity: 5,189 MWp/4.84 MWe
Annual Energy Consumption: 8,583 MWh

Erzurum SPP

Project Start Date: 08.06.2017
Project Commissioning Date: 20.12.2017
Installed Capacity: 5.096 MWp/4.79 MWe
Annual Energy Consumption: 8,514 MWh

Amasya SPP

Project Start Date: 15.08.2017
Project Commissioning Date: 23.02.2018
Installed Capacity: 5.35 MWp/5.00 MWe
Annual Energy Consumption: 7,412 MWh

Amasya Çaydibi and Doğu SPP

Project Start Date: 26.08.2019
Project Commissioning Date: 11.12.2019
Installed Capacity: 5.94 MWp/5.00 MWe
Annual Energy Consumption: 8,222 MWh

Çorum SPP

Project Start Date: 01.08.2017
Project Commissioning Date: 07.02.2018
Installed Capacity: 10.32 MWp/9.19 MWe
Annual Energy Consumption: 15,852 MWh

Çalık Enerji continues its project development activities in different countries, especially in Turkey.

Distribution and Retail Services

Electricity and natural gas services focused on customer satisfaction

Uninterrupted distribution of electricity and natural gas is very important for a happy and peaceful life. With leading brands in their fields, we provide distribution and retail services to millions of people by prioritizing customer satisfaction.

TL 1.73 BILLION

YEDAŞ Total Investment Amount

DISTRIBUTION AND RETAIL SERVICES

Yeşilırmak Elektrik Dağıtım A.Ş. (YEDAŞ)

Consistent, high-quality and uninterrupted service

Having established a strong family structure with its customers, top management, employees and all stakeholders, YEDAŞ follows technology closely with its innovative approach and applies it in all business processes.

2005
Date of Establishment

83,200 km
Line Length

4,802 MWA
Substation Capacity

2.2
million
Number of Users

About Yeşilırmak Elektrik Dağıtım A.Ş. (YEDAŞ)

YEDAŞ meets the electric power need of more than 3 million people living in Samsun, Amasya, Çorum, Ordu and Sinop consistently and uninterruptedly by providing "superior customer/stakeholder satisfaction."

Having established a strong family structure with its customers, top management, employees and all stakeholders, YEDAŞ follows technology closely with its innovative approach and applies it in all business processes. Using all its facilities, effort and energy with the excitement of having the goal to become the best in its sector, the Company is taking firm steps towards its goal of becoming the leading brand of the electricity distribution industry in Europe.

YEDAŞ aims to provide reliable, consistent service; achieve customer satisfaction; create value through social contributions; and become a pioneer in its operating region. Occupational health and safety, use of technology and innovative solutions are among the priorities of YEDAŞ.

In line with its strategic priorities and objectives, YEDAŞ continues to invest in digitalization. The company aims to provide high-quality and uninterrupted electric service by establishing remote monitoring and control systems such as SCADA, AGIS (Low Voltage Grid Monitoring System), and Mobile Workforce Management System. YEDAŞ constantly improves its supply continuity and service quality by analyzing and correlating existing data and data collected in the field as part of its "Big Data" project.

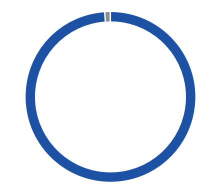
YEDAŞ renewed and consolidated its distribution grid and technological infrastructure by investing TL 1.73 billion between 2011 and 2020. Company continues to serve in a 39,367 km^2 field in Samsun, Ordu, Çorum, Amasya and Sinop as of the end of 2020.

YEDAŞ operates in Samsun, Ordu, Çorum, Amasya and Sinop and distributes around 5.4 TWh of electricity to 2.2 million users. YEDAŞ operates with a staff of 580. YEDAŞ is among a handful of electricity distribution companies that boasts its own in-house software team.

Competitive Advantages

- Having a strong financial structure and high credibility
- Effective organizational structure which is open to new ideas and improvement
- A dynamic human resource with high potential and a strong sense of belonging that has a good knowledge of legislation with its sector experience
- Being the distribution company with the highest advantage in the sector in terms of data pool (SAP, EDAŞ Online, AGIS, OSOS, SCADA, GIS) and having a technological infrastructure with advanced grid monitoring and control systems (AGIS-SCADA-OSOS)
- Digitalization in customer processes (Digital management of EDAŞ Online connection requests)
- Success in stakeholder relations,
- Speed of intervention in natural disasters
- Fast adaptation to the legislative and regulative changes
- Places great importance on technology investments
- The company's SCADA/DMS system, which enables quick intervention in case of failures
- World-class service quality
- High customer satisfaction thanks to its modern systems
- Development of R&D projects supported by EMRA

Shareholding Structure



99.99%
Çalık Elektrik Dağıtım A.Ş.

0.01%
Other

DISTRIBUTION AND RETAIL SERVICES
Yeşilırmak Elektrik Dağıtım A.Ş. (YEDAŞ)

The first distribution grid scaled Energy Storage System in Turkey was commissioned by YEDAŞ in Alaca in the second half of 2020.

Quality Standards and Certifications
- ISO 9001:2015 Quality Management System
- ISO 10002:2006 Customer Satisfaction Management System
- ISO 14001:2015 Environmental Management System
- ISO 45001:2018 Occupational Health and Safety Management System Standard
- ISO 18295-1:2017 Customer Contact Center System
- ISO 27001:2013 Information Security Management System
- ISO 31000:2018 Corporate Risk Management System
- TSE COVID-19 Safe Service Certificate
- Zero Waste Certificate

"Firsts" and "Major Achievements" in the Sector
- The leading electricity distribution company to use the SAP system in the most effective and comprehensive manner
- The first Turkish electricity distribution company to implement the Digital Grid Model-Sustainable Investment Period project
- A company that is managed with GIS-Based SAP (ERP) - IS-U
- The distribution company that established the Low Voltage Grid Monitoring System and is able to monitor and manage the low voltage grid remotely
- The first company in Turkey to commission a battery energy storage facility

39,367 km²
Service Area

5.4 TWh
Electricity Distribution Amount

YEDAŞ is the first company in Turkey to commission a battery energy storage facility.

- The company that shortens the failure repair times by instantly monitoring phase interruptions at the low voltage outputs via the AGİS system
- The company that has implemented the EDAŞ online application which carries the new connection processes to the digital environment and ensures fast and easy tracking of transactions

2020 Highlights

The first distribution grid scaled Energy Storage System in Turkey was commissioned by YEDAŞ in Alaca in the second half of 2020. The system, which provides solutions in many areas from increasing flexibility for grid operators to improving supply continuity and technical quality, was put into practice for the first time by YEDAŞ and this was an important step for the Turkish electricity distribution sector.

YEDAŞ classified the COVID-19 measures that must be taken swiftly under four headings: General Measures, Notification, Organizational Measures and Disinfection Measures. Determining the emergencies regarding the pandemic, the Company prepared a Contingency Plan in order to ensure personnel safety and service continuity. As a result of risk analyses conducted against hazards that may occur due to the pandemic, the Company prohibited transactions for personal deliveries within YEDAŞ premises.

During this period, all elevators in the Head Office and the provincial building were prohibited, and the rules of conduct regarding coronavirus measures were communicated to all employees via e-mails, posters and WhatsApp messages. YEDAŞ and all its branches are disinfected regularly, and hand sanitizers were placed in all workplaces. Contact surfaces in the offices are cleaned at least 3 times a day. Masks were handed out to all employees and the use of masks has been made mandatory. Additionally, PCR tests are made to

employees who have shown symptoms and those who have contacted people showing symptoms.

Unless mandatory, all meetings are held via video conference. OHS and EKAT training sessions have been postponed, planned organizations and all domestic and overseas business trips have been canceled.

Employees who are over 60 years of age, have a chronic illness, and those who are pregnant and breastfeeding have been sent on leave. Office employees have been switched to remote working system.

Necessary measures are required to be taken at the construction sites of contractor companies that operate within the scope of the facility investments. It was ensured that all contractor companies monitor employee HES Codes and report to YEDAŞ on a daily basis.

In order to prevent crowd in consumer services centers, the consumers are served one by one and following a HES Code query. All consumers have their temperatures taken while entering the premises and hand sanitizers have been placed at the entrances.

Due to anti-coronavirus measures, no visitors are allowed inside YEDAŞ premises except for business purposes. The company cars are regularly disinfected and hand sanitizers have been made available in all shuttles.

Effectively managing the pandemic process with these actions and providing a hygienic and controlled environment to its employees, YEDAŞ became the first electricity distribution company to be awarded the TSE COVID-19 Safe Service Certificate by successfully passing the Turkish Standards Institute's (TSE) COVID-19 Safe Service audit.

In order to prevent crowding in consumer services centers, the consumers are served one by one and following a HES Code query.

DISTRIBUTION AND RETAIL SERVICES
Yeşilırmak Elektrik Dağıtım A.Ş. (YEDAŞ)

Within the scope of its technical quality obligations for 2020, YEDAŞ completed the installation of 94 technical quality measurement devices in a timely manner, despite the epidemic conditions.

2.4
TL billion
Total Assets

1.2
TL billion
Total Equity

YEDAŞ's 2020 OSOS reading rate is 99.18%.

Within the scope of its technical quality obligations for 2020, YEDAŞ completed the installation of 94 technical quality measurement devices in a timely manner, despite the epidemic conditions. In this context, achievements regarding technical quality monitoring parameters as of the end of 2020 are shown in the table below:

2020 OSOS Reading Rates

Months	Success Rate (%)
January	98.86
February	98.60
March	98.47
April	98.90
May	98.92
June	99.20
July	99.27
August	99.43
September	99.58
October	99.56
November	99.56
December	99.69
2020	**99.18**

2020 OSOS

Region	Healthy Communication Rate (%)
Amasya	99.09
Çorum	98.66
Ordu	99.12
Samsun	99.50
Sinop	99.21
Grand Total	**99.18**

Investments in 2020

Making a total investment of TL 359,310,128 in 2020, the Company invested 86% (TL 310,538,696) of this amount for Grid Investments. The investment breakdown of YEDAŞ for 2020 is as follows: Environmental Security and Other Legal Obligation Investments (TL 25,956,176), Grid Operating System Investments (TL 8,688,722), Meter Investments (TL 7,657,202) and (TL 6,469,332) Other Expenditures.

When planning 2020 grid investments YEDAŞ prioritized improving the technical quality and continuity of the service it provides to its customers, as well as ensuring customer satisfaction by completing the connections of new structures to the distribution grid in a timely manner as per the legislation. In this context, 313 new plant projects, 1,035 small additional plant projects and 1,682 connection projects have been performed. In order to prevent voltage drop issue, which has become a major problem due to increasing electricity demand, in addition to long-distance distribution issues arising from the dispersed settlement structure of the Black Sea Region, and to minimize power outages in rural areas, YEDAŞ installed a total of 415 distribution transformer centers with 85.68 MVA installed power, 185.6 km long power transmission line, 339.57 km long overhead line high voltage grid, 1,247.25 km long overhead line low voltage grid, 68.41 km long underground cable high voltage grid and 273.64 km long underground cable low voltage grid.

YEDAŞ aims to increase its investment budget 1.5 times in 2021, which is the beginning of the 5th Implementation Period and plans to provide higher-quality services to its customers in compliance with the legislations updated by the regulator.

YEDAŞ aims to increase its investment budget 1.5 times in 2021, which is the beginning of the 5th Implementation Period.

Financial Summary (TL Million)	2018	2019	2020
Total Assets	2,059	2,112	2,426
Net Sales	1,032	1,032	1,542
Total Equity	978	1,096	1,209
Total Investment	269	138	359
EBITDA	755	691	820
EBITDA Margin (%)	73	67	53

DISTRIBUTION AND RETAIL SERVICES

Yeşilırmak Elektrik Perakende Satış A.Ş. (YEPAŞ)

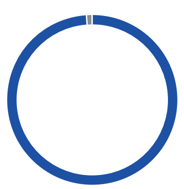
Electricity supply service to a wide range of customers

YEPAŞ carries out all kinds of marketing, sales, customer services (subscription-billing-collection) activities within the scope of electricity supply.

2012
Date of Establishment

185
Employees

Shareholding Structure



99.99%
Çalık Elektrik Dağıtım A.Ş.

0.01%
Other

About Yeşilırmak Elektrik Perakende Satış A.Ş. (YEPAŞ)
Yeşilırmak Elektrik Perakende Satış A.Ş. (YEPAŞ) was established and registered with Samsun Trade Registry Office on November 16, 2012. On December 27, 2012, YEDAŞ obtained a Retail Sales License (numbered EPS/4207-2/2498) as per EMRA (Energy Market Regulatory Authority) Resolution No: 4207-2. The partial separation of retail sales operations within the framework of the Procedures and Principles Regarding the Legal Separation of Distribution and Retail Sales Operations was registered on December 31, 2012. Subsequently, on January 1, 2013, YEDAŞ began its retail sales and service operations in Samsun, Ordu, Çorum, Amasya and Sinop (Yeşilırmak Distribution Region).

YEPAŞ supplies electricity to a broad customer base including industrial facilities and individual households across Turkey. As a last source supplier, the company is authorized to sell electric power to consumers at the rate determined for the service area of Yeşilırmak Elektrik Dağıtım A.Ş. ("YEDAŞ"); to eligible consumers who choose not to take advantage of this right; and to eligible consumers at the retail tariff determined by the Energy Market Regulatory Authority. YEPAŞ sells electric power to eligible consumers in the region at market-based rates under bilateral contracts. Additionally, YEPAŞ, in keeping with its last source supplier status, undertakes marketing, sales, and customer service activities (e.g. subscriptions, billing and collections).

In addition to those services for eligible consumers within the liberalized electricity market, the Company creates solutions for customers, who either do not hold or use their eligible consumer status, as a provider authorized by the Electricity Market Legislation. Continuous improvements are made to issue customers' electricity bills correctly and timely, provide them with quick access to their bills and enable fast, commission-free collections through alternative channels.

YEPAŞ provides customers with high-quality, reliable, uninterrupted and reasonably-priced electricity, which is essential to daily life. Building customer satisfaction into its business processes, YEPAŞ successfully continued to deliver fast and courteous customer service in 2019. The Company always aims to deliver innovative, customer-focused services. Thanks to its advanced technology infrastructure, the company develops products, services and solutions that meet customers' needs. As a result of its technology investments, YEPAŞ uses the most advanced IT systems, equipment and infrastructure in the electricity retailing industry. Even though the price may seem the most important factor in electricity supply, the supplier's market experience, know-how and service quality before and after-sales are also very important. YEPAŞ recognizes the sectors in which its customers operate and offers products and services specific to their needs by making the right analyses.

When selling electric power to industrial facilities and businesses that have eligible consumer status, YEPAŞ develops effective solutions and services by taking market dynamics into account and closely monitoring customers' needs. The company supports business activities of its customers with an approach based on not only prices but also customer satisfaction. Furthermore, YEPAŞ developed a Customer Loyalty Program named "YEPAŞ World of Advantages," YEPAŞ provides many advantages to its customers by realizing brand collaborations on a local and national basis.

By establishing its business processes based on a sustainable customer satisfaction principle, YEPAŞ maintained its solid and successful business efforts in order to provide fast and respectable services to its customers in 2020.

DISTRIBUTION AND RETAIL SERVICES
Yeşilırmak Elektrik Perakende Satış A.Ş. (YEPAŞ)

Thanks to its collaboration with Aktif Bank N Kolay, YEPAŞ transformed its YEPAŞ Transaction Centers into YEPAŞ N Kolay Authorized Transaction Centers and increased the efficiency of its service channels.

YEPAŞ also partnered with the subsidiaries of Çalık Holding to make the most of the synergy in the Group. As part of the project co-run with Aktif Bank N Kolay, all YEPAŞ Transaction Centers within the region were transformed into YEPAŞ N Kolay Authorized Transaction Centers to establish more accessible and efficient service channels. YEPAŞ N Kolay Authorized Transaction Centers have thus turned into platforms where electricity subscription transactions, collections, eligible consumer transactions and all other customer services are available alongside conventional N Kolay services. As an outcome of this partnership, 78 YEPAŞ N Kolay Authorized Transaction Centers and some 657 N Kolay Kiosks offer services to customers in the central cities and districts of Samsun, Sinop, Ordu, Çorum and Amasya.

671
TL million
Total Assets

2.1
TL billion
Net Sales

Competitive Advantages

- Customer satisfaction oriented business approach
- Using smart technology investments and sustainable information systems hardware and application infrastructure
- Providing world-class service quality
- Providing effective solutions and leading the service industry

Carrying out studies regarding the remote working model, YEPAŞ revised its business processes.

Quality Standards and Certifications

- ISO 9001:2015 Quality Management System,
- TS EN ISO/IEC 27001:2017 Information Security Management System
- ISO 10002:2014 Customer Satisfaction Management System
- COVID-19 Safe Service Certificate
- Zero Waste Certificate

2020 Highlights

Attaching importance to digitalization after the coronavirus pandemic in 2020, YEPAŞ aims to accelerate its organizations with a leaner business plan. Besides digitalization, YEPAŞ carries out studies regarding remote working and revised its business processes accordingly.

As part of the Çalık Family, which continuously expands both its local and global targets, YEPAŞ aims to continuously strengthen its competitive structure and efficiency. Carrying out an important business that has a critical impact on human life in a wide geography, YEPAŞ continues to work in order to make its operations free from errors. YEPAŞ obtained a competitive edge in 2020 once again in order to achieve higher customer satisfaction and has been one step ahead of its competitors with its state-of-the-art information system infrastructure applications and hardware.

With its customer-oriented approach, innovative business model and infrastructure based on advanced technology, YEPAŞ strives to meet customer needs at the highest level, create value in electricity supply and provide after-sales service support.

Prioritizing digitalization solutions with the importance it attaches to improve customer satisfaction, YEPAŞ provided its customers with the opportunity to perform their transactions faster and more securely. In line with the aim to make YEPAŞ a quick and efficient retail sales company through digitalization, YEPAŞ launched its mobile application in 2020. Allowing easy access to all kinds of details regarding electricity usage, the mobile application offers the opportunity to carry out all transactions without going to a Customer Service Center. The following transactions can be carried out via the mobile application;

- Subscription,
- Termination,
- Debt query,
- Bill payment/viewing,
- Application viewing,
- Making an appointment, connecting to web live support,
- Information update,
- Direct connection to YEPAŞ social media accounts.

YEPAŞ mobile application was launched in 2020.

DISTRIBUTION AND RETAIL SERVICES
Yeşilırmak Elektrik Perakende Satış A.Ş. (YEPAŞ)

The innovative digital channels developed especially for mobile devices prioritize customer needs and are focused on providing its customer with the services of the future.

YEPAŞ developed mobile applications and digital channels that end-users may access thanks to the strategic projects it carried out in the field of digitalization and smart systems. These innovative digital channels developed especially for mobile devices prioritize customer needs and are focused on providing its customer with the services of the future.

In 2020, YEPAŞ fully managed the risks arising from the pandemic and took all necessary measures. During the pandemic, professional teams carried out sterilization and disinfection works at YEPAŞ Head Office, Provincial Directorates and District Directorates by using products that are not harmful to human health. Caring about the health of its customers who come to the Customer Service Center to make transactions, YEPAŞ continues disinfection activities on a regular basis. In addition to general notifications regarding anti-coronavirus measures, all employees working in Samsun, Ordu, Sinop, Amasya and Çorum offices were given disinfectants and brochures and posters are hung in important locations inside the workplaces. With the notification messages sent digitally, awareness of employees has been raised regarding the symptoms of coronavirus and the prevention measures. HES codes of employees are being checked at the entrances to all contact points of the Company.

5.4%
EBITDA Margin

116
TL million EBITDA

By converting the electricity tariff of its Head Office building to Green Tariff (YETA), YEPAŞ became the first company to adopt this tariff in Samsun, Amasya, Çorum, Ordu and Sinop.

Preparing a brochure to raise the awareness of employees regarding the virus, YEPAŞ met all the conditions required by the Turkish Standards Institute (TSE) and was certified with the "COVID-19 Safe Service Certificate" given to organizations that fulfill these conditions. YEPAŞ has proven its success by effectively managing the pandemic period and providing a hygienic and controlled environment to its employees. YEPAŞ fully complied with the standard requirements and became the first electricity retail sales company in its region and sector to receive the Safe Service Certificate.

In order to use natural resources efficiently within the scope of the Zero Waste application, YEPAŞ placed recycling bins in all Customer Service Centers. Arranging recycling bins according to the 6 color classification specified in the Zero Waste Regulation to reduce the amount of waste and to use natural resources efficiently, YEPAŞ also provided training to employees on how to sort waste. As a result of the audit carried out as a result of all these studies, YEPAŞ was awarded a Zero Waste Certificate.

Following the completion of the necessary legislation as per the announcement made by Fatih Dönmez, Minister of Energy and Natural Resources, in June 2020, the first Green Tariff (YETA) determined by EMRA was shared with the public in July 2020. In this context, YEPAŞ converted the electricity tariff of its Head Office building to Green Tariff (YETA) and became the first company to adopt this tariff in Samsun, Amasya, Çorum, Ordu and Sinop.

N Kolay Authorized Transaction Centers of YEPAŞ are being used as an active sales channel in terms of electricity sales to eligible consumers. Thanks to the N Kolay Authorized Transaction Centers, YEPAŞ customers are able to make transactions easily through www.yepas.com and www. turkiye.gov.tr, without the need to come to Customer Service Centers. Taking place in the e-Government platform, established to provide access to public services from a single point, YEPAŞ provides users with the opportunity to access subscriber and meter details, make debt queries, individual subscription applications and terminations. Thanks to the Dealer Portal, all kinds of transactions can be made with YEPAŞ dealers via live chat. In order to follow the developing technological digitalization and to provide innovative services to its customers, YEPAŞ Online Customer Portal was launched by YEPAŞ. Thanks to the Customer Portal, the Company customers are able to log in with their TR ID number and via telephone verification similar to an internet banking platform and they are able to reach all information on YEPAŞ, make new subscriptions, terminate current subscriptions, learn and pay debt amounts and make applications.

In order to ensure operational excellence, YEPAŞ broke new ground in the sector with Lean 6 Sigma, which is a management strategy in which simple and effective statistical tools are used for defining, measuring, analyzing, improving and controlling processes within businesses.

YEPAŞ formed a KVKK (Personal Data Protection Law) Governance Team and registered it with the Personal Data Inventory and VERBIS.

Completing the first 3 phases of the IQN Project developed to manage eligible consumer sales and electricity purchase operations, YEPAŞ carries out re-installation and SAP integration updates as a result of the positive developments in eligible consumer processes in 2020.

YEPAŞ aims to maintain its growth momentum that has continued in the last five years and increase its electricity sales ratio by 6.5% compared to the previous year. Aiming to increase the number of transactions carried out through the digital channels and the mobile application, the Company will also prioritize information update transactions.

YEPAŞ formed a KVKK (Personal Data Protection Law) Governance Team and registered it with the Personal Data Inventory and VERBIS.

Financial Summary (TL Million)	2018	2019	2020
Total Assets	603	516	671
Net Sales	1,362	1,632	2,148
Total Equity	37	102	94
EBITDA	-6	95	116
EBITDA Margin (%)	-0.4	5.8	5.4

DISTRIBUTION AND RETAIL SERVICES

Kosovo Çalık Limak Energy SH.A. (KEDS) / Kosovo Electricity Supply Company J.S.C. (KESCO)

Reliable electricity supply at low prices

KEDS aims to provide high-standard electric services to all its subscribers and to eliminate all the infrastructure issues regarding electric energy.

2012
Date of Establishment

27,109 km
Line Length

2,900 MVA
Substation Capacity

Kosovo Çalık Limak Energy Sh.A. (KEDS) / Kosovo Electricity Supply Company J.S.C. About
Established for the electric distribution work in Kosovo in relation to the tender won in 2012 by Çalık Holding and Limak Holding partnership, Kosovo Çalık Limak Energy Sh.A. operates in the field of electricity distribution and retail with 2,200 employees in Kosovo, the youngest country of Europe. The Company owns Kosovo Electricity Distribution Company J.S.C. (KEDS), the only authorized electricity distributor in Kosovo, and Kosovo Electricity Supply Company J.S.C. (KESCO), the only authorized energy supplier to the public sector. The company meets 100% of Kosovo's net demand for electricity.

The company has made significant advances towards achieving its goals by capitalizing on the experience of Çalık and Limak Groups in the power industry. KEDS regularly adopts innovations under its Distribution Grid Development Plan. The company designed the plan to provide reliable electric service with low prices and is implementing it step-by-step, In addition to reliable working systems and coordinated customer tracking. All these advantages and distinctive features enable the company to steadily expand its subscriber base.

Active in the sector since 2013, KEDS and KESCO has successfully reduced technical and commercial losses; improved its access to energy significantly by restructuring its energy transfer operations; boosted operational efficiency through the use of new technologies and implementation of effective measures; and has taken important steps to provide education and employment opportunities to young people in line with its social responsibility principles.

KEDS aims to provide high-standard electric services to all its subscribers and to eliminate all the infrastructure issues regarding electric energy.

Successfully completing the separate pricing process, which is a legal obligation at the end of 2014, KEDS transferred the electricity supply activity to the public to KESCO, which was established under Çalık Limak Group in 2015. After the license is transferred to KESCO, around 250 employees moved from KEDS to KESCO.

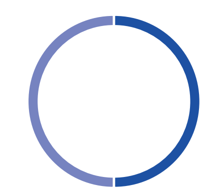
Competitive Advantages

- Sole supplier in the market
- Positioned as a regional player
- Has the manpower, technical knowledge, experience and competency to determine and assume the projects to satisfy the needs,
- Independent decision-making.

2020 Highlights
The Company increased the number of subscribers from 470 thousand in 2013 to 629,359 thousand as of the end of 2020. This achievement was thanks to the fact that Kosovo has a young population and that the Company has carried out an ambitious investment drive since privatization. Distributing 5.549 GWh of electricity in Kosovo in 2020, KEDS spent around EUR 22.2 million, especially for the renewal of the grid infrastructure and modernization activities.

The company upgraded its call center to operate around the clock in order to respond to customer queries and resolve their issues. KESCo managed to provide electricity to its customers at low prices even when there was no electricity generation in the country. All electricity consumers in Kosovo are customers of KESCo.

Shareholding Structure



50%
Çalık Enerji Sanayi ve Ticaret A.Ş.

50%
Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş.

DISTRIBUTION AND RETAIL SERVICES

Kosovo Çalık Limak Energy SH.A. (KEDS) / Kosovo Electricity Supply Company J.S.C. (KESCO)

Restructuring its energy distribution activities, KEDS significantly increased access to energy and service quality throughout the country.

2.1
TL billion
Total Assets

2.2
TL billion
Net Sales

KEDS has invested approximately EUR 167.4 million from May 2013 to the end of 2020 to reduce technical and commercial losses.

KEDS has invested approximately EUR 167.4 million from May 2013 to the end of 2020 to reduce technical and commercial losses. Restructuring its energy distribution activities, KEDS significantly increased access to energy and service quality throughout the country. While KESCo assumes the responsibility to supply this distributed energy from local sources and through imports, the Company works with more than 40 commercial parties in terms of access to day-ahead/intraday markets and energy trade in over-the-counter markets for customer portfolios within the scope of national tariff and eligible consumer status.

Continued to increase its operational efficiency through the use of new technologies and implementation of effective measures, the Company has shown a performance above its efficiency targets.

Placing importance on digitalization since the day it was established, the Company included 12.1% of all customers to smart grid system as of the end of 2020. SCADA systems integration was completed as of the end of 2020. As energy losses, one of the most important issues of the region, were at 31% in 2013, as a result of the investments and successful operations, this ratio was reduced to 19.35% by the end of 2020.

KEDS Academy, a social responsibility initiative aiming to provide young people around the world with access to higher education and employment opportunities, pioneers other organizations in similar social responsibility projects. The 7th generation of the training courses under KEDS Academy has been successfully completed and the 8th generation training courses are currently ongoing.

KEDS's Electricity Distribution and Retail Strategy

In order to reach international standards in SAIDI (System Average Interruption Duration Index) and SAIFI (System Average Interruption Frequency Index) values to provide sufficient and low-cost electricity services to its subscribers with business processes that prioritize high efficiency, and to improve supply security, the company aims to continue its planned maintenance and grid renewal investments.

Investment Projects in 2020

- Distribution line transformation investments in 20 kV level
- Grid support investments
- Meter investments
- Smart grid investments
- Building, storage etc. renewal and renovation investments
- IT investments
- Special field operation equipment investment
- Regional investments

Financial Summary (TL Million)	2018	2019	2020*
Total Assets	1,159	1,358	2,096
Net Sales	1,579	1,610	2,192
Total Equity	922	1,023	1,467
EBITDA	270	198	245
EBITDA Margin (%)	17	12	11

Based on CBRT EUR/TL FX buying rate (9.1164) dated 31.12.2020.

DISTRIBUTION AND RETAIL SERVICES

Aras Elektrik Dağıtım A.Ş. (ARAS EDAŞ)

Environmentally friendly and innovative service

Providing distribution services in seven provinces including Ağrı, Ardahan, Bayburt, Erzincan, Iğdır, Kars and its headquarters Erzurum, Aras EDAŞ provides services to 2.2 million citizens.

2006
Date of Establishment

57,054 km
Line Length

3,058 MVA
Substation Capacity

Shareholding Structure

100%
Doğu Aras Enerji Yatırımları A.Ş.

Vision
To maintain steady growth in relation to Distribution companies in Europe and to achieve lasting success driven by a customer-focused strategy.

Mission
To maintain a high level of customer satisfaction by offering environmentally friendly, innovative, uninterrupted, high-quality service through effective use of our energy.

Aras EDAŞ's Operating Region
Providing distribution services in seven provinces including Ağrı, Ardahan, Bayburt, Erzincan, Iğdır, Kars and its headquarters Erzurum, Aras EDAŞ provides services to 2.2 million citizens. The Company has 1,059,704 subscribers as of the end of 2020.

Aras EDAŞ's operating area includes seven cities covering 11.1% of our country's surface area in the Eastern Anatolia region; the majority of the rural population in Turkey-about 2.8% of the country's entire population-lives in this region. While 70% of the region's residents live in cities, 30% of the company's customers live in rural areas. Agriculture and livestock breeding are the major sources of income in the region.

Province	Area (km²)
Ağrı	11,376
Ardahan	5,576
Bayburt	3,652
Erzincan	11,903
Erzurum	25,066
Iğdır	3,539
Kars	9,442
Total	70,554
Turkey Ratio (%)	11.1

Quality Certificates
- ISO 9001 Quality Management System
- ISO 10002 Customer Satisfaction and Complaints Handling
- ISO 14001 Environmental Management System
- ISO 27001 Information Security Management System
- ISO 45001 Occupational Health and Safety Management System
- ISO 50001 Energy Management System
- ISO 18295-1 and ISO 18295-2 Customer Contact Center System
- World Energy Council Membership

Competitive Advantages of Aras EDAŞ
- Geo-strategic significance of its operating region
- Largest company in the eastern Anatolia region
- Location in a region included in the incentive program

Aras EDAŞ is the largest corporate company in the Eastern Anatolia Region.

DISTRIBUTION AND RETAIL SERVICES
Aras Elektrik Dağıtım A.Ş. (ARAS EDAŞ)

Aras EDAŞ established a system in which any activity of field teams consisting of 757 employees can be measured and reported in seven provinces and 58 districts.

"Firsts" and "Major Achievements" in the Sector

- The first electricity distribution company in Turkey to apply a "Training and Collaboration Protocol" with the universities in the city.
- It is the first distribution company to receive the ISO 50001 Energy Management System standard.
- The new communication platform ARIMER (Aras Communication Center), brings senior executives and customers together. With the "Manager Communication Line," any requests or complaints can directly be sent by the customer to the manager via ARIMER.
- Achieving the highest maintenance rate among all distribution companies, Aras EDAŞ maintained 50% of its entire grid despite the tough geographical and climatic conditions of the region.
- Thanks to the Geographic Information System (GIS), Aras EDAŞ modeled its entire grid of 72,554 km located on its service area.

Goals

- To ensure technical quality and continuous power with the LV & HV (MV) power distribution systems in its operating region-covering the provinces of Ağrı, Ardahan, Bayburt, Erzincan, Erzurum, Iğdır and Kars,
- To undertake renewal, improvement, voltage conversion and expansion efforts to minimize the number of faults,
- To increase R&D investments.

1.8
TL billion
Total Assets

1.3
TL billion
Net Sales

2,016
Employees

Aras EDAŞ is the first distribution company to receive the ISO 50001 Energy Management System standard.

Aras EDAŞ Employee Profile
Aras EDAŞ has a total of 2.016 employees-including solution partners.

Aras EDAŞ's Investments
Spending TL 142.3 million on investment in 2020, Aras EDAŞ spent a total of TL 1.2 billion on investment since July 2013 when it was privatized. It is expected to spend TL 650 million on investment as of the end of 2021. The priorities of the company in its investments are to improve the grid, technological infrastructure, to provide high-quality and uninterrupted energy distribution and to create customer satisfaction.

2020 Highlights
Continuing its investments focused on grid improvement, technological infrastructure, high-quality and uninterrupted energy distribution and customer satisfaction, Aras EDAŞ remotely monitors 1,124 distribution centers and around 5,000 MV feeders, detects interruptions before customers report and therefore achieve significant improvements in the number and duration of failures.

Aras EDAŞ established a system in which any activity of field teams consisting of 757 employees can be measured in seven provinces and 58 districts. With these measurements and reports, the work quality, efficiency and customer satisfaction of employees increase and the time it takes for teams to intervene in a failure is also shortened with this system. Adding seven more vehicles to its cable test vehicles fleet in 2020, Aras EDAŞ ensures that failures occurring in underground cables are detected and intervened immediately.

Aiming to reduce illegal use of electricity in the region, Aras EDAŞ achieved a significant reduction in loss and illegal use rates and an increase in energy efficiency in Doğubayazıt and Patnos districts of Ağrı with the PLC project, which allows communication over electrical networks.

Aras EDAŞ completed the Unmanned Aerial Vehicle (UAV) Project carried out in cooperation with Gebze Technical University in 2020 and designed a special UAV for the Company. With the UAV developed, the Company aims to carry out projects, grid maintenance plans, and loss and illegal use detections faster, more accurately and at a lower cost.

Performing the most comprehensive maintenance work in the sector in 2020, Aras EDAŞ achieved the highest maintenance ratio among all distribution companies. Maintaining 50% of its entire grid despite the tough geographical and climatic conditions of the region, Aras EDAŞ provides uninterrupted and high-quality energy to its customers.

The Smart Substation Development Project of Aras EDAŞ was awarded at the 4th R&D in Energy Workshop held by the Energy Market Regulatory Authority (EMRA), Electricity Distribution Services Association (ELDER) and Natural Gas Distribution Companies Association of Turkey (GAZBIR). During the workshop held in Ankara, the priorities and needs of electricity and natural gas distribution companies for R&D projects, the projects of universities and researchers and the R&D supports of relevant institutions were shared.

The service quality of Aras EDAŞ's customer services and call centers has been certified with ISO 18295-1 and ISO 18295-2 Standards. Successfully passing this audit in which all activities related to customer contact centers were evaluated, Aras EDAŞ once again demonstrated its solution- and customer-oriented working system by being awarded the ISO 18295-1 and ISO 18295-2 certificates.

In order to improve the accessible, innovative and continuous communication capacity, the Company integrated a mobile app with the CRM software and further use of the application was encouraged. Communication was strengthened by sending notifications, greetings and congratulations to customers.

With the aim to improve Aras EDAŞ's accessible, innovative and continuous communication capacity, the integration between the CRM software and the mobile application was provided.

DISTRIBUTION AND RETAIL SERVICES
Aras Elektrik Dağıtım A.Ş. (ARAS EDAŞ)

In 2020, when the COVID-19 pandemic adversely impacted daily, social and business life, Aras EDAŞ provided its employees with the necessary infrastructure for remote working in order to protect their health and safety.

Operating in the most mountainous, cold and rough region of Turkey geographically, Aras EDAŞ's communication efforts gained momentum with the addition of the pandemic to its already difficult working conditions. A special permit was obtained from the governorship in order to intervene in the faults inside quarantine areas.

In 2020, when the COVID-19 pandemic adversely impacted daily, social and business life, Aras EDAŞ provided its employees with the necessary infrastructure for remote working in order to protect their health and safety. Applying measures in order to make employees and customers feel safe in the office and to provide them a healthy environment, the Company hands out protective equipment to its employees such as masks, gloves and hand sanitizers. Temperatures checks are made while entering the premises and hand sanitizers are provided. The hand sanitizers provided at the entrance of each unit were placed inside the units as well and the seating arrangement in the units and common use areas has been revised in accordance with the social distance rule. Aras EDAŞ made the use of masks mandatory and temporarily suspended access to areas where high-touch surfaces such as card readers are located. HES codes are being checked and the meetings and training sessions are held online.

Operational Data

70,554 km²
Area

2.2
Million Population

327,583
Current Number of Luminaires

23,816 km
Current LV Line

24,271 km²
Up-to-date OG Line

Carrying out most of its activities in the field, Aras EDAŞ managed the pandemic process carefully. Since customers were home during the pandemic, the field teams continued their operations on a 24/7 basis.

In order for its customers and employees to carry out this process digitally without coming to the workplace, Aras EDAŞ launched the Connection Monitoring System (CMS) for subscription transactions.

In order to prevent the loss of motivation and sense of ownership during the remote working period, Aras EDAŞ sent books to its employees and held a reading event with the participation of the Solution Center team.

Aras EDAŞ Occupational Health and Safety Practices

- Employees are informed about possible risks by making a risk assessment and necessary precautions are taken.
- All employees are given basic occupational health and safety training before starting to work and provided with practical training on the use of personal protective equipment.
- With the First Aid training approved by the Ministry of Health, it is ensured that the first aid knowledge of the employees is increased in case of emergencies.
- In order to spread a safety culture, employees are given occupational safety awareness trainings.
- In accordance with the hazard class of the company, an Occupational Safety Specialist, a workplace doctor and other health personnel are employed.
- By analyzing work accident and near miss statistics, improvement and development activities are carried out to achieve a zero-accident workplace.
- Health examinations of employees are carried out by the workplace physician before they start working. Employees are subjected to health screening on a regular basis.
- Contingency plans were made for all workplaces and the awareness of the employees was raised regarding emergencies.
- Field inspections are carried out.
- Annual checks of fire extinguishers are being made and fire drills are carried out to increase the knowledge and skills of the employees in case of a potential fire incident.
- Occupational health and safety boards were formed in the Provincial Coordinating Offices and meetings with executives, employees and union representatives are being held on a monthly basis.
- All machinery equipment in the working areas are checked regularly by an authorized mechanical engineer.
- Work processes of subcontractors and contractors are regulated within the scope of occupational health, safety and environment agreements.
- In cases where collective protection is not possible, personal protective equipment in compliance with the standards was delivered to the employees against potential risks.
- Occupational safety materials were distributed to all teams.
- Thermal comfort, noise, lighting etc. measurements are applied to the working areas.
- Awareness trainings on occupational accidents are organized.
- All employees were informed of the anti-coronavirus measures through internal communication channels.
- Contingency Plans have been prepared for the epidemic process.
- Risk Assessment Analyzes have been updated in line with the epidemic.
- All work areas have been disinfected and hand sanitizers have been placed.

- Masks were distributed to employees.
- All employees who are COVID-19 positive or those in contact with positive cases are tracked and reported by the workplace physician.
- An Anti-Coronavirus Instruction was prepared to raise awareness regarding measures against the pandemic.
- Safe Remote Working Instruction has been prepared, which includes safe working methods for those working from home.
- Employees were informed about the correct use of masks and gloves.
- The Normalization Process Instruction containing the rules on the new normal has been prepared.
- Separate waste buckets have been prepared for masks.

14,304
Current Number of Transformers

20.56%
Current Loss and Illegal Use Rate

9,393
Current Lighting Facilities

Financial Summary (TL Million)	2018	2019	2020
Total Assets	1,150	1,286	1,759
Net Sales	726	1,055	1,287
Total Equity	491	791	1,079
EBITDA	252	420	661
EBITDA Margin (%)	35	40	51

DISTRIBUTION AND RETAIL SERVICES

Bursa Şehiriçi Doğalgaz Dağıtım Ticaret ve Taahhüt A.Ş.

Powerful systems for efficient grid management

Expanding its license coverage every year and attaining over 90% in customer satisfaction rates, Bursagaz has increased the grid length to 6,982 km and expanded the distributed gas volume to 2.42 billion m³ as of the end of 2020.

1992
Date of Establishment

6,982 km
Grid Length

2.42
Billion m³ Distributed Gas Volume

About Bursagaz

Established by BOTAŞ in 1992 to sell natural gas, Bursagaz was acquired by Çalık Enerji in 2004 through a privatization tender. Çalık Enerji sold its majority stake at Bursagaz in 2008. Bursagaz, whose majority shares were acquired by SOCAR Turkey Enerji A.Ş., has more than 1 million subscribers and implements exemplary practices in the country with its technology-oriented management approach as the country's third largest natural gas distribution company. As the pioneer of firsts, Bursagaz was chosen as the best employer of Turkey in 2014 within the scope of Great Place to Work - Best Employers of Turkey.

Expanding its license coverage every year and attaining over 90% in customer satisfaction rates, Bursagaz has increased the grid length to 6,982 km and expanded the distributed gas volume to 2.42 billion m³ as of the end of 2020. In addition to European Quality Award granted by EFQM in 2008, Bursagaz was also deemed worthy of Platinum LEED (Leadership in Energy and Environmental Design) Certification, the highest existing level, with its environmentally sensitive Head Office building in 2017. As part of its vision "to become a world-class company," Bursagaz executes corporate strategies in parallel with international standards, which are already incorporated in its current management systems. Along with its operational activities, Bursagaz implements corporate social responsibility projects in education, culture and sports to help support social development.

Bursagaz's Distribution Network

1. Osmangazi
2. Yıldırım
3. Nilüfer
4. Mudanya
5. Kestel
6. Gürsu
7. İznik
8. Keles
9. Harmancık
10. Orhaneli
11. Büyükorhan

Bursagaz's Competitive Advantages

- It has strong systems in place for an effective grid management including but not limited to SCADA, GIS, Earthquake Risk Management System, SPRING etc.
- Boasting a robust financial structure, it is a company that adds value to the national economy.
- Bursagaz, the pioneer of the sector with R&D projects developed through an innovative approach, has obtained EMRA's approval for 11 of its R&D projects up to date.
- It boasts a positive brand perception at local and national scale.
- Despite serving in a monopole market, it has adopted a private sector approach that is aligned with a competitive market (Subscription services, call center, customer services center and online services etc.).

Quality Standards and Certifications

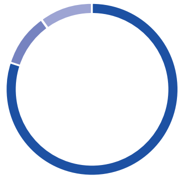
- ISO 9001 Quality Management System
- ISO 14001 Environmental Management System
- OHSAS 18001 Occupational Health and Safety Management System
- ISO 10002 Customer Satisfaction and Complaints Management System
- ISO 27001 Information Security Management System
- ISO 50001 Energy Management System
- ISO 22301 Societal Safety and Business Continuity Management System

2020 Highlights

Continuing its investments in 2020, Bursagaz increased its efforts to deliver natural gas to regions in its license area. As a result of Bursagaz's investments and grid studies under pandemic circumstances, the number of districts where natural gas is distributed increased to 11 in 2020. As the third largest natural gas distribution company of Turkey, Bursagaz boasts a distribution grid of 6,982 kilometers and distributes 2.42 million m³ of natural gas to its subscribers.

Investing more than TL 1 billion as of the end of 2020, Bursagaz distributed natural gas to the Boyalıca neighborhood in Iznik district, and to Orhaneli, Büyükorhan and Harmancık districts as well as Uludağ within the planned period. Bursagaz installed a natural gas line

Shareholding Structure



80%
Socar Turkey

10%
Çalık Enerji

10%
Bursa Metropolitan Municipality

DISTRIBUTION AND RETAIL SERVICES
Bursa Şehiriçi Doğalgaz Dağıtım Ticaret ve Taahhüt A.Ş.

Investing more than TL 1 billion as of the end of 2020, Bursagaz distributed natural gas to the Boyalıca neighborhood in Iznik district, and to Orhaneli, Büyükorhan and Harmancık districts as well as Uludağ within the planned period.

at an altitude of 1,910 meters above sea level in order to provide natural gas to Uludağ, the symbol of Bursa. Expanding its activity area, Bursagaz increased its number of subscribers by 39,444 in 2020 and reached 1,073,174 subscriber independent sections.

In 2020, 60,341 interior installation projects were approved, 177,352 installation controls were made, 24,366 reports were evaluated and 9.5 million meters were read. By providing services to more than 70 thousand customers on a monthly basis, service performance doubled compared to the previous year.

During the pandemic, Bursagaz's top priorities were to provide uninterrupted natural gas to subscribers in quarantine and to ensure the occupational health and safety of its employees.

First of all, all necessary measures for the health and safety of the employees have been taken at the highest level. In compliance with the instructions of the World Health Organization (WHO) and the Ministry of Health, an action plan including all measures was applied under the coordination of SOCAR Turkey. Accordingly, employees working in the offices were switched to the remote working system. Field teams and critical employees who provide face-to-face services continued to operate after all necessary precautions

177,352
Installation Control

39,444
Number of Independent Sections
New Subscription

By providing services to more than 70 thousand customers on a monthly basis, service performance doubled compared to the previous year.

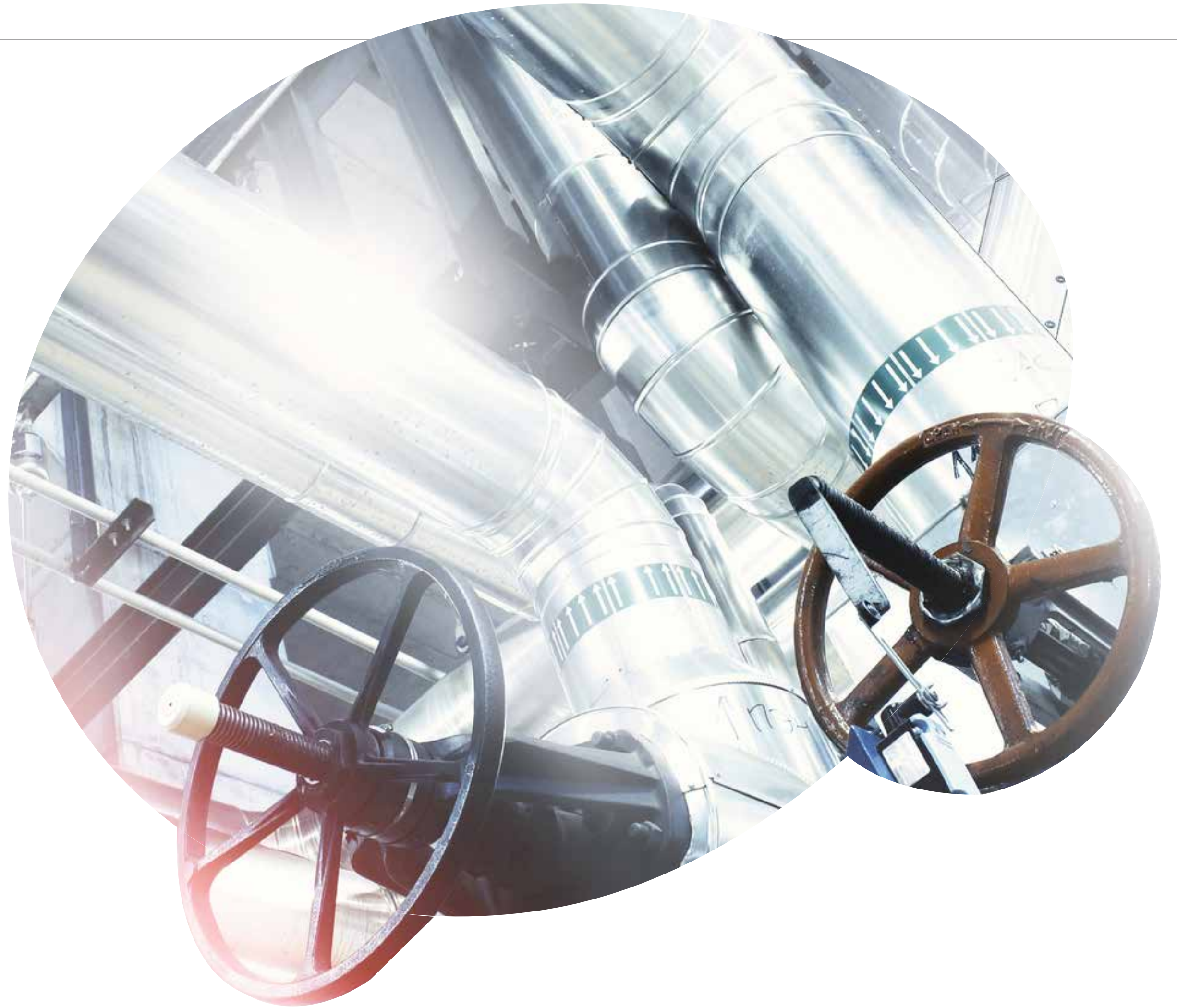
were taken. Additionally, a platform has been established for employees to receive support in subjects such as health, education, finance and law when necessary.

During this period, we were in close contact with our partners, especially those who provide services directly to our subscribers. Partners were regularly informed about health measures and practices as well.

In this period, in line with the responsibility of providing uninterrupted service, we quickly adapted to the changing conditions and continued to provide services without interruption. Bursagaz continued to provide secure and continuous natural gas supply during this period. Field staff reached all service areas uninterruptedly by taking pandemic measures. A majority of the transactions carried out in the customer services center were managed through digital platforms. In line with the motto "Stay Home," around-the-clock service was provided to the subscribers through the customer contact centers so that they can make transactions remotely.

A New Logo for Bursagaz

As Turkey's foreign direct investor, SOCAR operates in the production, transmission, distribution and trade chain of natural gas. SOCAR implemented the "One SOCAR, One Flame" logo project with Bursagaz and Kayserigaz for the first time. Following the completion of operational and cultural integration processes, the logo of Bursagaz, which operates under SOCAR Turkey since 2019, is now the flame of SOCAR.



Investments in 2020

Bursagaz Provides Natural Gas to 3 More Districts of Bursa

As of December 2020, Bursagaz started distributing natural gas in Orhaneli, Büyükorhan and Harmancık districts. Within the scope of the project, a distribution line of more than 200 kilometers was installed with an investment of TL 93 million. As a result of this investment, Bursagaz now distributes natural gas to all districts in its license area.

Uludağ Enjoys the Comfort of Natural Gas

In 2020, Bursagaz started to provide natural gas to Uludağ, which is one of the important winter tourism destinations in Turkey and where thousands of national and international tourists are hosted. Within the scope of the infrastructure works that lasted for 12 months with an investment of TL 16 million, 21 kilometers of steel and 9 kilometers of polyethylene lines were installed. Before the winter season begins, citizens and establishments in Çobankaya, Hotel Zone 1, Hotel Zone 2, Sarıalan and Kirazlıyayla Sanatorium had the opportunity to use natural gas, a safe, environmentally friendly and cost-efficient fuel.

Boyalıca Neighborhood of Iznik Meets Natural Gas

The infrastructural works to bring natural gas to the Boyalıca Neighborhood of Iznik have been completed in 2020. Bursagaz installed 35 kilometers of distribution line with an investment of TL 12 million and started to provide natural gas services to the region as of August 2020. It is aimed to deliver natural gas to 1,314 households and 153 workplaces in the neighborhood. As of the end of 2020, natural gas subscriptions were made for 317 households in the region.

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DISTRIBUTION AND RETAIL SERVICES

Kayserigaz Kayseri Doğalgaz Dağıtım Pazarlama ve Ticaret A.Ş.

Safe and uninterrupted energy supply

Kayserigaz Solution Point and Call Center enables the Company to communicate with subscribers and manage processes on a single, integrated platform.

KAYSERİGAZ

2003
Date of Establishment

57
TL million 2020 Investment Amount

573,862
Number of Subscribers

Providing energy to each and every street and corner of Kayseri, Kayserigaz has a provision coverage in almost all developed lands.

Kayserigaz was established in 2003 and commenced operations under the first natural gas distribution tender organized by EMRA in Turkey.

Kayserigaz reaches higher numbers of subscribers every year. Providing energy to each street and corner of Kayseri, the Company has a provision coverage in almost all developed lands.

Kayserigaz Solution Point and Call Center, now a global success story, enables the Company to communicate with subscribers and manage processes on a single, integrated platform.

Inquiries, requests and expectations from subscribers are handled by a single place; subscribers are able to reach the Call Center when in need 24/7. Furthermore, uninterrupted and interactive communication with customers is guaranteed through the Live Support Line and social platforms.

Playing a pivotal role in safe and uninterrupted energy provision for Kayseri, Kayserigaz has provided 700,762,000 Sm3 of natural gas to subscribers in 2020. Since the first day of providing natural gas services, Kayserigaz has contributed significantly to reduce air pollution in the city.

Kayserigaz's Distribution Network

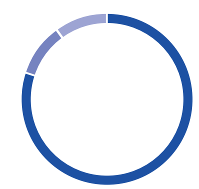
- Kayseri (City Center)
- Kocasinan
- Bünyan
- İncesu
- Develi
- Hacılar
- Melikgazi
- Talas
- Tomarza
- Yahyalı
- Yeşilhisar

"Firsts" and "Major Achievements" in the Sector

- The first natural gas company to receive the ISO 31000 certificate.
- Won the first natural gas distribution tender of the Energy Market Regulatory Authority (EMRA) in 2003.
- Became the first company in Turkey to use the Barcode System integrated with the SAP (Systems Analysis and Program Development) System.
- The Piri Reis Project, which also includes the Corporate Risk Management, Balanced Scorecard, Process Management and Human Resources Management projects, was deemed worthy of the international "Successful Management Consulting Project Award" with its efforts on Corporate Risk Management.

- Breaking new ground in the sector, Kayserigaz reserved a special area for the visually impaired and helped them to become aware of its activities. The report received the International Stevie Award was printed on 100% post-consumer recycled paper and confirmed Kayserigaz's environmental sensitivity, as no trees were cut down for its preparation.
- In 2020 Kayserigaz has started to exert efforts for transition to ISO 45001. Kayserigaz team took the Lead Auditor Training under the ISO 45001 Occupational Health and Safety Management System and became Turkey's first-ever team of lead auditors.
- Kayserigaz became the first company in the natural gas distribution sector to be deemed worthy of the Occupational Health and Safety Management System ISO 45001 certificate accredited by TÜRKAK.
- In 2020, customer satisfaction rate was calculated as 97%.
- It is the first company among natural gas distribution companies whose R&D project was approved by EMRA.
- It is the first company among natural gas distribution companies that received an R&D project award.

Shareholding Structure



80%
Socar Turkey

10%
Çalık Enerji

10%
Kayseri Metropolitan Municipality

DISTRIBUTION AND RETAIL SERVICES
Kayserigaz Kayseri Doğalgaz Dağıtım Pazarlama ve Ticaret A.Ş.

In a year shadowed by the COVID-19 pandemic, Kayserigaz continued to provide uninterrupted services and increased its number of subscribers to 573,862 independent sections as of the end of 2020.

Quality Standards and Certifications

- ISO 9001 Quality Management System
- ISO 14001 Environmental Management System
- OHSAS 18001 Occupational Health and Safety Management System
- ISO 27001 Information Security Management System
- 10002 Customer Satisfaction and Complaints Handling
- ISO 31000 Corporate Risk Management System
- ISO 45001 Occupational Health and Safety Management System Certificate

2020 Operations by Numbers

- 2020 Investment Amount: TL 57 million (Grid + Non-Grid)
- 2020 Length: 190 km of new line was installed.
- 2020 Year-End Total Length: 5,373 km
- 2020 Year-End Subscriber Number: 573,862 (number of independent sections)
- 2020 Year-End Penetration Rate: 93%
- Annual Natural Gas Supply: 700,762,000 Sm3
- Cumulative Investment Amount: TL 465 million

Developments in 2020

In a year shadowed by the COVID-19 pandemic, SOCAR's affiliate Kayserigaz continued to provide uninterrupted services and increased its number of subscribers to 573,862 independent sections as of the end of 2020.

57
TL million Investment Amount

5,373 km
2020 Year-End Total Length:

Ensuring customer communication through different channels, Kayserigaz customer service center personnel performed a total of 304,876 transactions in 2020.

In 2020, 20,659 project controls as well as 26,274 internal installation controls were made. Ensuring customer communication through different channels, Kayserigaz customer service center personnel performed a total of 304,876 transactions in 2020. An average of 350 thousand meters was read monthly by the Company's accrual teams. Additionally, illegal use detection works were performed on a total of 5,304 kilometers of natural gas lines in 10 districts where Kayserigaz operates.

During the pandemic, Kayserigaz's top priorities were to provide uninterrupted natural gas to subscribers in quarantine and to ensure the occupational health and safety of its employees.

First of all, all necessary measures for the health and safety of the employees have been taken at the highest level. In compliance with the instructions of the World Health Organization (WHO) and the Ministry of Health, an action plan including all measures was applied under the coordination of SOCAR Turkey. Accordingly, employees working in the offices were switched to the remote working system. Field teams and critical employees who provide face-to-face services continued to operate after all necessary precautions were taken. Additionally, a platform has been established for employees to receive support in subjects such as health, education, finance and law when necessary.

During this period, we were in close contact with our partners, especially those who provide services directly to our subscribers. Partners were regularly informed about health measures and practices as well.

In this period, in line with the responsibility of providing uninterrupted service, we quickly adapted to the changing conditions and continued to provide services without interruption. Kayserigaz continued to provide secure and continuous natural gas supply during this period. Field staff reached all service areas uninterruptedly by taking pandemic measures. A majority of the transactions carried out in the customer services center were managed through digital platforms. In line with the motto "Stay Home," around-the-clock service was provided to the subscribers through the customer contact centers so that they can make transactions remotely.

Investments in 2020

Kayserigaz's total investment in 2020 amounted to approximately TL 57 million. Therefore, Kayserigaz's total investment in the city exceeded TL 465 million. With 190 kilometers of new lines installed in 2020, the total grid length reached 5,373 kilometers as of the end of 2020. Thanks to the installed distribution line of 25 kilometers with an investment of TL 2.5 million in the Ebiç Neighborhood of Kocasinan district, we brought natural gas to 48 streets with 525 households. A distribution line of 49.4 kilometers was installed in Kuruköprü Neighborhood of Talas district with an investment of TL 3.1 million. 49 streets with 652 buildings now enjoy natural gas services. Illegal use detection works were performed on a total of 5,304 kilometers of natural gas lines in 10 districts where Kayserigaz operates.

Kayserigaz Distribution Grid as of the End of 2020

Area:	11,746 km^2
Districts:	10
Steel Grid:	596 km
Polyethylene Grid:	4,777 km

By installing 190 kilometers of new additional lines in 2020, the total grid length reached 5,373 kilometers by the end of 2020.

IQB SOLUTIONS

High-quality, reliable and rapid solutions

Exporting its IQBig product for the first time in 2020, IQB Solutions works on Big Data Analytics, IoT Technologies and digitalization solutions.

IQB Solutions provides services to many major production, distribution and retail companies in the energy industry with the products it has developed.

IQB Solutions (Akılcı Bilişim Çözümleri ve Danışmanlık A.Ş.) was established as a Çalık Elektrik Dağıtım A.Ş. affiliate in May 2017 to provide technology, software and consultancy services on a national and international scale. IQB Solutions aims to provide high-quality, reliable, quick and scalable solutions that use up-to-date technologies to its customers. It provides services to many major production, distribution and retail companies in the energy industry with the products it has developed. Exporting its IQBig product for the first time in 2020, the Company works on Big Data Analytics, IoT Technologies and digitalization solutions.

The product portfolio of IQB Solutions as of the end of 2020 is as follows:

- IQPower Suite - Power Generation Asset Performance Management Platform
- Utilon - Electricity Distribution Digital Customer Service Center Solution
- IQBig - Big Data Platform
- IQAoT - IoT Platform
- IQN - Energy Sales and Trade Management Solution
- EDVARS - Electricity Distribution Data Warehouse and Reporting Product.
- DIANA - Electricity Distribution Artificial Intelligence Powered Data Analytics Platform

WORKINDO

Entrepreneurial structure, smart strategies

Workindo strives to add permanent value to each person's life it touches in all the sectors and geographies it operates in.

Workindo

Workindo carries out its activities in 5 countries with the collaboration of Emlak Girişim Danışmanlığı A.Ş.

Established to find technological solutions to the problems in the construction sector, Workindo Teknoloji ve İnsan Kaynakları Danışmanlık A.Ş. aims to become the solution partner of the sector on finding subcontractors, bidding on projects, buying and selling materials and reaching employees. Carrying out its activities in 5 countries with the collaboration of Emlak Girişim Danışmanlığı A.Ş., Workindo invests in technology and human resources with inclusion and diversity in mind. As an entrepreneurial company, Workindo aims to add permanent values to the lives of every person in the geography it operates with innovative and sustainable business models.

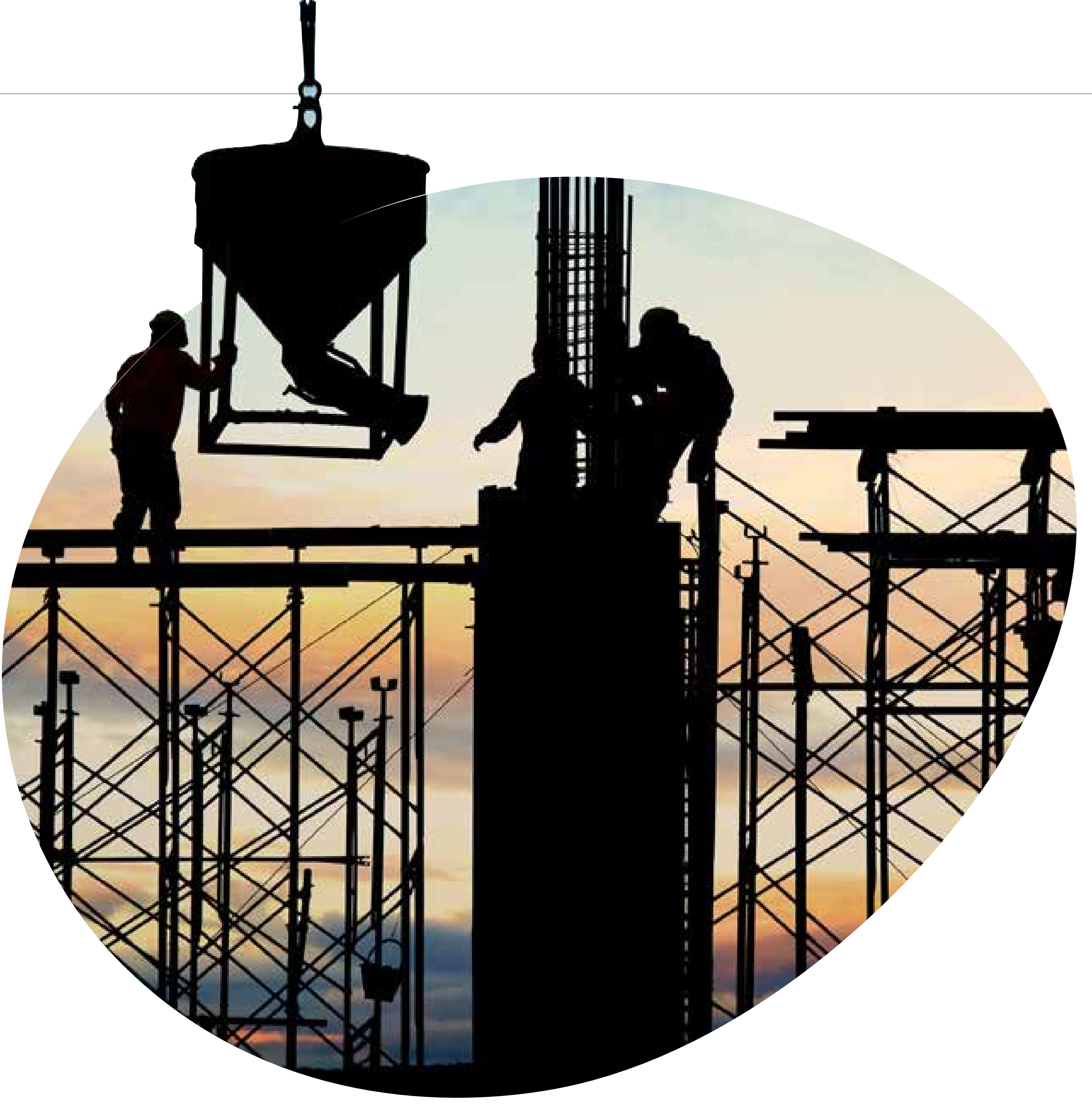
Thanks to Workindo;

- Contractors can procure all the services they need for their projects in the fastest way possible.
- Subcontractors can place bids on the most recent projects and find business partners.
- Employees can apply for the projects most suitable for them, and companies can quickly reach the personnel they need.
- Companies that purchase and provide materials can reach reliable companies by using the platform.

Activities in 2020

A career platform specific to the construction sector, Workindo.com was renewed in 2020 in line with new requirements and current design trends. An infrastructure for buying and selling materials and bidding for construction projects was added to the platform. In addition, Workindo acquired the technology company Workcep.

Following the completion of the necessary infrastructure works during the activity period, Workindo expanded abroad as of the end of 2020. Workindo started publishing ads for projects in many countries including Europe, Turkic Republics, Middle East and Africa. In this context, 2,031 new advertisements were posted on the platform, with 29,208 new members participating throughout the year.



Çalık Enerji and Workindo Collaboration

A business and career platform specific to the building-construction sector, Workindo provides human resources services for Çalık Enerji's projects. Having completed more than 130 projects in 3 continents, Çalık Enerji started to collaborate with ISKUR's official employment center and Workindo in 2019 for the necessary human resource for various construction projects it will undertake in the future. Çalık Holding preferred Workindo because it has access to qualified and experienced personnel, who can take part in domestic/international projects, and it creates a pool from these candidates and collects the necessary information in a single system.

A business and career platform specific to the building-construction sector, Workindo provides human resources services for Çalık Enerji's projects.

TECHNOVISION

Human-oriented products and services

Technovision focuses on solving the problems that may arise during operations with a dynamic approach while turning each of these problems into opportunities for the improvement process.

The vision and mission of Technovision are to reflect a corporate approach that is beyond a mandatory rulebook, which the employees follow in every part of their professional lives.

Technovision is an engineering company that provides services to many companies from various sectors, especially to contracting firms and financial institutions, in the industrial markets as well as energy, oil and gas.

Founded in 1994 and joined Çalık Enerji in 2015, Technovision carries out its activities with the main goal of providing high quality-engineering services and optimum designs for human-oriented products and solutions.

Continuing its activities with the motto "The Line of the Future;" Technovision focuses on solving the problems that may arise during operations with a dynamic approach while turning each of these problems into opportunities for the improvement process.

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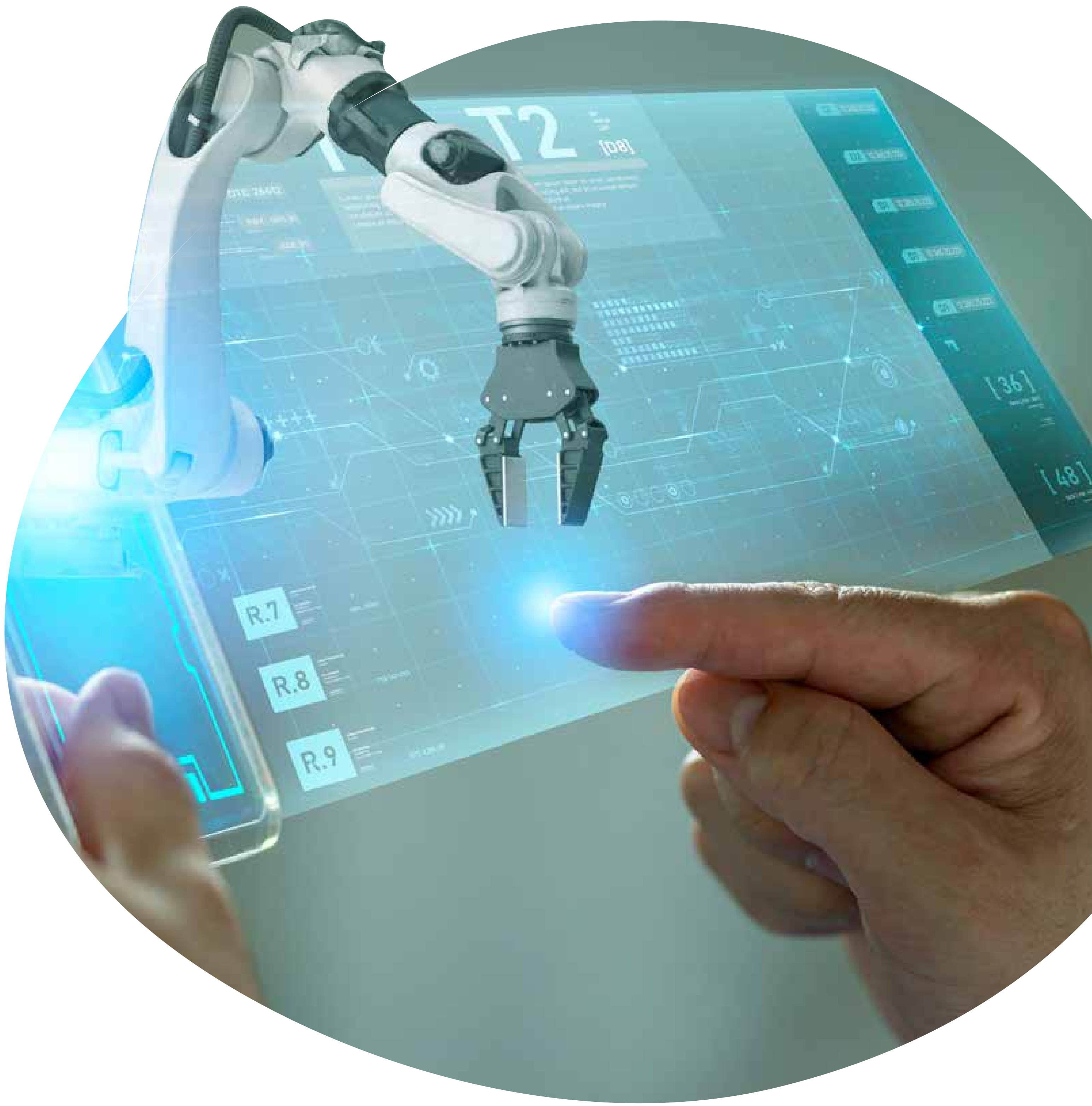

R&D EFFORTS

Investments centered on high technology

Çalık Enerji continues to improve in terms of competitiveness, customer satisfaction, cost efficiency and operational excellence.

4
TL million
IQB Solutions
R&D
Expenditure

Çalık Enerji envisages that the future of the energy sector will be defined by value-added, innovative and environmentally friendly technologies that will boost efficiency. It is through this vision that the Company shapes its operations and pioneers groundbreaking practices by making R&D and innovation investments in the light of emerging trends.

Placing great emphasis on the evolving renewable energy sector, the Company closely monitors new trends that will shape the sector such as Industry 4.0, digitalization, storage systems, and smart grids. Çalık Enerji tests the use of such technologies in its new projects, striving to create new business models and seeking ways to offer distinctive projects to its customers. The common feature of all Çalık Enerji investments is that they adopt a human-oriented approach that puts high technology in the center.

The Company successfully aligns its business processes with the transformation triggered by new technologies and digitalization. It is thanks to this approach that Çalık Enerji improves its competitive power, customer satisfaction, cost effectiveness and operational excellence.

The Company successfully aligns its business processes with the transformation triggered by new technologies and digitalization.

IQB Solutions

Operating with the main focus of developing quality products and solutions in the fields of big data, Internet of Things (IoT) and digitalization since its foundation in 2017, IQB Solutions offers its customers the opportunity to perform digital transformation projects at international standards thanks to IQBig (Big Data platform) and IQoT (Internet of Things platform) products developed in 2018 as a result of R&D efforts. Developed by the Company on IQBig and IQoT infrastructures the IQPower product contributes to power generation companies to transform their operational processes.

These products ensure that 500 million daily data are collected from Çalık Enerji's power generation plants and interpreted in the field. To analyze the power plant performances more effectively, Çalık Enerji utilizes IQPower Analytical Reporting Solution operating simultaneously with IQBig and IQoT. Thanks to its IQPower product, IQB Solutions is able to perform data monitoring, provide business intelligence reports and artificial intelligence analysis services at all points, from the data source to the end-user. IQBig and IQoT products also improved the Company's ability to offer ready-made solutions in many different areas such as smart grid and smart city applications, power plants and factory automation. Additionally, the Utilon product developed by IQB Solutions helped IQB entirely digitize new connection procedures of electricity distribution companies and enabled customers to perform all their transactions online. This transformation project also paved the way for improved customer satisfaction and operational efficiency. Investing TL 4 million on investment since the day it was founded, IQB Solutions continues to expand its digital product portfolio.

Introducing IQWind, the first module of the IQPower product at the Microsoft Technology Summit, IQB Solutions was the only Turkish company invited to the Microsoft IoT Elite Partner Summit held in Seattle in the same year. The company continues to make presentations on big data technologies in many universities.

IQB also participated in the Microsoft Business Partners Summit as a Microsoft Cloud Solution Partner and received the "Most Successful Digital Transformation Award" in the Production category by Microsoft.

IQB Solutions have introduced IQWind, the firs module of IQPower at the Microsoft Technology Summit.

R&D EFFORTS

YEDAŞ performed the field installations and system integrations of the domestic SCADA equipment procured within the scope of the SCADA expansion project.

YEDAŞ

Focusing on R&D activities for electrical energy storage systems, YEDAŞ commissioned the first distribution grid-scaled Energy Storage System of our country in the Çorum-Alaca region in 2020. The system will provide solutions in many areas from increasing flexibility for grid operators to improving supply continuity and technical quality.

Initiating Voice Radio and Communication Infrastructure works in 2020, YEDAŞ partially completed the procurement, installation and commissioning of tower poles for the TDMA-based DMR wide-area digital radio communication system. With the completion of the communication system in the first quarter of 2021, the field teams providing around-the-clock services in 5 provinces within YEDAŞ Distribution Area will be using an uninterrupted communication infrastructure.

In line with its strategic priorities and objectives, YEDAŞ continues to invest in digitalization. The company aims to provide high-quality and uninterrupted electric service by establishing remote monitoring and control systems such as SCADA, AGIS (Low Voltage Grid Monitoring System), and Mobile Workforce Management System. YEDAŞ constantly improves its supply continuity and service quality by analyzing and correlating existing data and data collected in the field as part of its "Big Data" project.

373
SCADA Station Established in 2020

538
Number of Stations within the Scope of SCADA

In 2020, YEDAŞ commissioned Turkey's first ever distribution grid scaled Energy Storage System in Çorum-Alaca.

Performing the field installations and system integrations of domestic SCADA equipment procured within the scope of the SCADA expansion project, YEDAŞ increased its number of stations by 226% to 538 with the addition of 373 SCADA stations installed in 2020.

Forming the R&D Office under the Distribution Technologies and R&D Directorate in 2020, TEDAŞ aims to focus more on R&D activities and to provide new employment in this field. Focusing on R&D and innovation projects that will add value to the distribution industry, YEDAŞ received EMRA approval for a total of 7 projects in January and July 2020. In addition, the Company carries out its ongoing R&D projects in line with its business plan.

Continuing to make electricity distribution grid available for electric vehicles, with their number increasing day by day, YEDAŞ continues its "My Energy is Everywhere" Project. Continuing its infrastructure works to provide electricity distribution services independent of the installation, YEDAŞ supports its project development activities by offering services for electric vehicles. Within the scope of the project, YEDAŞ will establish an electric vehicle charging station to a location within its area of operation and install three sockets for general use to meet the energy need in the region.

In line with its efforts on occupational health and safety, YEDAŞ started to develop Nitinol Material Smart Detector Vest with its new R&D project. With the smart vest to be developed, technical staff will receive a visual, audible and sensory warning when they enter an electric field. Aiming to prevent potential work accidents, a "Utility Model" application was made to the Turkish Patent and Trademark Office for this innovative product.

YEDAŞ started the "Knife Fuse (NH Plug) Production with New Generation Polymer Thermoset" project to develop a fuse that will be completely resistant to corrosion and humid, foggy, salty atmospheric conditions and UV rays. The product to be developed in accordance with TEDAŞ Specifications will cost less, will be easier to use and provide more advantages in terms of human safety compared to Steatite NH Fuses. Within the scope of the project, efforts were initiated to make a Patent/Utility Model Application to the Turkish Patent and Trademark Office for the product.

Studies are ongoing to measure the level of digital maturity in all business processes of Electricity Distribution Companies in line with the "Measuring the Levels of Digitization in Distribution Companies" project. Aiming to contribute to the sector by determining the measurement standards of the digitalization level of the sector with the model to be developed in line with the project, YEDAŞ will also determine the actions to be taken for digitalization with the measurement results it will submit to EMRA.

In line with the "Energy Efficiency Harvest in the Electricity Distribution Sector" (HASAT Phase 2) R&D Project, it is aimed to research methods for increasing efficiency in the electricity distribution grid as per the National Energy Efficiency Action Plan and to establish a technical infrastructure for energy efficiency roadmap.

YEDAŞ started the "Knife Fuse (NH Plug) Production with New Generation Polymer Thermoset" project to develop a fuse that will be completely resistant to corrosion and humid, foggy, salty atmospheric conditions and UV rays.

R&D EFFORTS

Within the scope of the "MASS Domestic Smart Meter Systems R&D Project," in which YEDAŞ is a participant, it is aimed to develop a domestic and national smart meter system. Efforts are being made to expand the use of the relevant system in the operating area of YEDAŞ.

There are four different work packages within this framework;

- The "Energy Efficiency in Transformers" package aims to carry out efficiency and loss analysis for the distribution transformers in the grid with the transformer data collected from electricity distribution companies. A platform that will provide a decision support mechanism to determine which type of transformers will replace low-efficiency transformers.
- The "Distributed Generation" package focuses on developing an algorithm for the correct positioning of distributed generation plants in the grid, thus minimizing losses.
- On the other hand, the "Energy Efficiency in General Lighting" package will analyze the effects of general lighting on energy efficiency with different pilot applications. Following the implementation of the pilot field application, which can be monitored from the center with motion sensors in the YEDAŞ region, analysis of the pilot project in terms of energy savings, calculations for cost and return times will be made.

With the "Domestic Energy Domestic Technology" R&D Project initiated to help reduce foreign dependency in software, benefit/cost analyses are made for software platforms used in the electricity distribution sector.

Thanks to the R&D Project competition it held, YEDAŞ created an R&D culture for all employees within the company.

- The "Energy Efficiency Awareness Index" package is an important factor in terms of national energy efficiency since it allows consumers to distribute/shift their loads, especially during peak hours. In order to increase energy efficiency awareness among consumers and to carry out activities to increase efficiency, the potential contribution of consumers to national energy efficiency will be surveyed.

Within the scope of the "MASS Domestic Smart Meter Systems R&D Project," in which YEDAŞ is a participant, it is aimed to develop a domestic and national smart meter system. Efforts are being made to expand the use of the relevant system in the operating area of YEDAŞ.

With the "Domestic Energy Domestic Technology" R&D Project initiated to help reduce foreign dependency in software, benefit/cost analyses are made for software platforms used in the electricity distribution sector. Accordingly, the priority order is determined and actions are taken to localize the software used.

Thanks to the R&D Project competition it held, YEDAŞ created an R&D culture for all employees within the company. Efforts to increase energy quality and provide efficiency were determined based on the project suggestions from the employees, and the employees who made the best suggestions were rewarded.

Aiming to bring energy companies that continuously improve, come up with innovative solutions and adapt to changes rapidly to the sector, "You're My Energy Program" initiated by the Electricity Distribution Services Association (ELDER) and ODTÜ TEKNOKENT under the coordination of the Energy Market Regulatory Authority (EMRA) focuses on realizing innovative business ideas and projects for the energy sector. Participating in the You're My Energy Program,

YEDAŞ gathered with entrepreneurs, start-ups, Technoparks and R&D companies. In this way, YEDAŞ looks for new opportunities to develop projects in national and internationally funded platforms.

YEDAŞ

- YEDAŞ launched the YEDAŞ mobile app in 2020 to provide customers the opportunity to perform transactions such as subscription, termination, debt query, bill payment/viewing, application viewing, making an appointment, connecting to web live support, information update, direct connection to YEPAŞ social media accounts in a fast and secure manner without going to a Customer Service Center.
- YEPAŞ completed the first 3 phases of the IQN Project developed to manage eligible consumer sales and electricity purchase operations. SAP integration works are ongoing.
- Achieving yet another first, YEPAŞ improved its processes in terms of simplicity and efficiency with the Lean 6 Sigma Project.

Aras EDAŞ

Implementing the WFM (Workforce Management System) Project in 2019 to manage the activities of failure management teams in 7 provinces and 58 districts in the distribution area, Aras EDAŞ expanded its cable test vehicle fleet in 2020 and improved its ability to respond to failures.

YEPAŞ completed the first 3 phases of the IQN Project developed to manage eligible consumer sales and electricity purchase operations.

R&D EFFORTS

Kosovo Electricity Distribution Services (KEDS) applied for the approval of the distribution and meter metering regulation to the regulator on the network side in 2020.

The Company performed the PLC Project in order to prevent the illegal use of electricity in the distribution area and achieved an increase in energy efficiency in addition to significant improvements in terms of loss-illegal use rates.

The Unmanned Aerial Vehicle (UAV) Project implemented by Aras EDAŞ and with Gebze Technical University was completed in 2020. With the UAV developed, the Company aims to carry out projects, grid maintenance plans, and loss and illegal use detections faster, more accurately and at a lower cost.

Within the scope of the studies on Geographic Information Systems (GIS), which started in 2015 and was completed in 1 year, Aras EDAŞ modeled its entire grid of 72,554 km located on its service area. With the aim of keeping CBS alive, which provides an infrastructure for many different systems such as SCADA, OMS (Outage Management System) and WFM (Workforce Management) in addition to achieve cost and time savings, a model with a perfect database, which enabled the transition to the next generation infrastructure by gaining smart grid capabilities, was prepared.

2

Number of New R&D Projects for which Bursagaz Received EMRA Approval

Operating in the second largest region in Turkey, Aras EDAŞ modeled its entire grid of 72,554 km located on its service area.

KEDS

Kosovo Electricity Distribution Services (KEDS) applied for the approval of the distribution and meter metering regulation to the regulator on the network side in 2020.

Additionally, we made collaborations with municipalities, public institutions and ministries regarding law enforcement support for cutting off the power of non-paying customers, debt enforcement procedures, access to the marital status database and the calibration laboratory.

New developments especially implemented in information technologies:

- CRM, Outage Management System and Tegsoft (IVR Call Center) integration,
- Lansweeper Inventory System Project,
- Cyber-security projects (Solarwinds Project (SIEM, SAM, NPM), SOTI MDM Project, Aruba Clearpass, Cisco DUO, Turkcell BOZOK CTI, File Sharing System, Turkcell Data Center Migration Project),
- Core ERP Project,
- Ticket System,
- KESCO mobile app v2 (new version release),
- Customer document archiving project,
- Operation monitoring project,
- IoT project (remote disconnector).

BURSAGAZ

By continuing its R&D activities with its innovative approach in 2020, Bursagaz continued its existing projects and received approval from EMRA for 2 new R&D projects. Significant progress has been made in the Composite Project and the Remote Gas Cutting Project, and both projects are about to come to an end.

Composite Project

With the development of a material that will be obtained by combining different material groups with chemical and physical methods instead of steel pipes used in the medium pressure grid (19 bar), it is aimed to manufacture much more durable and flexible pipes. In this way, a more reliable and efficient performance will be achieved in the production of distribution grids in the field. Within the scope of the project, tests were carried out on many different material groups in 2020. The results achieved have proven that the right steps were taken in the project. As the laboratory studies have come to an end, composite pipe manufacturing and technical standardization tests will be carried out in the upcoming period.

Remote Gas Cutting Project

By improving the Polaris Remote Meter Reading system, Bursagaz aims to make it possible to cut the gas through appropriate modules with remote access in areas where gas cannot be cut due to physical barriers and harsh conditions. Initiated in 2019, the Project continued in 2020 and the locations to be covered within the scope of the Project were determined. The fact that the battery lives of the modules where GSM communication system will be used are approximately 10 years will provide an effective cost management advantage.

By improving the Polaris Remote Meter Reading system, Bursagaz aims to make it possible to cut the gas through appropriate modules with remote access in areas where gas cannot be cut due to physical barriers and harsh conditions.

R&D EFFORTS

The Smart Indoor Installation Project aims to provide a safe and continuous gas supply by cutting gas supply remotely or automatically through the SCADA system at gas delivery stations in case of emergencies and incidents.

Within the scope of the Double-Sided Service Tee Project, the service tee parts currently used in the grids are planned to be replaced with a single double-sided service tee part.

Double-Sided Service Tee Project
Within the scope of the Double-Sided Service Tee Project, which was approved by EMRA in 2020, the service tee parts currently used in the grids are planned to be replaced with a single double-sided service tee part. Therefore, as a result of using fewer main parts of attachments, it is more possible to prevent natural gas risk. When the studies for the Project are finalized, an important connection part will be produced to be used in the sector.

Smart Indoor Installation Project
Another project approved by EMRA in 2020 is the Smart Indoor Installation Project. This project aims to provide a safe and continuous gas supply by cutting gas supply remotely or automatically through the SCADA system at gas delivery stations in case of emergencies and incidents. Data flow will be provided to the SCADA system with the help of the sensors to be used in the project and gas supply will be stopped very quickly in case of an emergency.

KAYSERİGAZ
Putting the understanding of quality and uninterrupted service at the heart of its activities, Kayserigaz leads the development of the natural gas distribution sector in R&D with its advanced technological infrastructure, the importance it attaches to R&D and its value-added investments. Kayserigaz implemented the “Project for Increasing Productivity and Service Quality with Change Engineering Approaches,” which is the first R&D project in the sector accepted by EMRA. In this project, business processes were reviewed and redesigned in order to implement essential developments in the most important performance measures such as cost, quality, service and speed. The project of the Company was also awarded at the 3rd R&D in Energy Workshop, held with the coordination of EMRA in 2017. As the architect of the first R&D project that differentiates Kayserigaz in its field of activity and enabled the Company to receive numerous awards, Işıl Akkoç ranked among the “Women Energizing Turkey” in March 2019.

AMR Project, Leak Detection Project, Progress Payment Project, Polaris Project, Customer Self Service, Kayserigaz QDMS, IS-U Modernization Project, Online Warning Letter, Workforce Management (WFM) and Robotic Process Automation are also among the most important R&D projects developed by Kayserigaz.

PROCUREMENT AND LOGISTICS

Activities carried out with a high level of competence

With evaluations and audits for suppliers, the Procurement and Logistics Department questions the suppliers' compliance with business ethics rules, expects improvements for nonconformities and checks such improvements with follow-up audits.

The procurement and Logistics department is one of the most competent teams in its area of operation by using the best practices at global and industrial levels.

Çalık Holding attaches importance to managing its supplier processes in a fast, reliable, traceable and measurable manner.

The purchasing and logistics policy established in accordance with the general policies and strategies of Çalık Holding and Çalık Enerji focuses on determining and implementing purchasing strategies that will contribute to all objectives of the Company. In this context, Çalık Enerji Procurement and Logistics Department aims for the most efficient total cost of ownership by providing the highest quality and performance while responding to the needs and requirements of the Company. In this direction, it aims to establish, execute and develop long-term business relations based on mutual trust and cooperation with its current and potential business partners in a fair and equal distance, within the scope of the general and Corporate code of ethics, in compliance with the national and global regulations.

The procurement and Logistics department is one of the most competent teams in its area of operation by using the best practices at global and industrial levels. By evaluating all national and global supply alternatives, the Department established long-term business relations with companies that are able to provide the high-quality product in a timely manner, in competitive terms, who prioritizes research and development in order to be specialized in their own line of business, who produce in compliance with national and international environmental and occupational safety standards and who adopt a contemporary management approach. The Department prefers to work with suppliers that invest in technology development, human resources who respect the environment and human health, and supports the development of its current suppliers in these matters.

In evaluations and audits for suppliers in this regard, Procurement and Logistics Department questions the suppliers' compliance with business ethics rules, expects improvements for nonconformities and checks such improvements with follow-up audits.

Çalık Holding attaches importance to managing its supplier processes in a fast, reliable, traceable and measurable manner. In 2020, the "Supplier Management Project" was carried out throughout the Group, and the Supplier Life Cycle (SLC) module and the Supplier Relationship Management (SRM), which enable the purchasing and supply chain to be managed more effectively, were made available on the Çalık Supplier Portal. Suppliers can make their applications and the approved suppliers can enter the system or place bids on tenders via the relevant button.

Sustainability

As Çalık Enerji, sustainability is one of our most fundamental values.

As a company that has taken the concept of sustainability at the heart of our activities, we consider it as a long journey. We are committed to achieve continuous and long-term success while acting responsibly for the environment and human health. We believe that our other values of fairness, being people-oriented, reputation, working from the heart, innovation and agility are all closely related with sustainability.

237,727 tons
Amount of CO_2 Emissions Prevented to Date

SUSTAINABILITY EFFORTS OF ÇALIK ENERJİ

Responsible sustainability awareness

Within the scope of the sustainability activities initiated with the responsibility of being a signatory of the Global Compact, Çalık Enerji launched the "Sustainability Ambassadors Program."

Taking into account the negative environmental effects of printing paper, Çalık Enerji's Sustainability Report was published only on digital platforms.

Following a 6-month study with the contributions of Sustainability Ambassadors and senior management, Çalık Enerji's first sustainability report was published in July 2020.

With the ceremony held on May 6, 2019, Çalık Enerji became a signatory of the UN Global Compact, which is the largest corporate sustainability initiative with more than 9,500 corporate and more than 3 thousand non-corporate members in over 160 countries.

Started operation in 2000, UN Global Compact encourages companies to act in cooperation in order to create a sustainable and inclusive global economy that contributes to our world, all people, communities and markets.

UN Global Compact leads the world of business to achieve the Sustainable Development Goals while supporting companies across the world to make their strategies and operations compliant with 10 Principles in the fields of human rights, labor standards, environment and anti-corruption.

By signing these "10 Principles;" Çalık Enerji officialized its sustainability perspective and committed to regularly report its sustainability activities from now on.

Within the scope of the sustainability activities initiated with the responsibility of being a signatory of the Global Compact, Çalık Enerji launched the "Sustainability Ambassadors Program" with the participation of ambassadors from each department.

Sustainability Ambassadors are responsible for sustainability studies in their departments and are expected to spread Çalık Enerji's sustainability efforts within the department and to carry out general awareness-raising activities.

Following a 6-month study with the contributions of Sustainability Ambassadors and senior management, Çalık Enerji's first sustainability report was published in July 2020.

Taking into account the negative environmental effects of printing paper, Çalık Enerji's Sustainability Report was published only on digital platforms and shared with all stakeholders with the QR code generated.

Within the scope of sustainability studies,
a training titled "Ethics and Compliance" was held with the participation of all employees in November 2020. In line with the scope of the training in question;

- Impact of Business Ethics on Company Value,
- Responsibilities,
- Code of Ethics and Business Cases,
- Compliance Manager and Compliance Officers,
- Notification and Resolution of Violations,
- Duties of Executives,
- Ethics Line & Ethics Committee,
- Ethics and Compliance Roadma awareness was created among employees regarding the foregoing topics.

In line with the awareness-raising efforts among Çalık Enerji employees, Çalık Enerji Code of Business Ethics and Compliance Regulation brochures were distributed.

Determining the health of its employees as its top priority during the COVID-19 pandemic process, Çalık Enerji adapted quickly to the changes brought about by the pandemic and the remote working system, thanks to the investments made in the field of digitalization.

With the Human Rights Due Diligence and COVID-19: Rapid Self-Assessment for Business (C19 Rapid Self-Assessment) tool developed by the United Nations Development Program to assist businesses in considering and managing the human rights impacts of their activities, it was understood that all necessary measures recommended in the Self-Assessment were taken.

In line with the awareness-raising efforts among Çalık Enerji employees, Çalık Enerji Code of Business Ethics and Compliance Regulation brochures were distributed.

ENVIRONMENTAL PRACTICES

Low ecological footprint

Carbon emission is a serious issue in all aspects of the environmental impact resulting from energy generation, a primary field of activity for Çalık Enerji. Therefore, the Company focuses on developing renewable energy projects so as to reduce use of fossil fuels.

75,000 kilotons
Amount of CO_2 Emissions Prevented in 2020

The recent solar power plant (SPP) projects undertaken by the Çalık Enerji pushed the Company to take firmer steps to contribute to optimal use of natural resources.

Aware of its responsibility arising from its presence in an all-encompassing sector with a vast sphere of influence, Çalık Enerji considers sustainability an integral part of its corporate strategy. This is why the Company takes into account environmental performance as much as financial returns while deciding on investments, practices and service development processes.

The core objective of Çalık Enerji in environmental sustainability is i) conducting activities with minimum ecological footprint; ii) pioneering the development of innovative services and solutions of the future and increasing the value created for the environment through R&D efforts; and iii) engaging all the stakeholders in its value chain in this approach. Within this scope, the Company brings sustainability to the forefront in all business processes and manages its environmental impact in compliance with international management systems.

Carbon emission is a serious issue in all aspects of the environmental impact resulting from energy generation, a primary field of activity for Çalık Enerji. Therefore, the Company focuses on developing renewable energy projects so as to reduce use of fossil fuels. The recent solar power plant (SPP) projects undertaken by the Company pushed Çalık Enerji to take firmer steps to contribute to optimal use of natural resources. The power plants invested by Çalık Enerji and Çalık Holding group companies and that are operated-maintained by Çalık Enerji generated more than 100 GWh of electricity and prevented 75,000 kilotons of CO_2 emissions in 2020. Thus, a total of 229,701 kilotons of CO_2 emissions have been prevented since the power plants were commissioned.

Çalık Enerji also established a waste management system to ensure full compliance with the Company's Environmental Policy and applicable laws regarding the disposal of the waste resulting from its activities. In accordance with the management plans devised as part of the system, the Company tracks the waste at SPP sites. Waste is then sorted by its applicable class and either recovered or disposed of as set forth in legal provisions. There is no hazardous waste at the SPPs of Çalık Enerji.

HUMAN RESOURCES

Consistently increasing employee engagement

Çalık Enerji addresses employees' social and cultural needs and raising awareness regarding corporate culture to increase employee productivity.

Çalık Enerji develops its employees by providing corporate opportunities and benefits.

Çalık Enerji regularly conducts activities in a wide range of areas from recruitment to professional and managerial training programs in order to make business processes more efficient.

Çalık Enerji formulated its human resources policies and practices based on the values of Çalık Holding. Ultimate care is taken to ensure that every employee adopts, and takes into consideration in each step taken, the values that apply to Çalık Holding and all Group companies: fairness, human centricity, reputation, working from the heart, innovation, agility, sustainability, mutual trust and solidarity.

Çalık Enerji's Human Resources Policy

- Establishing an effective and efficient organization by taking employee motivation and loyalty into account, in line with Çalık Enerji's goals and strategies,
- Creating equal opportunities for employees,
- Recruiting the right candidates through following effective measurement and assessment methods,
- Formulating HR plans in alignment with the Company's policies and strategies,
- Addressing employees' social and cultural needs and thus raising awareness of corporate culture to increase employee productivity,
- Creating a professional working environment that offers employees improvement and development opportunities,
- Updating employees' professional and personal competencies and hence helping them adopt a lifelong learning and development path,
- Raising the future leaders, who will act as mentors to ensure continuity of Çalık Enerji's goals and future,
- Following career planning processes as per employees' competencies, goals and maximize their productivity,
- Supporting employees with human resources systems and applications,
- Improving the capabilities of employees with corporate opportunities and benefits and directing them towards continuous success,
- Ensuring the development and continuity of employees.

Çalık Enerji is well aware that its qualified human resources are among the key factors that help maintain its successful performance. The Company regularly conducts activities in a wide range of areas from recruitment to professional and managerial training programs.

Recruitment

Çalık Enerji's selection and placement system is basically intended to recruit dynamic candidates who are eligible with their educational attainment, and open to change and apt at teamwork, in addition to the potential to develop themselves and their business. All human resources procedures at Çalık Enerji are carried out based on the principle of equal opportunity. The Company's core principle in selecting and placing candidates is to provide, with no discrimination or privilege, equal opportunities to candidates who have the competencies required by the job and the capacity to embrace and live up to social values. Applications are examined diligently so as to recruit the best candidate who is capable of carrying Çalık Enerji to its corporate goals and is equipped with the basic competencies and professional skills. Compliance with Çalık Enerji's corporate culture and values are the most important criteria taken into account in recruitment processes. Selection tools, the validity and reliability of which are proven, are used to guarantee an impartial selection process. Personality Inventory and Language Proficiency tests are carried out so as to get further information about candidates' strengths, rooms for improvement and potentials.

Management of Remuneration and Fringe Benefits

Wages are paid monthly at Çalık Enerji. Monthly wages are determined by the Human Resources Department, taking into account employees' assessment levels and experience required by their roles. In determining the wages, the HR Department takes the findings of the market research conducted at least once a year and current economic conditions into account.

All human resources procedures at Çalık Enerji are carried out based on the principle of equal opportunity.

HUMAN RESOURCES

With the Performance Management System, Çalık Enerji aims to achieve business goals, realize the potentials of its employees and embed high performance into the corporate culture.

Performance Assessment
Performance assessments are made every year to measure employees' productivity; identify promotion, career planning, rewarding and training requirements; and support employee development through feedback in rotations and organizational changes. With the Performance Management System, Çalık Enerji aims to achieve business goals, realize the potentials of its employees and embed high performance into the corporate culture. Performance Management System's performance assessment process consists of three stages:
Target Setting: In line with the yearly Company goals, employees gather with their managers and determine their individual goals.
Interim Assessment: The targets set at the beginning of the year are reevaluated.
Year-End Assessment: Institutional and individual target realizations are evaluated.

Outputs from the Performance Management System provide input to career management, wage management and rewarding processes. During this period, employees receive feedback from their managers and determine personal development plans for their career goals. These outputs provide input to the career management, wage management and rewarding processes.

Outputs from the Performance Management System provide input to career management, wage management and rewarding processes.

Equal opportunities are provided to human resources, who are capable of living up to the corporate goals of Çalık Enerji, in planning regular, effective, continuous and extensive training programs.

Training and Development
Equal opportunities are provided to human resources, who are capable of living up to the corporate goals of Çalık Enerji, in planning regular, effective, continuous and extensive training programs. The Company believes that employee development is only possible through continuous learning and training, therefore aims to establish an environment where everybody can learn and flourish continuously.

Orientation
The primary goal of the Human Resources Department is to provide opportunities and guidance for employees to acquire extensive knowledge in their area of expertise and to use the same to develop themselves and their business. New recruits take orientation training, as part of which they are informed of the rules and procedures that help them comply with Çalık Enerji's vision, mission and organizational structure. During the training program, new recruits also acquire the capabilities to start their new job. The purpose of the Orientation Training is to increase the performance and decrease the turnover rate by accelerating the employee's adaptation process.

Career Management
At Çalık Enerji, there is an ongoing career planning process in place that provides each and every employee with equal opportunities. This process also helps employees improve themselves in their respective fields to achieve the future goals of the Company. Promotions are made to ensure alignment between the Company's future goals and employees' goals. Promotions also bring along more powers, more responsibilities and higher wages. Employees are expected to have the knowledge and experience required for a higher position in order to be promoted. Career opportunities across Çalık Holding and subsidiaries are also available for employees. In addition to company targets, studies are carried out to develop the employees as per the Performance Evaluation System by prioritizing employee satisfaction.

Çalık Enerji also guides university students to determine their future. The Company participates in career days in order to come together with students, where it shares its knowledge and experience with students and advises them on what to pay attention to while looking for a job after graduation. Furthermore, job or internship applications are received from students, who are included in evaluations when the Company looks for interns or new graduates.

Çalık Enerji also guides university students to determine their future.

OCCUPATIONAL HEALTH AND SAFETY PRACTICES

Environmentally and human-friendly projects

Çalık Enerji carries out activities to increase the awareness of employees about the HSE policy and to encourage them to contribute.

Çalık Enerji boasts recognition in oil, gas and energy sectors with quality, creative projects that are sensitive to the environment and humans.

Çalık Enerji boasts recognition in oil, gas and energy sectors with quality, creative projects that are sensitive to the environment and humans. It creates value by continuously improving its services and constantly informing its stakeholders.

At Çalık Enerji,

Leadership and Commitment
- Treating OHSE and related social responsibilities as a value
- Targeting continuous improvement to guarantee sustainability
- Determining and sharing roles and responsibilities
- Supporting every employee in taking steps to guarantee OHSE
- Belief in our zero-accident target and the determination to prevent environmental pollution and occupational diseases
- Procuring the tools necessary for construction sites and working places; establishing a safe working environment

Risk Management
- Adopting a risk-based thinking system
- Monitoring preventive measures
- Evaluating emergency risks and conducting mitigating activities
- Identifying the environmental and social impacts of all threats and risks
- Determining potential emergencies and accidents

Planning
- Identifying internal and external factors
- Determining risks and opportunities
- Identifying OSHE targets and sharing them with relevant parties
- Complying with all applicable laws regulations and requirements in Turkey and other countries of operation
- Preparing KPIs to reach those targets

Competencies
- Informing employees on the OHSE policy and encouraging them to contribute to OHSE
- Organizing OHSE trainings
- Raising employees' OSHE awareness

Implementation
- Carrying out all activities in compliance with OHSE management system
- Using natural resources efficiently
- Investing in protective equipment
- Managing emergency situations and carrying out drills

Monitoring and Review
- Monitoring OSHE targets and KPIs
- Considering Management's Review Inputs
- Assessing subcontractors' OHSE performance
- Sharing acquired corporate knowledge

Social Responsibilities
- Establishing good relations with the communities in geographies where projects are carried out and raising their OSHE awareness
- We care about, and are committed to, undertaking social responsibility activities to recover our losses on nature

This policy is communicated to Çalık Enerji employees, subcontractors, and suppliers carrying out activities on behalf of Çalık Enerji; and announced at all sites of operation working under the control or on behalf of Çalık Enerji.

Çalık Enerji aims to establish good relations with the communities in the regions where it operates and to increase their HSE awareness.

Social Responsibility

We value people above all, and show this approach in every field.

As a company operating with the motto "value for people, investment for the future," we create employment in all geographies and carry out social responsibility projects that add value to the society in the geographies where we operate.

SOCIAL RESPONSIBILITY PROJECTS

Sustainable development awareness

Çalık Enerji made a donation to UNICEF on International Women's Day and delivered tetanus vaccines to 15 women in developing countries to protect them from tetanus germs during their pregnancy and postnatal periods.

Planting saplings on behalf of its employees in the Izmir Bademli-2 Memorial Forest in 2020, Çalık Enerji distributed tree plantation certificates to its employees.

Çalık Enerji enhances the value it creates for society and stakeholders with the employment it creates and social responsibility projects it implements in all areas of activity.

Çalık Enerji enhances the value it creates for society and stakeholders through not only investments and services but also the employment it creates and social responsibility projects it implements in all areas of activity. Driven by a sustainable development approach, the Company's social responsibility projects are implemented in various separate fields including education, innovation, social solidarity, environment, art and sports. The Company continued to develop social responsibility projects also in 2020 by identifying those areas and those countries in need of social responsibility projects.

Çalık Enerji made a donation to UNICEF on International Women's Day and delivered tetanus vaccines to 15 women in developing countries to protect them from tetanus germs during their pregnancy and postnatal periods. In addition, Çalık Enerji contacted local authorities in some geographies it operates and donated humanitarian aid packages that include respirators.

Planting saplings on behalf of its employees in the Izmir Bademli-2 Memorial Forest in 2020, Çalık Enerji distributed tree plantation certificates to its employees.

The Company is the main sponsor of the Boğaziçi University BÜYAP Energy Fair in 2020. Within the scope of the sponsorship, Company executives, including Çalık Enerji General Manager, attended the online seminar as speakers and answered the questions of students. In addition, the Company organized a project competition related to the energy sector for students and internship opportunities were offered to the winners of the competition.

The activities carried out to improve the conditions in the region within the scope of the 19.5 MW Tedzani 4 Hydroelectric Power Plant Project were deemed worthy of an important award in 2020. Tedzani Region Support Project was deemed worthy of the "Our Energy is Our Future Social Responsibility Award" by the Turkish Ministry of Energy and Natural Resources at the 3rd Turkey Energy and Natural Resources Summit.

Acting with a sense of social responsibility in all its business activities as one of the essential and constant factors of its management approach and considering its projects in a corporate and strategic framework, Çalık Enerji has completed many projects through the Group Companies that contribute to social development.

SOCIAL RESPONSIBILITY PROJECTS

YEPAŞ installed charging stations for electric wheelchairs with the aim to make life easier for people with disabilities.

YEDAŞ

Education

Sharing the added value generated by the social responsibility projects it develops with the society, which constitutes the largest stakeholder mass, YEPAŞ chose one primary school in each of Samsun, Ordu, Çorum, Amasya and Sinop provinces and presented books to all students as a report card gift. In this context, YEPAŞ General Manager Arif Akşam visited the Atakum Baruthane Middle School in Samsun and gave children their gifts in person during the school report ceremony.

Innovation and Entrepreneurship

YEPAŞ installed charging stations for electric wheelchairs with the aim to make life easier for people with disabilities. Charging stations for disabled vehicles were located in certain points in the city within the scope of the project carried out by the Company in cooperation with Samsun Metropolitan Municipality.

Adding a new one to its applications for customer satisfaction, YEPAŞ launched its mobile app via App Store and Google Play to ensure that transactions can be made quickly and easily.

In order to use natural resources efficiently within the scope of the "Zero Waste" application, YEPAŞ placed recycling bins in all Customer Service Centers.

In collaboration with AHBAP Foundation, YEPAŞ provided an electric wheelchair to a person with a walking disability living in Sinop.

Social Solidarity

YEPAŞ's assistance and support to institutions in its area of operation continued in 2020 as well. The one-year electricity bill of the Turkish Foundation of Raising and Protecting Mentally Handicapped Children (ZİÇEV) Samsun Branch was covered by the Company.

In collaboration with AHBAP Foundation, YEPAŞ provided an electric wheelchair to a person with a walking disability living in Sinop.

Environment

Within the scope of the "Green Tariff (YETA)" application organized by the Energy Market Regulatory Authority (EMRA) to support renewable energy sources, YEPAŞ converted the electricity tariff of its Head Office building to Green Tariff (YETA) and became the first company to adopt this tariff in Samsun, Amasya, Çorum, Ordu and Sinop.

In order to use natural resources efficiently within the scope of the "Zero Waste" application, YEPAŞ placed recycling bins in all Customer Service Centers. With the aim to recover waste, separate waste at source, reduce the amount of waste, use natural resources efficiently and contribute to the economy, recycle bins were placed according to the 6 color classification specified in the Zero Waste Regulation, and employees were given training on how to separate waste. As a result of the audit carried out as a result of all these studies, YEPAŞ was awarded a Zero Waste Certificate.

With an exemplary campaign initiated by the YEPAŞ employees, food and water bowls were placed in front of the Customer Service Centers and in certain areas of the city for stray animals at risk of starvation due to restrictions caused by the pandemic.

Sports

In line with the one-year sponsorship agreement signed with the club, YEPAŞ meets the needs of Samsun Veteran Ping-Pong Club athletes with down syndrome such as jerseys and tracksuits.

Food and water bowls are placed for stray animals in front of the Customer Service Centers and in certain areas of the city.

SOCIAL RESPONSIBILITY PROJECTS

YEDAŞ visited primary school students within the scope of "Energy Saving Week" to provide training on energy saving. The sessions interrupted due to the pandemic are planned to be continued in the coming period.

YEDAŞ

Environment
Removing the trash cans under the desks at service centers, YEDAŞ organized training courses for janitors within the scope of the Zero Waste Project. Placing waste collection bins at the Head Office and Provincial Directorates, the Company also placed indoor collection equipment with waste collection capacity in 5 different categories. In addition, non-hazardous and hazardous waste temporary storage areas were allocated in YEDAŞ service buildings in order to store and classify the wastes according to their types. As a result of its activities, the Company was awarded the "Zero Waste Certificate" by the Ministry of Environment and Urbanization.

Education
YEDAŞ visited primary school students within the scope of "Energy Saving Week" to provide training on energy saving. The sessions interrupted due to the pandemic are planned to be continued in the coming period. A seminar on Energy Efficiency and Environmental Effects of Energy Use was held for employees.

Company Strategic Mapping Workshop
With the Strategic Mapping Trainings, plans to clarify future plans were made and the necessary procedures to put these plans into operation were determined. As a strategic planning and conception process is designed with this study, a common vision, mission and values that the employees of the company will strive to achieve were determined. The training was finalized upon reaching basic information on the methods to overcome the difficulties encountered during the realization of the strategies.

YEDAŞ was awarded the "Zero Waste Certificate" by the Ministry of Environment and Urbanization.

Continuing to make electricity distribution grid available for electric vehicles, with their number increasing day by day, YEDAŞ started the "My Energy is Everywhere" Project in 2019.

With this training, it is aimed to enable the Company employees to develop strategies within their areas of responsibility, adapt these strategies to their daily operations, and improve their competencies on target, budget and resource planning in line with a strategic management process.

YEDAŞ informed young engineers for the first steps they will take in business life
Representing YEDAŞ at the seminar, HR Coordinator Emre Oğuz gave important advices to young engineers preparing for business life. In the seminar, important clues on CV preparation and job interviews, which are among the most important steps in business life, were shared. YEDAŞ's expectations from engineers and the career opportunities at the Company were also mentioned in the seminar. In the seminar held in online and interactive environments, young engineers also received answers to their questions. As young engineers gained important knowledge that will prepare them for business life, they had a pleasant time with the trivia held at the end of the seminar.

A role model training for the energy heroes at YEDAŞ
Determining 309 different types of failure, maintenance and repair work, the Company designed a training setup to make sure repair and maintenance (AOB) personnel answer questions such as "what is expected, what should be done, how to do it". Firstly; the

competency and the level of knowledge of employees were evaluated with a theoretical evaluation exam. The multiple-choice test was organized simultaneously in 33 different locations and in 5 provinces. Each employee was analyzed in terms of knowledge, based on criteria such as location, level of education and tenure. Afterward, employees were evaluated based on their competency in field works.

Expert assessments
In line with the practical training conducted, personnel assessment committees consisting of experts, coordinators, managers and supervisors were formed. The committee assessed employees with cases prepared by expert technical personnel. Through role-playing applications, the committee observed how the employees carried out the failure maintenance and repair processes in these cases. Personnel competency was evaluated by measuring technical knowledge.

YEDAŞ has designed a training setup to make sure repair and maintenance (AOB) personnel answer questions such as "what is expected, what should be done, how to do it".

SOCIAL RESPONSIBILITY PROJECTS

In order to raise awareness of the importance of blood donation, YEDAŞ personnel fulfilled their human-oriented responsibility in 2020 and supported the "Blood Donation Campaign to the Red Crescent" organized in the Headquarters building as in every year.

Innovation and Entrepreneurship

YEDAŞ turns R&D projects into investments

With the R&D project it organized, YEDAŞ strives to increase energy quality and provide efficiency. Those who made the best suggestions were rewarded.

Integrating today's technology into business processes, YEDAŞ produces effective solutions that will make life easier for its customers. In this context, YEDAŞ developed and implemented the "EDAŞ Online System," which is a first in the electricity distribution sector in Turkey, which allows users to make new subscription applications through its website.

Continuing to make electricity distribution grid available for electric vehicles, with their number increasing day by day, YEDAŞ started the "My Energy is Everywhere" Project in 2019. YEDAŞ continues offering electricity distribution services independent of the installation. YEDAŞ supports its project development activities by offering services for electric vehicles.

Prioritizing occupational health and safety, YEDAŞ started to develop Nitinol Material Smart Detector Vest with its new R&D project.

YEDAŞ has developed and implemented the "EDAŞ Online System," which is a first in the electricity distribution sector in Turkey, which allows users to make new subscription applications through its website.

Prioritizing occupational health and safety, YEDAŞ started to develop Nitinol Material Smart Detector Vest with its new R&D project. With the smart vest to be developed, technical staff will receive a visual, audible and sensory warning when they enter an electric field. Thus, potential work accidents will be prevented. Within the scope of the project, a Utility Model Application was made to the Turkish Patent and Trademark Office for the product.

In line with the Energy Efficiency Harvest in the Electricity Distribution Sector (HASAT Phase 2) R&D Project, it is aimed to research methods for increasing efficiency in the electricity distribution grid as per the National Energy Efficiency Action Plan and to establish a technical infrastructure for energy efficiency roadmap. Accordingly, operations regarding energy efficiency in transformers, energy efficiency in general lighting and energy efficiency awareness index are ongoing.

Social Solidarity

In order to raise awareness of the importance of blood donation, YEDAŞ personnel fulfilled their human-oriented responsibility in 2020 and supported the "Blood Donation Campaign to the Red Crescent" organized in the Headquarters building as in every year.

Sports

As the sponsor of the Amasya Table Tennis Team, YEDAŞ supports the team in table tennis tournaments.

SOCIAL RESPONSIBILITY PROJECTS

Within the scope of KEDS Academy program; every year 50 students have the chance to participate in the academic program initiated, managed and funded by KEDS with support from the Public University of Pristina, Ministry of Education, Science and Technology and Boğaziçi University.

KEDS

Education

KEDS Academy, a social responsibility initiative aiming to provide young people around the world with access to higher education and employment opportunities, pioneers other organizations in similar social responsibility projects. The 7th generation of the training courses under KEDS Academy has been successfully completed. 8th generation training courses of the program are currently ongoing.

Within the scope of KEDS Academy program; every year 50 students have the chance to participate in the academic program initiated, managed and funded by KEDS with support from the Public University of Pristina, Ministry of Education, Science and Technology and Boğaziçi University. Part of the one-year program is the theoretical part held by KEDS experts and professors from Boğaziçi University, the practical part, which continues with the internship phase and the possibility of employing these students in the Company. As of the end of 2020, 350 students have completed the program.

Social Solidarity

In line with the 16-day action plan against gender violence, KEDS prepared a video featuring important messages from key people inside and outside the Company. KEDS also changed the colors of the lighting in the main street in Pristina to orange under the Orange The World campaign. Likewise, the KEDS building was also illuminated in orange to give hope and support to women and the KEDS tellers all around the country wore orange scarves and ties for 16 days to raise awareness of the campaign.

350
Number of Students Completing the KEDS Academy Program

Encouraging its employees to use bicycles for the environment, KEDS placed bike stands for this purpose.

As the first signatory of the Women's Empowerment Principles (WEPs) in Kosovo, KEDS conducted gender equality training for more than 50 employees. KEDS also promoted work-life balance by creating special rooms for young mothers within the company.

Environment

In February 2020, young female engineers of KEDS organized a workshop on Energy Conservation and Environmental Impacts for a large audience of Pristina State University students. Encouraging its employees to use bicycles for the environment, KEDS placed bike stands for this purpose.

Art

Art N'trafo #KEDS Project was held by the Municipality of Pristina and the Q'Art organization with the aim to transform and replace transformers into urban art objects. Within the scope of the project, 20 transformers were painted with the participation of more than 20 local and international artists.

Sports

In order to raise awareness of the selfless contributions of healthcare professionals during the pandemic, a climbing event was held in cooperation with Alpin Group Prishtina at the KEDS Head Office with the participation of professional climbers and Kosovo security forces.

Signing a collaboration agreement with the Kosovo Football Federation, KEDS continued to support the national football throughout the year.

Signing a collaboration agreement with the Kosovo Football Federation, KEDS continued to support the national football throughout the year.

SOCIAL RESPONSIBILITY PROJECTS

Participating in the Eastern Anatolia Career Fair, which is the most important human resources organization in the region, Aras EDAŞ informed young people about their career plans.

ARAS EDAŞ

Education

In line with the academic collaboration made with 8 universities in the area of distribution (Ağrı İbrahim Çeçen University, Ardahan University, Bayburt University, Erzincan Binali Yıldırım University, Atatürk University, Erzurum Teknik University, Iğdır University, Kars Kafkas University), Aras EDAŞ raised the awareness of students and academic personnel with technical reminders regarding the energy sector. With the aim to bring successful electrical and electronics engineering students to Aras EDAŞ, information on the corporate structure and processes of the company is given.

In order to prevent the loss of motivation due to remote working, events were organized for employees. Aras EDAŞ sent books to its employees and held a reading event with the participation of the Solution Center team.

Innovation and Entrepreneurship

Participating in the Eastern Anatolia Career Fair, which is the most important human resources organization in the region, Aras EDAŞ informed young people about their career plans. The young people encouraged to be aware of their potentials also received recommendations on how to shape their futures.

Aras EDAŞ carried out activities for wild and stray animals that had difficulty in finding food during the epidemic process.

Aras EDAŞ coated some parts of the electricity poles with plastic insulators to prevent the electrocution of birdlife.

In order to improve the accessible, innovative and continuous communication capacity, the Company integrated a mobile app with the CRM software and further use of the application was encouraged. Communication was strengthened by sending notifications, greetings and congratulations to customers.

Social Solidarity

With the aim of supporting the Turkish Red Crescent with the motto “blood is not an urgent need but a constant one,” a blood donation event was held with the regional office personnel.

Environment

Operating in the most mountainous, cold and rough region of Turkey geographically, Aras EDAŞ’s communication efforts gained momentum with the addition of the pandemic to its already difficult working conditions. A special permit was obtained from the governorship in order to intervene in the faults inside quarantine areas.

Aras EDAŞ coated some parts of the electricity poles with plastic insulators to prevent the electrocution of birdlife, checked and cleaned the nests of storks on the migration routes and carried out activities for wild and stray animals that had difficulty in finding food during the epidemic process.

Sharing social media posts to raise awareness of the Zero Waste Project among customers, Aras EDAŞ participated in certification programs on environmental issues and started carbon footprint calculations.

SOCIAL RESPONSIBILITY PROJECTS

Within the scope of the Excellence in Education Project carried out with the participation of 28 teachers from the Bursa Provincial Directorate of National Education, Bursagaz shared its experiences on excellence practices in the light of theoretical and practical information.

BURSAGAZ

Educational Material Support from Bursagaz to Special Education Classrooms

Launched by Bursagaz in 2011, the scope of the “Facilitating Education for People with Disabilities” Project was expanded in 2018. Completely renovating 115 special education classrooms in Bursa since 2011 within the scope of the project, Bursagaz aimed to meet the recent needs of these renovated classrooms and renewed the training sets of 40 classes in total. In February 2020, the company visited 20 classes and delivered training sets.

Excellence in Education Project

The Excellence in Education Project was launched to support the activities of the Bursa Provincial Directorate of National Education aimed at development in the field of vocational and technical education. Within the scope of the project carried out with the participation of 28 teachers from the Provincial Directorate of National Education, Bursagaz shared its experiences on excellence practices in the light of theoretical and practical information. The efforts carried out within the scope of the project, which was completed in 2020, were compiled and the project report was prepared and shared with the relevant stakeholders.

148,315 kWh
Power Generated from Trigeneration System

As a result of efforts made in the Head Office building of Bursagaz, which was awarded the LEED Platinum Certificate, energy cost was reduced by 14%.

Savings with Environmentally-Friendly Head Office Building

As a result of efforts made in the Head Office building of Bursagaz, which was awarded the LEED Platinum Certificate, energy cost was reduced by 14%. With solar panels and wind turbines on the roof and façade of the building, where electricity consumption is monitored by an automated system, a portion of the electric power need of the building is met from solar and wind energy. In addition, the power generated by the trigeneration system significantly meets the energy needs of the building. 39% of the total electricity consumption of the building was met with the trigeneration system, producing 148,315 kWh of electrical energy in 2020. Thus, energy saving equivalent to the annual electrical energy consumed by 84 residences (2,400 kWh/year) has been achieved.

Safe Natural Gas Usage Campaign

Carrying out numerous studies to inform its subscribers about the safe and efficient use of natural gas, Bursagaz regularly informs its subscribers through different communication channels from September to March within the scope of the Safe Natural Gas Usage Campaign.

Conducting its activities in this subject with the motto “Safety of Your Family is in Your Hands” since 2016, Bursagaz has changed the concept of the campaign at the end of 2020. The campaign motto is now “Take Measures, Stay Safe.”

Communicating with its subscribers via SMS and social media accounts, Bursagaz puts emphasis on the safe use of natural gas in various communication channels. Bursagaz frequently informs its subscribers about what they need to do to continue using natural gas safely. Bursagaz continuously informed the public with ads, messages, brochures and various outdoor activities, and held training sessions and conferences on this matter in schools, workplaces, associations and chambers before the pandemic. The Company will continue to work on the safe use of natural gas in the future.

Bursagaz and Bursa Metropolitan Municipality Fight Against Air Pollution

In 2017, Bursa Metropolitan Municipality and Bursagaz made a collaboration to prevent air pollution in Bursa. Within the scope of the project that encourages the use of natural gas instead of coal to prevent air pollution, the natural gas subscriptions of the families whose installations were converted to natural gas were finalized.

Bursagaz will continue its efforts on safe natural gas use in the future.

SOCIAL RESPONSIBILITY PROJECTS

Bursagaz Search and Rescue Team (BURAK) participated in a debris search and rescue training and drill with AFAD Bursa Provincial Directorate in 2020.

With the project, the subscription fees of people who do not have a natural gas subscription were covered by the Metropolitan Municipality. The people who do not have a natural gas installation were provided with natural gas stoves by converting their installations. In order to achieve cost reduction, Bursagaz received no project approval fee from the installations made within the scope of the project. The deposits for the installations in question were determined as 5 times less the standard deposit fee. Deposit payments were covered by Bursa Metropolitan Municipality and payment was requested from the subscribers. The project, in which TL 75 bill support was made every month per house for 4 months (December, January, February and March), continued during the first three months of 2020, but the project was put on hold due to the pandemic.

Bursagaz Search and Rescue Team (BURAK)

Established in 2013, Bursagaz Search and Rescue Team (BURAK) is the only one among the natural gas distribution companies and continued its search and rescue activities in 2020. As a rescue team that will support AFAD teams and manage and contributes to search and rescue operations in emergencies, BURAK participated in a debris search and rescue training and drill held by AFAD Bursa Provincial Office in 2020. Participating in two different office and field disaster drills, BURAK took part in Earthquake Week events and 17 August Marmara Earthquake commemoration events. BURAK team also served in 3 rural search and rescue activities in 2020.

Bursagaz Supports Basketball

Sponsoring events for decades to encourage children in sports, Bursagaz continued to support young athletes playing for Bursa Stars in 2020 as well. In 2020, Bursagaz Sports Club was included in the common training and planning standards of Petkim Sports Club and expanded its mission and vision. As part of its corporate social responsibility approach, Bursagaz has been supporting the U14 Girls' and Boys' Teams for many years. The teams showed great success in the local tournament held in Bursa. The U14 Boys' Team lifting the Bursa championship trophy without losing a game and the U14 Girls' Team, who claimed second place in the Bursa tournament, were qualified to play in the Turkish and Anatolian Championships. However, due to the pandemic, Turkey and Anatolian Championships could not be organized.

Bursagaz continued its support to dozens of young people under Bursa Stars.

As part of its corporate social responsibility approach, Bursagaz has been supporting the U14 Girls' and Boys' Teams for many years. The teams showed great success in the local tournament held in Bursa.

SOCIAL RESPONSIBILITY PROJECTS

Kayserigaz hosted basic natural gas training with the participation of Kayserigaz engineers and the Corporate Communications Team in Nuh Naci Yazgan University and the Kayseri Metropolitan Municipality.

KAYSERİGAZ

Collaboration with Universities
Supporting education by believing that the road to knowledge is through good education, Kayserigaz organized basic natural gas training with Kayserigaz engineers and the Corporate Communication Team in Nuh Naci Yazgan University and Kayseri Metropolitan Municipality.

Students of Hasan Polatkan Elementary School were given training on natural gas within the scope of Energy Saving Week.

Cultural Events for Children by Kayserigaz: Dolgi Children's Theater
Kayserigaz's mascot Dolgi got together with more than 100 thousand children with the events held since 2009.

With a colorful theater event featuring 7 different characters with special mascot costumes, Kayserigaz informed primary school students on topics such as saving, saving methods, energy, energy saving at home, and natural gas. With Dolgi Children's Theater, Kayserigaz held an Energy Week event in schools in January 2020.

Kayserigaz's mascot Dolgi got together with more than 100 thousand children with the events held since 2009.

Students of Hasan Polatkan Elementary School were given training on natural gas within the scope of Energy Saving Week.

Awareness Campaign on Safe Use of Natural Gas
In order to raise the awareness of Kayseri citizens regarding the use of natural gas, Kayserigaz conducted events regarding the vital measures that need to be taken during the winter months when natural gas use is intense.

In 2020, campaign posters on the safe use of natural gas were placed on the billboards in Kayseri as well as on bus stops and taxicab stands. The posters were also hung in the Pressure Regulation Stations and Valve Groups to inform the public.

REMARKS REGARDING INTERNAL CONTROL AND INTERNAL AUDIT

Increasing operational process efficiency

Adopting a risk-based audit approach, the Audit Group prepares the annual audit plan following the risk assessment model and in compliance with international standards.

The Audit Group carries out all its activities in line with Çalık Holding policies and procedures and International Internal Audit Standards (IIAS).

Çalık Holding Audit Group is responsible for conducting audits and where necessary, consultancy activities at Çalık Holding and Group companies on financial, operational, information and technical systems in accordance with the annual audit plan.

In order to carry out its activities in line with the principle of independence, Çalık Holding Audit Group functions directly under the Chairman of the Board of Directors in the organizational structure.

The Audit Group carries out all its activities in line with the International Internal Audit Standards (IIAS) as well as Çalık Holding policies and procedures, and periodically informs the Board of Directors and the Audit Committees about the outcomes of its studies.

Audit Group audits the Internal Control System of Çalık Holding and affiliates in line with the COSO standards and evaluates their effectiveness.

Adopting a risk-based audit approach, the Audit Group prepares the annual audit plan following the risk assessment model and in compliance with international standards.

The annual audit plan is implemented after obtaining approval from the Chairman of the Board of Directors. The Audit Group also contributes to efforts to establish and develop an Internal Control system to improve corporate governance practices across Çalık Holding and Group companies. By establishing an effective Internal Control system, the Group aims to ensure the accuracy and reliability of financial and operational data; compliance with laws, rules, regulations, Company procedures and contracts; protection of Company assets; and to enhance the effectiveness and efficiency of the Group's operations.

The Audit Group reports its findings as a result of the audit works and the proposed action plans by reaching an accord with the audited companies. The Audit Group then presents its progress report on the implementation of the action plan and findings that do not yet warrant action to the Chairman.

In addition to the annual audit plan, inspection and investigation activities are performed on matters requested or deemed necessary by the Chairman of the Board of Directors or the Audit Committee. In the event of a risk, inspection/investigation activities regarding misconduct and similar inaccurate actions are also carried out by the Audit Group.

In 2020, effective and proactive studies were conducted on a company/sector basis to ensure that the crisis management, business continuity and risk management competencies of Çalık Holding and Group companies against unexpected situations, such as pandemics, are increased.

The Audit Committees, which play a major role in corporate governance, aim to establish an effective internal control system across Çalık Holding and Group companies; oversee corporate governance practices; and help the Boards of Directors perform their duties and responsibilities related to auditing and supervision in an effective manner.

Additionally, the Audit Group initiated follow-up activities to ensure that management teams effectively implement the necessary improvement measures taken against any issues detected during the audits, and to monitor their progress. Audit reports and improvement efforts are overseen by relevant committees.

Established to support and facilitate the practical implementation of the Code of Business Ethics, to ensure that all actions violating the Code of Business Ethics are reported, recorded and retained, the Ethics Line continued its activities effectively in 2020 as well.

Furthermore, motivated by the principle of sourcing the qualified personnel requirements of the Group from within the Group, the Internal Audit Group embraces the notion of offering human resources developed within the scope of the Internal Audit to the benefit of the subsidiaries and thus primes the Internal Audit group personnel as all-rounders. To this end, the Group organizes internal and external training programs on a regular basis to improve employees' knowledge and experience.

The Ethics Line continued its activities effectively in 2020 as well.

OUR QUALITY POLICY

Customer satisfaction-focused efforts

Çalık Enerji creates value by continuously improving its services and constantly informing its stakeholders.

Çalık Enerji encourages employees to determine and solve quality problems.

Çalık Enerji is known for its quality and creative, environmental and people-friendly projects in the energy sector. It creates value by continuously improving its services and constantly informing its stakeholders.

At Çalık Enerji,

Customer-Centricity and Feedback
- Acting in alignment with customers regarding requirements and indicators
- Responding quickly to customers' concerns and opinions
- Focusing on maximizing customer satisfaction
- Fulfilling applicable requirements

Leadership and Management
- Encouraging the staff to identify quality issues
- Maintaining an open-minded environment
- Providing resources required for the quality management system
- Taking responsibility to ensure effectiveness of the quality management system
- Encouraging use of a process-based approach and risk-based thinking

Processes and Procedures
- Implementing effective procedures, processes and training programs
- Ensuring commitment to processes that have become part of the culture
- Developing procedures in a timely manner
- Encouraging feedback to improve processes
- Improving the quality management system

Transparency
- Exhibiting questioning behavior
- Handling problems transparently
- Encouraging stop of work when in doubt of quality
- Encouraging employees to determine and solve quality problems.

Empowerment
- Not compromising on quality due to concerns around costs or work schedule
- Being proud of the quality of the job done by employees; encouraging them to take responsibility, report, and provide feedback about, their quality concerns

Monitoring and Communication
- Investigating and reporting problems with determination;
- Solving problems in a timely manner
- Checking quality indicators
- Sharing the experiences and best practices to make them part of the corporate culture

Information and Sustainability
- We are committed to, and care about, protecting and preserving corporate information and culture; valuing and protecting Company's assets; identifying risks and opportunities with a potential impact on the quality management system; and encouraging employee competencies and career development.
- This policy will be communicated to Çalık Enerji employees, subcontractors, and suppliers carrying out activities on behalf of Çalık Enerji; and will be announced at all sites of operation working under the control or on behalf of Çalık Enerji.

Çalık Enerji's Quality Standards and Certifications
- ISO 9001:2015 Quality Management System
- ISO 14001:2015 Environmental Management System
- OHSAS 18001 Occupational Health and Safety Management System
- COVID-19 Safe Service Certificate

Çalık Enerji shares the experiences and best practices to make them part of the corporate culture.

ÇALIK ENERJİ SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Consolidated Financial Statements as at and for the Year Ended 31 December 2020 With Independent Auditor's Report

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Table of Contents

	Page Number
Independent Auditor's Report	153-157
Consolidated Statement of Financial Position	158-159
Consolidated Statement of Profit or Loss and Other Comprehensive Income	160
Consolidated Statement of Changes in Equity	161-162
Consolidated Statement of Cash Flows	163
Notes to the Consolidated Financial Statements	164-247

Building a better working world

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Independent auditor's report

To the Board of Directors of Çalık Enerji Sanayi ve Ticaret Anonim Şirketi

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Çalık Enerji Sanayi ve Ticaret Anonim Şirketi (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Key Audit Matters

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

Key Audit Matters	How key audit matters addressed in the audit
Service concession contracts	
The Group considered the terms of service concession agreements and applied a model in accordance with IFRIC 12 and recognize a financial asset in its consolidated financial statement. Group accounted the income which is calculated by effective interest method on financial assets as interest income from service concession agreements. In addition, the Group performs impairment assessments and book provisions if necessary, for its financial assets within the scope of IFRS 9 Financial Instruments standard, since financial assets are subject to impairment. As at 31 December 2020, the Group has financial assets amounting to TL 1.867.856 thousand and interest income amounting to TL 357.888 thousand obtained by service concession agreements. Due to the complexity of the accounting of the service concession agreements in accordance with IFRIC 12 and the related legislation, and since such process requires use of management estimates accounting of service concession contracts has been identified as key audit matter. Details of financial assets carried as part of IFRIC 12 are disclosed in Note 8 of the consolidated financial statements.	Our audit procedures in this area include: - We have obtained and analyzed the service concession agreements. - We have evaluated the relevance of the revenue recognition model with the legislation. - As interest income is calculated based on the internal rate of return, the calculation of the internal rate of return is tested. - The payment amount confirmed to be paid by Energy Market Regulatory Authority (“EMRA”) related to the investments controlled from the supporting documents. - Reasonable rate of return was controlled from the communiqué published in the Official Gazette. - Amount of financial asset calculated based on the service concession agreement model was agreed to the consolidated financial statements. - We have evaluated the adequacy of the financial statement disclosures.

Revenue recognition	
The Group conducts mainly engineering, procurement and construction projects (“EPC”) in Turkey and abroad. The revenue from the construction contracts amounting to 1.662.988 TRY thousands constituted a significant portion of the Group’s total revenue as of and for the year ended 31 December 2020. The recognition of the amount and timing of the revenue generated from EPC projects in the period in which they are incurred calculated and accounted for by using the input method under IFRS 15 Revenue from Contracts with Customers. By using the input method revenue is recognized by comparing the costs incurred by the Group for the fulfillment of performance obligations in an EPC project to the expected total costs for the fulfillment of performance obligation in the consolidated financial statements. The measurement of the contract revenue and estimation of the contract costs are based on a variety of uncertainties that depend on the outcome of future events and demand of revision of the projects which require significant management’s estimates and judgements. Revenue recognition from EPC contracts were determined as key audit matter, due to the significant management estimates and the level judgement.	Our audit procedures in this area include: - We evaluated the operating effectiveness of the controls over the relevant processes regarding the accuracy and timing of revenue recognized in the consolidated financial statements. - We assessed the terms and conditions of significant EPC contracts in order to evaluate the estimates used by the management and to determine whether the revenue is recognized in the relevant periods. - We have discussed the status and the cost budgets of projects under construction with finance and technical staff of the Group and obtained supporting documents. -The costs incurred by the Group for ongoing projects have been tested by using sampling method. - We have recomputed contract revenue by using the percentage of completion method. - We have tested journal entries related to accounting of revenue and contract by focusing on unusual and one-off journal entries. - We have tested the recoverability of the receivables from EPC contracts by assessing the historical collection performance of the Group, inspecting the relevant additional protocols and correspondences and discussing with the Group management. - We assessed the adequacy of the disclosures of revenue in the notes to the financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Mustafa Emin Aytan, SMMM
Associate Partner

March 31, 2021
Istanbul, Turkey

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

As at 31 December 2020
Consolidated Statement of Financial Position
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Note	Current Period Audited 31 December 2020	Prior Period Audited 31 December 2019
ASSETS			
Current assets			
Cash and cash equivalents	5	276.370	534.672
Restricted amounts	6	222.740	381.307
Trade receivables		1.495.158	1.035.650
- Due from related parties	*4, 8*	*432.431*	*139.568*
- Due from third parties	*8*	*1.062.727*	*896.082*
Other receivables		276.504	297.466
- Due from related parties	*4, 9*	*206.219*	*162.421*
- Due from third parties	*9*	*70.285*	*135.045*
Receivables from customer contracts		44.426	14.571
- Contractual assets arising from ongoing construction and contracting works	*16*	*44.426*	*14.571*
Service concession receivables	8	316.889	290.915
Inventories	10	118.299	32.071
Prepayments	11	256.803	55.722
Current tax assets	21	1.842	1.580
Other current assets	15	116.088	67.037
Total current assets		**3.125.119**	**2.710.991**
Non-current assets			
Trade receivables		8.456	4.301
- Due from third parties	8	*8.456*	*4.301*
Other receivables		505.704	638.197
- Due from related parties	*4, 9*	*465.931*	*602.455*
- Due from third parties	*9*	*39.773*	*35.742*
Service concession receivables	8	1.550.967	1.438.021
Financial investments	7	212.547	195.785
Equity accounted investees	12	1.508.622	1.009.446
Property, plant and equipment	13	829.077	627.311
Rights of use asset		25.793	24.424
Intangible assets	14	314.342	334.552
Prepayments	11	13.580	10.306
Deferred tax assets	21	78.543	43.191
Total non-current assets		**5.047.631**	**4.325.534**
Total assets		**8.172.750**	**7.036.525**

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

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

As at 31 December 2020
Consolidated Statement of Financial Position
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Note	Current Period Audited 31 December 2020	Prior Period Audited 31 December 2019
LIABILITIES			
Current liabilities			
Short term borrowings	17	*261.500*	*642.067*
Short term portion of long term borrowings	17	*235.021*	*540.677*
Trade payables		*528.252*	*306.183*
- Due to related parties	*4, 8*	*14.175*	*7.088*
- Due to third parties	*8*	*514.077*	*299.095*
Payables related to employee benefits	18	*14.740*	*30.776*
Other payables		*536.301*	*421.070*
- Due to related parties	*4, 9*	*446.461*	*369.592*
- Due to third parties	*9*	*89.840*	*51.478*
Payables from customer contracts		*33.796*	*228.163*
- Contractual liabilities arising from ongoing construction and contracting works	16	*33.796*	*228.163*
Deferred revenue	11	*557.452*	*112.317*
Current tax liabilities	21	*12.582*	*1.247*
Short term provisions		*127.703*	*79.017*
- Short term employee benefits	*19*	*9.374*	*8.269*
- Other short term provisions	*19*	*118.329*	*70.748*
Other current liabilities	15	*147.179*	*123.228*
Total current liabilities		**2.454.526**	**2.484.745**
Non-current liabilities			
Long term borrowings	17	517.084	558.496
Other payables		385.876	286.531
- Due to third parties	*9*	*385.876*	*286.531*
Long term provisions		21.214	15.486
- Long term employee benefits	19	*21.214*	*15.486*
Deferred tax liabilities	21	43.184	86.418
Total non-current liabilities		**967.358**	**946.931**
Total liabilities		**3.421.884**	**3.431.676**
EQUITY			
Equity attributable to owners of the Company			
Paid-in capital	22	108.917	108.917
Items that will or may be reclassified to profit or loss		2.114.594	1.656.707
Restricted reserves		878.783	685.802
Retained earnings		53.431	20.479
Net profit for the year		1.582.212	1.116.458
Total equity attributable to owners of the Company		**4.737.937**	**3.588.363**
Total non controlling interests	22	**12.929**	**16.486**
Total equity		**4.750.866**	**3.604.849**
Total equity and liabilities		**8.172.750**	**7.036.525**

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

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Note	Current Period Audited 2020	Prior Period Audited 2019
Revenue	23	5.572.651	4.381.205
Cost of sales	24	(3.381.573)	(2.869.861)
Gross profit		**2.191.078**	**1.511.344**
Administrative expenses	24	(511.137)	(434.894)
Research and development expenses	24	(22.569)	(45.992)
Share of profit of equity accounted investees	12	257.948	231.638
Other income from operating activities	25	93.156	160.600
Other expense from operating activities	25	(170.274)	(150.009)
Operating profit		**1.838.202**	**1.272.687**
Income from investing activities	26	48.822	32.361
Expenses from investing activities	26	(22.894)	(6)
IFRS 9 Impairment gains (cancellations) and cancellation of impairment losses	26	(60.080)	(18.217)
Operating profit before finance cost		**1.804.050**	**1.286.825**
Finance income	27	127.545	128.462
Finance costs	27	(195.336)	(230.011)
Net finance costs		**(67.791)**	**(101.549)**
Profit before tax		**1.736.259**	**1.185.276**
Tax expense			
Current tax expense	21	(224.154)	(131.549)
Deferred tax benefit/(expense)	21	76.267	65.519
Profit for the year		**1.588.372**	**1.119.246**
Profit attributable to:			
Owners of the Company		1.582.212	1.116.458
Non-controlling interests		6.160	2.788
Profit for the year		**1.588.372**	**1.119.246**
Other comprehensive income			
Reclassified to profit or loss			
Foreign currency translation differences from foreign operations		450.765	253.897
Total other comprehensive income		**450.765**	**253.897**
Total comprehensive income		**2.039.137**	**1.373.143**
Total comprehensive income attributable to:			
Owners of the Company		2.040.099	1.370.355
Non-controlling interests		(962)	2.788
Total comprehensive income		**2.039.137**	**1.373.143**
Earning per share		**0,15**	**0,10**

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

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

		Other comprehensive income items that will or may be classified to profit or loss	Restricted reserves	Retained earnings				
	Paid in capital	*Translation reserve*	*Legal reserves*	*Retained earnings*	*Net profit for the year*	*Total equity attributable to owners of the Company*	*Non-controlling interests*	*Total equity*
Balances at 1 January 2020	**108.917**	**1.656.707**	**685.802**	**20.479**	**1.116.458**	**3.588.363**	**16.486**	**3.604.849**
Total comprehensive income								
Profit for the year	-	-	-	-	1.582.212	1.582.212	6.160	1.588.372
Foreign currency translation differences	-	457.887	-	-	-	457.887	(7.122)	450.765
Total comprehensive income	**-**	**457.887**	**-**	**-**	**1.582.212**	**2.040.099**	**(962)**	**2.039.137**
Transaction with owners of the Company								
Capital decrease by subsidiaries	-	-	-	(9.231)	-	(9.231)	-	(9.231)
Acquisition of subsidiary	-	-	82	12.135	-	12.217	-	12.217
Dividends paid	-	-	192.899	(1.086.410)	-	(893.511)	(2.595)	(896.106)
Transfers	-	-	-	1.116.458	(1.116.458)	-	-	-
Total transaction with owners of the Company	**-**	**-**	**192.981**	**32.952**	**(1.116.458)**	**(890.525)**	**(2.595)**	**(893.120)**
Balances at 31 December 2020	**108.917**	**2.114.594**	**878.783**	**53.431**	**1.582.212**	**4.737.937**	**12.929**	**4.750.866**

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

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

		Other comprehensive income items that will or may be classified to profit or loss	Restricted reserves	Retained earnings				
	Paid in capital	*Translation reserve*	*Legal reserves*	*Retained earnings*	*Net profit for the year*	*Total equity attributable to owners of the Company*	*Non-controlling interests*	*Total equity*
Balances at 1 January 2019	**108.917**	**1.402.810**	**499.844**	**416.391**	**1.031.261**	**3.459.223**	**14.126**	**3.473.349**
Total comprehensive income								
Profit for the year	-	-	-	-	1.116.458	1.116.458	2.788	1.119.246
Foreign currency translation differences	-	253.897	-	-	-	253.897	-	253.897
Total comprehensive income	-	**253.897**	-	-	**1.116.458**	**1.370.355**	**2.788**	**1.373.143**
Transaction with owners of the Company								
Capital decrease by subsidiaries	-	-	-	(9.900)	-	(9.900)	-	(9.900)
Acquisition of subsidiary	-	-	-	2.607	-	2.607	-	2.607
Dividends paid	-	-	185.958	(1.419.880)	-	(1.233.922)	(428)	(1.234.350)
Transfers	-	-	-	1.031.261	(1.031.261)	-	-	-
Total transaction with owners of the Company	-	-	**185.958**	**(395.912)**	**(1.031.261)**	**(1.241.215)**	**(428)**	**(1.241.643)**
Balances at 31 December 2019	**108.917**	**1.656.707**	**685.802**	**20.479**	**1.116.458**	**3.588.363**	**16.486**	**3.604.849**

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

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows
For the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Notes	January 1 – December 31, 2020	January 1 – December 31, 2019
A.CASH FLOWS FROM OPERATING ACTIVITIES		**1.093.178**	**921.860**
Profit for the year		**1.588.372**	**1.119.246**
Adjustments to reconcile cash flow generated from operating activities:		**(112.388)**	**147.889**
Adjustments for depreciation and amortisation	24	121.754	114.819
Adjustments for doubtful receivables	8	60.080	18.217
Adjustments for provisions, net	19	48.926	31.755
Adjustments for share of profit of equity accounted investees	12	(257.948)	(231.638)
Adjustments for deposits and guarantee received	27	12.182	15.358
Adjustments for interest income and expenses		(57.498)	(51.279)
Adjustments for financial income of the service concession receivables	8	(175.225)	276.724
Adjustments for fair value changes of the financial investments	7	22.453	(32.116)
Adjustments for actual alternative investment income	8	36.305	(59.300)
Adjustments for tax expense	21	76.267	65.519
Adjustments for the net gains on sales of property, plant and equipment and intangible assets	26	316	(170)
Changes in working capital		**(205.666)**	**(354.049)**
Change in inventories		(78.668)	5.014
Change in trade receivables		(289.708)	1.206.585
Change in customer contract assets		(26.418)	61.938
Change in payables related to employee benefits		1.233	(1.170)
Change in other receivables, other current assets and other non current assets related with operating activities		(27.527)	(757.643)
Change in trade payables		149.893	(574.691)
Change in customer contract liabilities		(248.153)	(201.777)
Change in prepayments		(188.790)	176.477
Change in deferred income		418.658	(292.804)
Change in other payables and other liabilities related with operating activities		83.814	24.022
Cash flows used in operating activities		**(177.140)**	**8.774**
Employee termination indemnity paid	19	(9.490)	(9.511)
Collections from doubtful receivables	26	15.239	22.021
Taxes paid		(182.889)	(3.736)
B. CASH FLOWS USED IN INVESTING ACTIVITIES		**(70.788)**	**(113.237)**
Proceeds from sales of property, plant and equipment and intangible assets		83.241	178
Acquisition of subsidiaries	7	(7.003)	(11.025)
Proceeds from sales of available for sale financial investments	7	13.538	4.554
Acquisition of property, plant and equipment	13	(172.535)	(109.058)
Acquisition of intangible assets	14	(1.352)	(493)
Acquisition of subsidiary with non-controlling interests		13.323	2.607
C. CASH FLOWS USED IN FINANCING ACTIVITIES		**(1.523.728)**	**(716.180)**
Funds provided from/(to) related parties, net		262.783	655.388
Interest paid to related parties	27	(13.108)	(71.675)
Interest received from related parties	27	26.948	73.406
Dividend paid		(896.106)	(1.234.350)
Change in restricted cash and cash equivalents	6	158.567	(237.981)
Proceeds from loans and borrowings	17	417.003	617.843
Repayment of loans and borrowings	17	(1.459.298)	(517.219)
Deposits and guarantees paid		(20.517)	(1.592)
BEFORE FOREIGN CURRENCY TRANSLATION EFFECT ON NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		**(501.338)**	**92.443**
D. EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCE IN CASH AND CASH EQUIVALENTS		**243.036**	**253.896**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**(258.302)**	**346.339**
E. CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD	5	**534.672**	**188.333**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)	5	**276.370**	**534.672**

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

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

1. Reporting entity

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi ("Çalık Enerji" or "the Company") was established in 1987 in Turkey for the purpose of engaging in the operation, exploration and production of natural gas and petroleum resources, shipment and selling of such resources to the international markets, production, distribution and retail sale of electricity energy or investing in the entities engaging in such operations. Çalık Enerji has fourteen branches, namely, Çalık Enerji Turkmenistan, Çalık Enerji Georgia, Çalık Enerji Uzbekistan, Çalık Enerji Libya, Çalık Enerji Iraq, Çalık PE Uzbekistan Turakurgan, Çalık PE Uzbekistan Navoi ,Çalık Enerji Malawi, Kızılırmak Enerji Elektrik, Çalık Enerji Uzbekistan Taşkent PE and Çalık Enerji Afghanistan Branch, Çalık Enerji Romania Branch, Çalık Enerji Erbil Branch, Çalık Enerji Senegal Branch.

Çalık Enerji is managed and owned by Çalık Holding Anonim Şirketi ("Çalık Holding"), the parent company of the Group, holding 95.42% of all Çalık Enerji's shares. As at 31 December 2020, the principal shareholders and their respective shareholding rates in Çalık Enerji are stated in Note 22. Çalık Enerji was established at its registered office address, Büyükdere Caddesi No: 163/A Zincirlikuyu, Istanbul.

As at 31 December 2020, Çalık Enerji has 28 (31 December 2019: 34) subsidiaries ("the Subsidiaries") and 6 (31 December 2019: 4) joint ventures ("the Joint Ventures").The consolidated financial statements of the Group as at and for the year ended 31 December 2020 comprise Çalık Enerji, its subsidiaries and its interests in the joint ventures. As at 31 December 2020, the number of employees of the Group is 2.135 (31 December 2019: 2.157). The subsidiaries and the joint ventures included in the consolidation of Çalık Enerji, their country of incorporation and nature of business are as follows:

Company name	Type of partnership	Country
Adacami Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
Akılcı Bilişim Hizmetleri ve Danışmanlık A.Ş. (*)	Subsidiary	Turkey
Ant Enerji Sanayi ve Ticaret Limited Şirketi	Subsidiary	Turkey
Atayurt İnşaat A.Ş.	Subsidiary	Turkey
Çalık Elektrik Dağıtım A.Ş.	Subsidiary	Turkey
Çalık Enerji Dubai FZE	Subsidiary	UAE – Dubai
Calik Enerji Swiss AG	Subsidiary	Switzerland
Çalık Georgia LLC (*)	Subsidiary	Georgia
Çalık Limak Adi Ortaklığı	Joint venture	Turkey
Çalık Rüzgar Enerjisi Elektrik Üretim Limited Şirketi	Subsidiary	Turkey
ÇL Enerji Üretim ve İnşaat Anonim Şirketi (*)	Subsidiary	Turkey
Demircili Rüzgar Enerjisi Elektrik Üretim A.Ş.	Subsidiary	Turkey
Doğu Aras Enerji Yatırımları A.Ş.	Joint venture	Turkey
JSC Calik Georgia Wind	Subsidiary	Georgia
Kızılırmak Enerji Elektrik A.Ş.	Subsidiary	Turkey
Kosova Çalık Limak Energy SH.A.	Joint venture	Kosovo
LC Electricity Supply and Trading d.o.o.	Joint venture	Serbia
Momentum Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
Onyx Trading Innovation FZE	Subsidiary	UAE – Dubai
Saudi Jalik Energy Company (*)	Subsidiary	Saudi Arabia
Technological Energy N.V.	Subsidiary	Netherlands
Technovision Mühendislik Danışmanlık ve Dış Ticaret A.Ş.	Subsidiary	Turkey
Türkmen'in Altın Asrı Elektrik Enerjisi Toptan Satış A.Ş.	Subsidiary	Turkey
Yeşilçay Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
Yeşilırmak Elektrik Dağıtım A.Ş.	Subsidiary	Turkey
Yeşilırmak Elektrik Perakende Satış A.Ş.	Subsidiary	Turkey
Taşkent Merkez Park Gayrimenkul Yatırım A.Ş.	Subsidiary	Turkey
Uztur Investment and Development Limited	Subsidiary	Uzbekistan
TCB İnşaat Yatırım A.Ş.	Subsidiary	Turkey
Çalık-Biskon Adi Ortaklığı (*)	Joint venture	Turkey
Denge-Çalık NTF Adi Ortaklığı (*)	Joint venture	Turkey
CE Solaire 1 SAS	Subsidiary	Congo
CE Solaire 2 SAS	Subsidiary	Congo
Workindo Teknoloji ve İnsan Kaynakları Danışmalık A.Ş. (*)	Subsidary	Turkey

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

1. Reporting entity (continued)

(*)Akılcı Bilişim Hizmetleri ve Danışmanlık A.Ş., Çalık Georgia LLC, ÇL Enerji Üretim ve İnşaat A.Ş., Saudi Jalik Energy Company, Çalık-Biskon Adi Ortaklığı, Denge-Çalık NTF Adi Ortaklığı and Workindo Teknoloji ve İnsan Kaynakları Danışmalık A.Ş., subsidiaries of the Group, are in start up phase or non operating and are not consolidated due to the insignificance of their financial impact on the consolidated financial statements as at and for the period ended 31 December 2020.

Adacami Enerji Elektrik Üretim Sanayi Ve Ticaret A.Ş ("Adacami Enerji")

Adacami Enerji was established in December 2009, for the purpose of renting and operating electricity facility and selling electricity.

Akılcı Bilişim Hizmetleri ve Danışmanlık A.Ş ("Akılcı Bilişim")

Akılcı Bilişim, was established on 2 May 2018 in Istanbul. As at the reporting date, the Company is in start-up phase and non operating.

Ant Enerji Sanayi ve Ticaret Limited Şirketi ("Ant Enerji")

Ant Enerji was established in 2006, in Istanbul for the purpose of marketing, selling and distribution of energy.

Atayurt İnşaat A.Ş. ("Atayurt İnşaat")

Atayurt İnşaat was established in 2009 for the purpose of building and operating energy power plants and providing operational and maintenance services to power plants.

Çalık Elektrik Dağıtım A.Ş. ("ÇEDAŞ")

ÇEDAŞ was established in 2010 according to legislations of Energy Market Regulatory Authority to distribute and sale of electricity and to invest in companies operating in these businesses.

Çalık Enerji Dubai FZE ("Çalık Enerji Dubai")

Çalık Enerji Dubai was incorporated in Jebel Ali Free Zone.

ÇL Enerji Üretim ve İnşaat Anonim Şirketi ("ÇL Enerji")

ÇL Enerji was established in Turkey in 2019 for the purpose of operating electricity facility and selling electricity.

Çalık Enerji Swiss AG ("Calik Swiss")

Calik Swiss was established on 27 April 2018 in Switzerland for the purpose of the acquisition management and use of concessions other rights as well as construction and maintenance power plants and to provide services in the development of other group companies operating in the energy sector, especially in the electricity sector and in finding funding sources.

Çalık Georgia LLC ("Çalık Georgia")

Çalık Georgia was established in 2015 in Tbilisi for the purpose of engineering, procurement and constructions of hydroelectric power plant and trade of the electricity produced in Georgia. As of the reporting date the company is in start-up phase and non operating.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

1. Reporting entity (continued)

Çalık Limak Adi Ortaklığı

Çalık Limak Adi Ortaklığı, was established in 2013 as a joint venture of ÇEDAŞ and Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş. ("Limak Yatırım"), in Istanbul for the purpose of supplying all kind of technical equipments to Kosovo Electricity Distribution and Supply Company ISC fully owned by Kosovo Çalık Limak Enerji which is also joint venture of Çalık Enerji and Limak Yatırım.

Çalık Rüzgar Enerjisi Elektrik Üretim Limited Şirketi ("Çalık Rüzgar")

Çalık Rüzgar was established for the purpose of building and operating of electricity power plants, production, selling and marketing of electricity.

Demircili Rüzgar Enerjisi Elektrik Üretim A.Ş. ("Demircili Rüzgar")

Demircili Rüzgar was established on 23 February 2018 in Istanbul, for the purpose of establishing electric production facility, operating, renting it and producing electric energy and / or selling it to customers.

Doğu Aras Enerji Yatırımları A.Ş. ("Doğu Aras")

Doğu Aras was founded in accordance with the energy market regulations as a joint venture with a joint agreement of ÇED and Kiler Alışveriş Hizmetleri Gıda Sanayi Ticaret A.Ş. ("Kiler Alışveriş") on 5 May 2013 with the participation of these two companies by 50% and 50%, respectively, for the purpose of establishing and participating to the companies that are engaged in distribution, retail and wholesale of electricity energy and/or capacity, assigning management of these established and participated companies, providing consultancy services on technical, financial, information processing and human resources management issues and making industrial and commercial investments through this companies.

On 28 June 2013, Doğu Aras purchased all share of Aras Elektrik Dağıtım A.Ş. ("EDAŞ") and Aras Elektrik Perakende Satış A.Ş. ("EPAŞ") which were state owned companies operating in electricity distribution and procurement in cities Kars, Ardahan, Iğdır, Ercincan, Ağrı, Bayburt and Erzurum within the privatization.

TCB İnşaat Yatırım A.Ş. ("TCB İnşaat")

TCB İnşaat Yatırım Anonim Şirketi was established in 2014 and its main activity is to do construction, contracting and decoration works in domestic and abroad.

Çalık-Biskon Adi Ortaklığı ("Çalık-Biskon")

Çalık-Biskon Adi Ortaklığı was established 23 january 2020 for the purpose of providing goods and supplies. Çalık-Biskon belongs to Çalık Enerji ve Biskon Yapı A.Ş. companies.

Denge-Çalık NTF Adi Ortaklığı ("Denge-Çalık")

Denge Çalık NTF Adi Ortaklığı was established 23 january 2020 for the purpose of providing goods and supplies. Denge Çalık NTF belongs to Çalık Enerji ve Denge Reklam San. Ve Tic. Ltd companies.

CE Solaire 1 SAS ("CE Solaire 1")

CE Solaire 1 was established in the Democratic Republic of Congo in 2020 for electrical power plant construction and operation, electricity generation, electricity sales and marketing.

CE Solaire 2 SAS ("CE Solaire 2")

CE Solaire 2 was established in the Democratic Republic of Congo in 2020 for electrical power plant construction and operation, electricity generation, electricity sales and marketing.

Workindo Teknoloji ve İnsan Kaynakları Danışmalık A.Ş. ("Workindo Teknoloji")

Workindo was established in 2019 in turkey for the purpose of the showing business activity in human resources, domestically and internationally to give workers supply employment services and carry out these services.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

1. Reporting entity (continued)

JSC Çalık Georgia Wind ("JSC Georgia")

JSC Georgia was established in 2015 in Tbilisi for the purpose of developing energy infrastructure and the sponsoring of development of solar power plant and wind power plant projects through financing, construction and long term operation of power plants.

Kızılırmak Enerji Elektrik A.Ş. ("Kızılırmak")

Kızılırmak was established in 2005, in Istanbul for the purpose of importing, exporting, distributing and operating all kinds of natural gas, crude oil and derivatives of these products.

Kosova Çalık Limak Energy SH.A. ("KÇLE")

KÇLE was established as a joint venture with a joint agreement of Çalık Enerji, ÇEDAŞ and Limak Yatırım on 17 September 2012 with the participation these three companies by 25%, 25% and 50%, respectively, in the share capital of KÇLE. In 2015, shares of KÇLE representing 25% of all shares, held by ÇEDAŞ, are transferred to Çalık Enerji.

On 8 May 2013, KÇLE purchased all shares of state-owned enterprise namely "Kompania Per Distribuim Dhe Fumizim Me Energji Elektrike SH.A" ("KEDS") which is operating in electricity distribution and procurement of electricity in Kosovo.

LC Electricity Supply and Trading d.o.o ("LC Electricity")

LC Electricity was founded in Serbia in 2014 as a joint venture with a joint agreement between Türkmen'in Altın Asrı Elektrik Enerjisi Toptan Satış A.Ş. ("Türkmen Elektrik") and Limak Yatırım with the participation of these two companies equally by 50%. The purpose of LC Electricity is trading electricity and sales/purchases of goods and services in respect of these operations.

Momentum Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. ("Momentum Enerji")

Momentum Enerji was established in 2008 for the purpose of building and operating of electricity power plant, producing, selling and marketing of electricity.

Onyx Trading Innovation FZE ("Onyx Trading Innovation FZE")

Onyx Trading Innovation FZE was established in 2016 in Dubai.

Technological Energy N.V. ("Technological N.V.")

Technological N.V. was established on 8 June 2016 in the Netherlands. As at the reporting date, the Company is non operating.

Technovision Mühendislik, Danışmanlık ve Dış Ticaret Ltd. Şti. ("Technovision")

Technovision was established in 1994, in Ankara to provide machinery and civil engineering and consulting services. 90,00% of the Company's shares were acquired by Çalık Enerji in 2015 for the purpose of providing engineering and consultancy services to Group entities.

Türkmen'in Altın Asrı Elektrik Enerjisi Toptan Satış A.Ş. ("Türkmen Elektrik")

Türkmen Elektrik was established in 2000, in Istanbul for the purpose of distributing and selling electricity.

Uztur Investment and Development Limited ("Uztur")

The company was established in 2019 in Uzbekistan to maintaion construction projects.

Yeşilçay Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. ("Yeşilçay Enerji")

Yeşilçay Enerji was established in 2008 for the purpose of building and operating of electricity power plant, producing, selling and marketing of electricity. Yeşilçay Enerji also engages in exploration and production of mineral ore.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

1. Reporting entity (continued)

Yeşilırmak Elektrik Dağıtım A.Ş. ("YEDAŞ")

YEDAŞ was taken over by the Group in 2010 for 30 years with the scope of privatisation in order to distribute electricity energy in Samsun, Ordu, Amasya, Çorum and Sinop.

In accordance with the 3rd clause of 4628 numbered Energy Markets Code, electricity distribution companies must separate its distribution and retail operations from each other until 1 January 2013. In this regard, YEDAŞ that carried out the electricity distribution and retail sales operations in Samsun, Ordu, Amasya, Çorum and Sinop regions, unbundled its distribution and retail sales operations on 31 December 2012 and YEPAŞ has started its operations from 1 January 2013.

Yeşilırmak Elektrik Perakende Satış A.Ş. ("YEPAŞ")

In accordance with the 3 rd clause of 4628 numbered Energy Markets Code, electricity distribution companies must separate its distribution and retail operations from each other until 1 January 2013. In this regard, YEDAŞ which was engaged in distribution and retail sale of electricity in Samsun, Ordu, Çorum, Amasya and Sinop regions, unbundled its distribution and retail operations on 31 December 2012. YEPAŞ was founded for retail sales of electricity and electricity related products by partial demerger of YEDAŞ as of 1 January 2013.

Taşkent Merkez Park Gayrimenkul Yatırım A.Ş ("Taşkent Merkez")

Taşkent Merkez Park Gayrimenkul Yatırım A.Ş. was established in 2019 and its main operation subject is building residence.

Saudi Jalik Energy Company ("Saudi Jalik")

Saudi Jalik Energy Company was established in 2019 to operate building and construction projects.

2. Basis of preparation

2.1 Statement of compliance

The Group's entities operating in Turkey keep their books of account in Turkish Lira ("TL") in accordance with the accounting principles per Turkish Uniform Chart of Accounts, the Turkish Commercial Code and Tax legislations.

The Group's foreign entities keep their books of account and prepare their statutory financial statements in accordance with the related legislation and generally accepted accounting principles applicable in the countries they operate.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The general assembly and the other regulatory bodies have the power to amend the consolidated financial statements after their issue.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

2. Basis of preparation (continued)

2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis and for the Group's Turkish entities as adjusted for the effects of inflation that lasted by 31 December 2004, except for the derivative financial instruments that are measured at fair value.

2.3 Functional and presentation currency

The Company's functional currency was Turkish Lira (TL) until 30 June 2018. Due to changes in sales strategies and dividend policies as of 1 July 2018, the US Dollar began to reflect the economic bases of situations and events that are significant to Çalık Enerji. Therefore the functional currency of the Company has been changed to US Dollars as of 1 July 2019 in accordance with IAS 21 - "Effects of Changes in Foreign Exchange Rates". Equity items are translated to US Dollars at exchange rates at the dates of the transactions. All assets and liabilities are retranslated to US Dollars at the exchange rate at the reporting date. All profit or loss and other comprehensive income items are retranslated to US Dollars at average exchange rates of the corresponding year.

The accompanying interim condensed consolidated financial statements are presented in Turkish Lira (''TL'') whereas the Group's functional currency is US Dollar ("USD") except when otherwise indicated. Financial information presented in TL has been rounded to the nearest thousand.

The exchange rates against TL used by the Group at 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020	31 December 2019
US Dollar	7,3405	5,9402
Euro	9,0079	6,6506
British Sterling	9,9438	7,7765
Iraqi Dinar	5,1615	0,0050
Georgian Lari	2,2532	1,9881
Libyan Dinarı	5,5803	4,3379
Turkmenistan Manat	2,1168	1,7447
Uzbekistani Som	0,0720	0,0006

2.4 Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas at estimation uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in the following notes:

Note 8 – Allowance for trade receivables: Allowances for the trade and other receivables are based on the Group management's assessment on the amount, historical performance and general economic environment. The Group monitors recoverability of its trade receivables periodically by considering the collection ratios in the previous years and recognises allowance for doubtful receivables for probable losses. Subsequently, if the economic conditions, collection trends and other significant sectorial trends accrued worse than the Group management's estimates, the allowance for doubtful receivables in the consolidated financial statements might not compensate the actual doubtful receivables.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

2. Basis of preparation (continued)

Note 16 – Ongoing construction and contracting works: When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Revenue measurements are based on estimates that are revised as events and uncertainties are resolved. Cost and revenues may be revised based on variations to the original contract, penalties on delays, cost escalation clauses and other similar items. These revisions are recognised in the consolidated financial statements as they are incurred. Revenue incentive are recognised as revenue to the extent that the amount can be measured reliably, and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised to the extent of costs incurred that are probable of recovery. Costs are recognised as an expense as they are incurred.

Note 13 and Note 14 – Useful lives of property, plant and equipment and other intangible assets: The Group management estimates the useful lives of property, plant and equipment and intangible assets through the experience of its technical team based on the management strategies and future marketing plans.

Note 19 – Provision for litigations: Group management estimates and recognizes provision for ongoing lawsuits by estimating the relevant cash outflows.

Note 28 – Determination of fair value: Estimates are made for using observable and non-observable market data in determination of fair values.

Note 19 – Reserve for retirement pay is determined by using actuarial assumptions (discount rates, future salary increases and employee turnover rates).

2.5 Comperative information and adjustment of prior period financial statements

The financial statements of the Group include comparative consolidated financial information to enable the determination of the financial position and performance. Comparative figures are reclassified, where necessary, to conform to the changes in the presentation in the current period consolidated financial statements.

In the consolidated financial statements for the year ended December 31, 2019, the following classifications have been made in order to comply with the presentation of the current period.

	(Previously reported) 31 December 2019	(Revised) 31 December 2019	Reclassification
Revenue	4.240.013	4.381.205	141.192
Cost of sales	(2.840.076)	(2.869.861)	(29.785)
Administrative expenses	(235.889)	(434.894)	(199.005)
Selling, marketing and distribution expenses	(86.764)	-	86.764
Other expense from operating activities	(150.843)	(150.009)	834

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by the Group.

3.1 Basis of consolidation

The accompanying consolidated financial statements include the accounts of the parent company, Çalık Enerji, its subsidiaries and joint ventures on the basis set out in sections below. The financial statements of the entities included in the consolidation have been prepared as at the date of the consolidated financial statements.

i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the result of implementation is negative, a bargain purchase gain is recognised in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls a business when exposure, or rights, to variable returns due to its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to comply with the policies adopted by the Group.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

3. Significant accounting policies (continued)

iii) Non-controlling interests

The Group measures any non-controlling interests in the acquiree at their proportionate share of the acquiree's identifiable net assets.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

iv) Loss of control

When the Group losses the control over the subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

v) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group equity and any gain/loss arising is recognised directly in equity.

vi) Joint arrangements

Joint arrangements are agreements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. They are classified and accounted for as follows:

- Joint operation – when the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement, it accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.
- Joint venture – when the Group has rights only to the net assets of the arrangements, it accounts for its interest using the equity method.

The accompanying consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

3. Significant accounting policies (continued)

vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of Group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Carrying value of shares owned by the Group and dividends arising from these shares has been eliminated in equity and profit or loss statement's accounts.

In consolidation of operating results and financial positions of subsidiaries whose functional currency is other than TL, main consolidation transactions are made such as elimination of related party balances and transactions. But, a-monetary asset (or liability) of related parties regardless of short-term or long-term (except for monetary items which are part of net investment of the Group in its subsidiaries whose functional currency is other than TL) can not be eliminated with related party liability (or related party asset) without presenting results of fluctuation of foreign currencies in consolidated financial statements. Because, a monetary item provides obligation of translation of any currency to other currency and makes the Group exposed to gain or losses arising from fluctuation of foreign currencies. Correspondingly, these kind of foreign exchange differences are recognised in profit or loss of consolidated financial statements of the Group.

3.2 Foreign currency

i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction and will not be subject to translation anymore.

Foreign currency differences arising from retranslate, recognized in profit or loss, except for exchange rate differences, which arise from the recycle in the following items and recorded in other comprehensive income.

- available-for-sale equity instruments (except for impairment, the foreign exchange differences recognized in other comprehensive income are reclassified to profit or loss);
- financial liabilities entered in order to hedge net investments in foreign operations recorded as other comprehensive income
- cash flow hedging instruments to the extent that hedging is effective

ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to functional currency of the Company US Dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to US Dollars at average exchange rates at the dates of the transaction.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

3. Significant accounting policies (continued)

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportion of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes off only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes off only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented within equity in the translation reserve.

3.3 Financial instruments

i) Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI – equity investment, or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A non-recyclable preference can be made to introduce the Group's non-trading equity investment into the financial statements for the first time and present subsequent changes in its fair value in other comprehensive income. This selection is made separately for each investment.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

3. Significant accounting policies (continued)

Financial assets: Business model assessment -

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension feature; and
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

3. Significant accounting policies (continued)

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortised cost	Financial assets at amortised cost are comprised of cash and cash equivalents, trade receivables and other receivables. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial assets measured at fair value

Financial assets measured at amortized cost are financial instruments with fixed or determinable payments that are not quoted in an active market. These assets are initially recognized at fair value plus directly attributable transaction costs. After initial recognition, they valued at amortized cost using the effective interest method, less any impairment. Loans and receivables are comprise trade receivables and other receivables, including cash and cash equivalents, construction contracts receivables and receivables from preferential service agreements.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, bank deposits and other liquid assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value.

Service concession arrangements

According to the "Transfer of Operating Rights Agreement" ("TORA") signed between Türkiye Elektrik Dağıtım A.Ş. ("TEDAŞ") and YEDAŞ on 24 July 2006, the operating rights on the distribution installations and other items related thereto were transferred to YEDAŞ for a consideration of US Dollar 68.420 TORA consideration has been amortized by adding to revenue cap during the first tariff period (2006-2010). As at 31 December 2020, the aforementioned TORA consideration amount has been fully amortized.

TORA term is 30 years starting from 24 July 2006. At the end of this period, operational period may be extended by TEDAŞ in accordance with the related regulations which will be in force in the same period.

Under the terms of this agreement within in the scope of IFRIC 12, the Group acts as a service provider to distribute electricity ("the operator"). The operator constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time. There have been no changes in the structure of the agreement in the current year.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

3. Significant accounting policies (continued)

The Group recognises a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash or another financial asset from or at the discretion of the grantor Energy Market Regulatory Authority ("EMRA") for the construction or upgrade of the services provided.

The Group initially measures receivables resulting from its investments of which repayments are granted through tariffs under "Due from service concession agreements" item under trade receivables at fair value in accordance with "Financial Instruments: Recognition and Measurement" standard. Subsequent to the initial recognition, such financial assets are measured at amortized costs.

Parameters related to operating rights resulting from "Distribution and Retail Sales License" which YEDAŞ owns via TORA are updated by EMRA committee decisions during the five year implementation periods. As of 31 December 2020, YEDAŞ fulfilled its obligations related to the license for services which was privatized at 24 July 2006, including the first implementation period between 2006 and 2010 and the second implementation period which covers the years 2011 and 2015.

Rights related to second implementation period were announced by EMRA Committee Decision (Decision No: 2991) on 28 December 2010. Rights which will be applicable for the third implementation period between 2016 and 2020 were announced by EMRA with its committee decision dated 30 December 2015 and numbered 6033-1.

YEDAŞ's revenues and costs are subject to EMRA regulations. Revenue requirements of YEDAŞ are determined by EMRA and adjusted if necessary for the differences of revenue components approved by EMRA. In case of revenue components are above or below of revenue requirements determined by EMRA, those differences may be subject to adjustment depending on their compositions. Revenue requirements which has still under regulation over 5 years period consist of YEDAŞ's requirements for operating expenses, amortization of capital expenditures, alternative investment costs related to unamortised investments and tax differences added to or deducted from revenue in order to compensate periodic deviations which are resulting from tax implementations. Adjustments to revenue requirements are calculated by using Energy Market Index ("EPE") over the years.

YEDAŞ recognises and measures its revenue in accordance with IFRS 15 for the services provided.

Other

Other non derivative financial instruments are measured at amortised cost using the effective interest rate method, less any impairment losses.

Financial liabilities

The Group's financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. The contract representing the right in the assets of the Group after deducting all debts of the Group is an equity-based financial instrument. The accounting policies applied for certain financial liabilities and equity instruments are as follows.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities

a) *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss are initially recognized at fair value and revalued at their fair value at the each balance sheet date. Changes in fair values are recognized in the consolidated statement of profit or loss. The net gain or loss recognized in the consolidated statement of profit or loss includes the interest paid on the financial liability.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

3. Significant accounting policies (continued)

b) *Other financial liabilities*

Other financial liabilities included financial debts have been accounted by considering its fair value without initial costs.

Other financial liabilities, included interest expense calculated by using effective interest rate in next period, have been accounted with its effective interest rate.

Effective interest method is an accounting methodology which refers to distributing interest expense into related periods while accounting redeemed cost. Effective interest rate is used to calculate present value of payments of a related financial liability during expected life of a financial instrument.

Security deposits

According to the Article 26 of Electricity Market Customer Services Regulation, legal entities which have retail electricity sale licenses, can demand security deposits from their subscribers in order to deduct customers' debts in case of possible inability to pay energy consumption fee due to address change and/or cease of retail sale agreements or termination of retail sale agreements.

Security deposits received from current subscribers are recognised in the "payables to third parties" item at the adjusted values based on inflation applicable to reporting dates using Consumer Price Index ("CPI") rates. Security deposits valuation expenses and realised security deposit expenses are recognised as finance cost in profit or loss.

Accounting on transaction and delivery date

All financial asset purchases and sales are recognized at the transaction date, in other words, it is accounted for when the Group commits to purchase or sell transaction. Ordinary purchases and sales are purchases and sales where the delivery period of the asset is generally determined according to legislations or regulations in the markets.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

3. Significant accounting policies (continued)

Impairment

Financial instruments and contract assets

The Group recognizes loss allowances for ECLs on:

- Financial assets measured at amortised cost;
- Contract assets (as defined in IFRS 15)

Provisions set aside for losses within the scope of IFRS 9 are accounted by following methods:

Financial assets with redeemed cost;

- Lifetime ECL: It refers to expected credit losses of defaulting on loans or debts during expected life of a financial instrument

Bank balance with no credit risk after initial recognition;

- 12 Month ECL refer to expected credit losses of defaulting on loans or debts in 12 months after the reporting date.

The Group has chosen the ECLs for the calculation of impairment of the receivables.

In the assessment of the credit risk of a financial asset whether the risk is significantly higher and the estimation of the ECLs, the Group recognizes the reasonable and supported information arising from the estimation of the credit losses without enduring of overcost and the effort regarding the expected estimation of the credit losses including the effect of the expected early payments. This information comprises future quantitative and qualitative information analysis based on the previous credit loss experience.

In terms of assessment of financial instrument whether it has a low credit risk or not, other methodologies that are alignment with the accepted global description of the low credit risk which in alignment and evaluated of the financial instruments might be applied.

The maximum time of scaling the ECLs is the maximum contract time that the Group is under the credit risk.

Measurement of ECLs

ECLs are an estimation weighted to the probability of the expected life of a financial instrument. In other words, it is the all of the discounted cash openings of the credit losses. (For example, it is the difference between the cash inflows of the referred contract to the entity and the expected collection of the cash flows).

The Group applies the simplistic approach in order to meet the expected credit loss to the trade receivables, other receivables, other assets and contract assets. (According to IFRS 9, expected credit loss provision must be applied to all of the trade receivables in perpetuity.)

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

3. Significant accounting policies (continued)

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Trade Receivables

The following analysis provides more detailed information on the calculation of the ECLs for trade receivables with the adoption of IFRS 9. The Group considers the model used and some of the assumptions used in the calculation of these ECLs as the main sources of estimation uncertainty.

The Group has calculated the ECLs based on the experience of credit losses realised in the last three years.

3.4 Property, plant and equipment

i) Recognition and measurement

The costs of items of property, plant and equipment of Çalık Enerji's Turkish entities purchased before 31 December 2004 are restated for the effects of inflation in TL units current at 31 December 2004 pursuant to IAS 29. Property, plant and equipment purchased after this date are recognised at their historical cost. Accordingly, property, plant and equipment of the Group are carried at costs, less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- cost of materials and direct labor;
- any other costs directly attributable to bringing the asset to a working condition for its intended use;
- when the Group has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

ii) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the asset) is recognised in "Income from investing activities" or "Expenses from investing activities" under profit or loss.

iii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred

iv) Depreciation

Items of property, plant and equipment are depreciated from the date that they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

3. Significant accounting policies (continued)

The estimated useful lives for the current and comparative years of significant items of property and equipment are as follows:

Description	***Year***
Land, buildings and plants	50
Machinery and equipments	1-40
Motor vehicles	5-10
Furniture and equipment	3-15

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives, also on a straight-line basis.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.5 Intangible assets

i) Recognition and measurement

Intangible assets of the Group consist of licences for oil exploration, hydroelectric power generation, wind power generation and electricity distribution rights and computer software acquired by the Group, which have finite useful lives, and are measured at cost less accumulated amortisation and any accumulated impairment losses, if any.

ii) Subsequent expenditures

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred

iii) Amortisation

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

Amortisation of service concession rights acquired by the Group is recognised in profit or loss on a straight-line basis over their respective concession periods.

Amortisation of electricity distribution rights is based on the fair value of the asset which is acquired through business combination under scope of IFRS 3 "Business Combinations". The remaining amortisation period for electricity distribution rights are 26 years which is the service concession period of YEDAŞ when it was acquired by ÇEDAŞ. Licences and other intangible assets including computer software are amortised between 10 and 50 years and 2 and 10 years, respectively.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.6 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of trading goods is based on the weighted average method and includes expenditure and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

3. Significant accounting policies (continued)

3.7 Impairment non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its recoverable amount

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. Impairment loss is reversed when there is a change in the estimates used in the calculation of recoverable amount. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8 Employee benefits

i) Reserve for employee severance indemnity

Reserve for employee severance indemnity represents the present value of the estimated future probable obligation of the Group arising from the retirement of the employees and calculated in accordance with the Turkish Labour Law. It is computed and reflected in the consolidated financial statements on an accrual basis as it is earned by serving employees. The computation of the liabilities is based upon the retirement pay ceiling announced by the Government. The ceiling amounts applicable for each year of employment were TL 7,12 and TL 6,01 at 31 December 2020 and 2019, respectively.

IFRSs require actuarial valuation methods to be developed to estimate the entity's obligation under defined benefit plans. The total liability for employee severance benefit was calculated by an independent actuary based on past service cost methodology using the observerable statistical market data such as mortality, inflation and interest rates or retirement pay ceilings applicable to the relevant periods and assumptions derived from the specific historic date of the Group such as retention and employee turnover rates or salary increase rates.

Income ceiling calculation for the entities holding electricity distribution and retail sale license per the service concession agreement is updated yearly in accordance with EMRA decision No. 2991 dated 28 December 2010 in order to compensate the expenditures (such as employee benefit costs) relevant to the operations performed under these licenses as they are incurred. Accordingly, the employee severance indemnity amounting to TL 15.877 (31 December 2019: TL 11.530) had no effect on the Group's consolidated financial statements as of 31 December 2020 since the same amount will be compensated by the Government as an adjusting item in the following income ceiling calculation.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

3. Significant accounting policies (continued)

Actuarial gains/losses are comprised of adjustment of difference between actuarial assumptions and realised and change in actuarial assumptions. As a result of the adoption of IAS 19 (2011), all actuarial differences have to be recognised in other comprehensive income. However due to insignificance of the balances, the Group continues to recognise actuarial differences on reserve for employee severance indemnity in profit or loss both in the current and prior years.

Provision for employment termination indemnity are not subject to any statutory funding.

ii) Vacation pay liability

Short-term employee benefit obligations are consisting of reserve for the vacation pay liability due to the earned and unused vacation rights of its employees and measured on an undiscounted basis and are recognised in profit or loss as the related service is provided.

3.9 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

i) Provisions for EMRA regulations

In case of incompliance with the Electricity Market Act numbered 6446 which is effective after the publication on the Official Gazette dated 30 March 2013, numbered 28603 as well as with the regulations and communiqués promulgated by EMRA, EMRA sends a letter notifying the reason and related penalty fee with payment maturity to the Group. Although these penalties generally are paid in advance, some payments could be delayed until the final conclusion in case of disagreement with EMRA. Based on the final conclusions as a result of assessment made by the law department of the Group and assumption/analysis made by the Group management, required provision is made on the consolidated statement of the financial position as the notification is received.

ii) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

3.10 Revenue

Revenue is recognized in the consolidated financial statements within the scope of the five-phase model below.

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

The Group evaluates the goods or services that undertakes in each contract with the customers and determines each commitment to transfer the said goods or services as a separate performance obligation. For each performance obligation, it is determined at the beginning of the contract that the performance of the performance obligation will be fulfilled in time or at a certain time. If the Group transfers the control of a good or service over time and thus fulfills the performance obligations related to the sales over time, it measures the progress of the fulfillment of the performance obligations and takes the revenue to the consolidated financial statements.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

3. Significant accounting policies (continued)

The accounting for the revenue of the Group's different activities is explained below:

i) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

ii) Electricity sales

Due to the fact that the electricity could not be stored, the purchase and sales realizes simultaneously and accordingly revenue and cost of revenue are recognised at the transaction time. Monthly invoicing is made at the month ends, when the Group prepares invoices for rendering services to its customers during one-month period. The Group management monitors closely at period ends and the delays of 5-10 days in electricity usage count do not have a significant impact on the accompanying consolidated financial statements. Revenue from the sale of electricity to subscribers is stated, net of returns. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the subscribers. Transfer of risk and rewards depends on the consumption of electricity by subscribers.

iii) Electricity retail sale service

Electricity retail sale service is defined in Electricity Market Law and Electricity Market License Communiqué promulgated by EMRA as other services such as invoicing or collection provided to the customers excluding the sale of electricity and/or capacity, the services provided by companies holding retail sale licenses to consumers. Electricity retail sale service fee included in the invoices issued by the Group contains invoicing costs, consumer services costs, capital expenditures relevant to the electricity retail sale services. Electricity retail sale service fee is applied to all customers who purchase energy from the Group.

iv) Transmission system utilisation

The transmission tariff is prepared by Türkiye Elektrik İletim A.Ş. ("TEİAŞ") and includes prices, terms and conditions for the provision of transmission service to all users benefiting from the transmission of generated, imported or exported electricity over the transmission facilities, which will be employed on the basis of non-discriminatory conduct principle in accordance with the Electricity Market Law Article 13. Grid investments made by TEİAŞ and transmission surcharges are included in the transmission tariff. Transmission system utilisation fees charged to the customers are the unit prices allocated by the entities holding electricity distribution license in order to compensate the transmission tariff charges invoiced by TEİAŞ to those entities.

v) Distribution system utilisation

Distribution activities covers establishing, operating and maintaining distribution facilities in order to transport the electricity through 36 kilowatt ("kW") or lower lines.

The distribution tariff includes prices, terms and conditions for the distribution service to all real persons and legal entities benefiting from the distribution of electricity through distribution facilities, which will be employed on the basis of non-discriminatory conduct principle in accordance with the Electricity Market Law Article 13. Distribution fee including distribution system utilisation price is calculated based on the costs of capital expenditures related to the distribution system, operating and maintenance expenses and collected from each distribution system users. Distribution fee does not include costs of energy, electricity retail sale service, meter reading and transmission.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

3. Significant accounting policies (continued)

vi) Meter reading

Meter reading fee is determined in accordance with the Electricity Market License Communiqué and Electricity Market Tariffs Communiqué and includes cost of meter reading. The mentioned fee is calculated based on reading frequency depending on the connection status and subscriber groups and charged to the distribution system users.

vii) Electricity dissipation and theft

Electricity dissipation and theft cost is calculated using electricity dissipation and theft ratio applied to the projected electricity transfer quantity based on each distribution region and charged to each electricity consumers including the industrial plants connected to the electricity network as electricity dissipation and theft income.

viii) Price balancing

A price balancing mechanism is applied by EMRA to protect the consumers purchasing electricity over the regulated tariffs from the price differences partially or wholly due to the cost differences among the distribution regions. The amount to be provided to or collected from the entities holding electricity distribution license is calculated in accordance with a formula determined by EMRA for each distribution region and informed to the parties. These amounts are recognised in profit or loss.

ix) Revenue from the sale of goods and services

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and allowances and trade discounts. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sale is recognised.

Transfer of risks and rewards vary depending on the individual terms of the contract of sale. Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

3.11 Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

3. Significant accounting policies (continued)

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.12 Finance income and finance cost

Finance income comprises foreign currency gains (excluding those on trade receivables and payables), and gains on derivative instruments used for economic hedge for the foreign currency risk of the borrowings or interest rate risk exposures originating from the borrowings that are recognised in profit or loss. Interest income obtained from related parties is recognised as it accrues, using the effective interest method.

Finance cost comprise interest expense on borrowings and due to related parties, foreign currency losses (excluding those on trade receivables and payables), and losses on derivative instruments used for economic hedge for the foreign currency or interest rate risk exposures originating from the borrowings that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis except of bank borrowings as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position by each entity of the Group.

3.13 Other income and expenses from operating activities

Other income from operating activities comprises interest income on time deposits that is recognised as it accrues in profit or loss, using the effective interest method, recoveries from provision for doubtful receivables and inventories, rediscount gains on trade and other payables, foreign currency gains (excluding those on borrowings) and other operating income.

Other expense from operating activities comprises commission expenses for letter of credits, provision expense for doubtful receivables and inventories, donations, rediscount losses on trade and other receivables, foreign currency losses (excluding those on borrowings) and other operating expenses.

Foreign currency gains and losses are reported on a net basis except of bank borrowings as either other income or other expense depending on whether foreign currency movements are in a net gain or net loss position by each entity of the Group.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

3. Significant accounting policies (continued)

3.14 Income and losses from investing activities

Income from investing activities comprises gain on sale subsidiaries and associates, dividend income from marketable securities, gain on sale of property, plant and equipment and intangible assets and other income from investing activities.

Losses from investing activities comprises losses on sale of property, plant and equipment and intangible assets and other losses from investing activities.

3.15 Income tax (including deferred tax assets and liabilities)

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries, jointly arrangements and associates to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred taxes related to fair value measurement of financial assets at fair value through profit or loss are charged or credited to equity and subsequently recognised in profit or loss together with the deferred gains that are realised.

Tax exposures

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The provisions concerning to the "thin capitalization" are stated in the Article 12 of new corporate tax law. According to the Article 12, if the borrowings obtained directly or indirectly from the shareholders of the companies or persons related to shareholders exceeds three times of the shareholders' equity of the company operating in Turkey at any time during the related year, the exceeding portion of the borrowing will be treated as thin capital.

3. Significant accounting policies (continued)

The financial borrowings were regarded as thin capitalization provided with:

- The borrowings obtained directly or indirectly from the shareholders of the companies or persons related to shareholders
- Used for/in the entity
- Borrowings exceeds three times of the shareholders' equity of the company at any time during the related year,

Transfer pricing

Transfer pricing is disclosed in the 13th clause of the Corporate Tax Law under the heading "veiled shifting of profit" via transfer pricing. The application details are stated in the "general communiqué regarding veiled shifting of profits via transfer pricing" published on 18 November 2007.

If the tax payer involves in transactions with related parties relating to trading of products or goods not performed within the framework of the principals regarding to pricing according to peers, then it will be considered that the related profits are shifted in a veiled way via transfer pricing. Such veiled shifting of profits via transfer pricing will not be deducted from tax assessment for the purposes of corporate tax.

3.16 Segment reporting

An operating segment is a component of the Group that engages in business activities through which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available including revenues and expenses.

In order for an operating segment to be identified as a reportable segment, the revenue of the entity inter-departmental sales or transfers, constitutes 10% or more of the total revenue of all business segments within and outside the organization. It must be 10% or more, or the assets must be 10% or more of the total assets of all operating segments.

The reporting of the operating segments is arranged to ensure uniformity with the reporting to the chief operating decision maker. The sectors merged under '' Other" are combined to provide segment reporting based on the inability to meet the quantitative minimum limits for being a reportable segment.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

3. Significant accounting policies (continued)

3.17 Contingent assets and liabilities

If the inflows of the economic benefits to the Group are probable, contingent assets are disclosed in the notes to the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the consolidated financial statements of the period in which the change occurs.

Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. Unless the possibility of any outflow in settlement is remote, contingent liabilities are disclosed in the notes to the financial statements.

3.18 Subsequent events

Subsequent events represent the events after reporting date comprising any event between the reporting date and the date of authorisation for the financial statements' issue to the benefit or loss of the entity. Conditions of subsequent events are as follows:

- to have new evidences of subsequent events as of reporting date (adjusting events after reporting date); and

- to have evidences of related subsequent events occurred after reporting date (non adjusting events after reporting date).

The Group adjusts its consolidated financial statements according to the new condition if adjusting subsequent events arise subsequent to the reporting date. If it is not necessary to adjust the consolidated financial statements according to subsequent events, these subsequent events must be disclosed in the notes to the consolidated financial statements.

3.19 Statement of cash flows

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities reflect cash flows mainly generated from main operations of the Group. The Group presents the cash flows from operating activities by using the indirect method such as adjusting the accruals for cash inflows and outflows from gross profit/loss, other non-cash transactions, prior and future transactions or deferrals.

Cash flows from investment activities reflect cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Group.

Cash flows relating to financing activities reflect sources of financial activities and payment schedules of the Group.

Cash and cash equivalents comprise cash on hand and demand deposits, investment funds, reverse repo receivables and other bank deposits which their maturities are three months or less from date of acquisition. Any restricted cash and cash equivalents that are not ready for the Group's use as at the reporting date, are excluded from the sum of the cash and cash equivalent in the consolidated statement of cash flows.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

3. Significant accounting policies (continued)

3.20 Related parties

Parties are considered related to the Group if:

(a) Directly, or indirectly through one or more intermediaries, the party:

(i) controls, is controlled by, or is under common control with the Group (this includes parent, subsidiaries and fellow subsidiaries);

(ii) has an interest in the Group that gives it significant influence over the Group; or

(iii) has joint control over the Group;

(b) the party is an associate of the Group;

(c) the party is a joint venture in which the Group is a venturer;

(d) the party is member of the key management personnel of the Group and its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled or significantly influenced by, or for which significant voting power in such entity resides with directly or indirectly, any individual referred to in (d) or (e);

(g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

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

A number of transactions are entered into with related parties in the normal course of business.

3.21 The new standards, amendments and interpretations

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

i) The new standards, amendments and interpretations which are effective as at 1 January 2020 are as follows:

Definition of a Business (Amendments to IFRS 3)

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether an acquired set of activities assets is a business or not.

The amendments:

- clarify the minimum requirements for a business;
- remove the assessment of whether market participants are capable of replacing any missing elements;
- add guidance to help entities assess whether an acquired process is substantive;
- narrow the definitions of a business and of outputs; and
- introduce an optional fair value concentration test.

The amendments to IFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively.

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

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

3. Significant accounting policies (continued)

Amendments to IFRS 9, IAS 39 and IFRS 7- Interest Rate Benchmark Reform

The amendments issued to IFRS 9 and IAS 39 which are effective for periods beginning on or after 1 January 2020 provide reliefs which enable hedge accounting to continue. For these reliefs, it is assumed that the benchmark on which the cash flows of hedged risk or item are based and/or, the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform. in connection with interest rate benchmark reform.

Reliefs used as a result of amendments in IFRS 9 and IAS 39 is aimed to be disclosed in financial statements based on the amendments made in IFRS 7.

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

Definition of Material (Amendments to IAS 1 and IAS 8)

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments to IAS 1 and IAS 8 are required to be applied for annual periods beginning on or after 1 January 2020.

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

Amendments to IFRS 16 – Covid-19 Rent Related Concessions

In May 2020, the IASB issued amendments to IFRS 16 Leases to provide relief to lessees from applying IFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. A lessee that makes this election accounts for any change in lease payments related rent concession the same way it would account for the change under the standard, if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021
- There is no substantive change to other terms and conditions of the lease.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 June 2020. Early application of the amendments is permitted.

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

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

3. Significant accounting policies (continued)

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

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

IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group will wait until the final amendment to assess the impacts of the changes.

IFRS 17 - The new Standard for insurance contracts

The IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted. The standard is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

Amendments to IAS 1- Classification of Liabilities as Current and Non-Current Liabilities

23 January 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements. The amendments issued to IAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted.

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

Amendments to IFRS 3 – Reference to the Conceptual Framework

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

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

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

3. Significant accounting policies (continued)

Amendments to IAS 16 – Proceeds before intended use

In May 2020, the IASB issued amendments to IAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to IAS 16 which are effective for periods beginning on or after 1 January 2022. Amendments must be applied prospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment.

There is no transition relief for the first time adopters.

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

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

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

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

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

In August 2020, the IASB issued Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR, amending the followings:

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

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

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

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

3. Significant accounting policies (continued)

Relief from discontinuing hedging relationships

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

Separately identifiable risk components

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

Additional disclosures

Amendments need additional IFRS 7 Financial Instruments disclosures such as; How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and if IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes. The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

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

iii) ***Annual Improvements – 2018–2020 Cycle***

In May 2020, the IASB issued Annual Improvements to IFRS Standards 2018–2020 Cycle, amending the followings:

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- IFRS 9 Financial Instruments – Fees in the "10 per cent test" for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.
- IAS 41 Agriculture – Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of IAS 41.

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

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

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

4. Related party disclosures

For the purpose of the consolidated financial statements, the shareholders, key management personnel and the Board members, and in each case, together with their families and companies controlled by/affiliated with them; and joint ventures are considered and referred to as the related parties. A number of transactions are entered into with the related parties in the normal course of business. Most of the related party activity is eliminated at consolidation and the remaining activity is not material to the Group.

As disclosed in detail in Note 3, the joint ventures of the Group have been accounted for using the equity method in the consolidated financial statements. Accordingly, the transactions of Group's subsidiaries with joint ventures and the balances from joint ventures are not subject to elimination.

Related party balances

As at 31 December, the Group had the following balances outstanding from its related parties:

	2020			
	Shareholders	**Joint ventures**	**Other**	**Total**
Trade receivables	-	-	432.431	432.431
Other receivables	630.989	-	41.161	672.150
Cash and cash equivalents	-	-	76.371	76.371
Other payables	(391.564)	-	(54.897)	(446.461)
Trade payables	(5.278)	-	(8.897)	(14.175)
Prepaid expenses	404	-	15	419
Deferred revenue	-	-	(48.278)	(48.278)
Total	**234.551**	**-**	**437.906**	**672.457**

	2019			
	Shareholders	**Joint ventures**	**Other**	**Total**
Trade receivables	-	-	139.568	139.568
Other receivables	655.596	-	109.280	764.876
Cash and cash equivalents		-	23.796	23.796
Other payables	(361.806)	-	(7.786)	(369.592)
Trade payables	(4.117)	-	(2.971)	(7.088)
Deferred revenue	-	-	(61.707)	(61.707)
Total	**289.673**	**-**	**200.180**	**489.853**

As at 31 December, cash and cash equivalents include balances of the Group's subsidiaries with Aktifbank Yatırım Bankası A.Ş.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

4. Related party disclosures (continued)

Other receivables amounting to TL 630.989 (31 December 2019: TL 655.596) is composed of receivables from Çalık Holding given by the Group's subsidiaries for funding of the operations.

As at 31 December 2020, other payables amounting to TL 446.461 (31 December 2019: TL 369.592) is composed of payables amounting to TL 391.564 (31 December 2019: TL 361.806) is related to funding amounts from related parties and Çalık Holding's recharges including management expenditures and common usage cost.

For the years ended 31 December, deferred revenue is composed of advances taken from Doğu Aras Enerji Yatırımları A.Ş., it is taken for dividend.

As at 31 December 2020, intra-group interest rates are determined for the aforementioned intra-group balances considering the average interest rates of the borrowings used by Çalık Group entities. The average effective interest rates for receivable and payable balances denominated in TL, EUR and USD are 15,22%, 5% and 6,03% respectively (2019: 19,04%, 7,01% and 7,06%, respectively).

There are no guarantees given or taken for the due to and due from related parties, respectively.

No impairment losses have been recognised against balances outstanding as at 31 December 2020 (31 December 2019: None) and no specific allowance has been made for impairment losses on balances with the related parties.

Related party transactions

For the years ended 31 December, the revenues earned and expenses incurred by the Group in relation to transactions with its related parties as summarised below:

		2020		
	Shareholders	**Joint ventures**	**Other**	**Total**
Revenue (*)	-	-	617.735	617.735
Cost of sales	(91)	-	(29.176)	(29.267)
Administrative expenses (**)	(31.585)	-	(15.849)	(47.434)
Research and development expenses	-	-	(4.482)	(4.482)
Net finance income	(462)	-	11.037	10.575
Expense from investing activities, net	12.347	-	14.616	26.963
Total	**(19.791)**	**-**	**593.881**	**574.090**

		2019		
	Shareholders	**Joint ventures**	**Other**	**Total**
Revenue (*)	-	-	1.224.888	1.224.888
Cost of sales	-	-	(9.703)	(9.703)
Administrative expenses (**)	(27.386)	-	(18.823)	(46.209)
Research and development expenses	(17)	-	(8.030)	(8.047)
Net finance income	-	-	346	346
Expense from investing activities, net	(4.293)	-	(10.446)	(14.739)
Total	**(31.696)**	**-**	**1.178.232**	**1.146.536**

(*) For the year ended 31 December 2020, amounting to TL 385.187 of revenue transactions composed of progress billings to TAPP 500 Power Transmission Line FZE within the scope of TAPP project. In addition to this, as at 31 December 2020, revenue transactions composed of progress billings to Mitsubishi Corporation, a related party and prime contractor for the projects, in accordance with ongoing engineering, procurement and construction contracts amounting to TL 210.102 (31 December 2019: TL 1.223.868).

(**) For the year ended 31 December 2020 and 2019, administrative expenses mainly composed of service and insurance billings from Çalık Holding.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

4. Related party disclosures (continued)

Transactions with key management personnel

On a consolidated basis, key management costs included in administrative expenses for the year ended on 31 December 2020 amounted to TL 14.203 (31 December 2019: TL 23.779). The related amount consists of salary and wages, bonus and premiums, attendance fee and such other payments to key management.

5. Cash and cash equivalents

At 31 December, cash and cash equivalents comprised the following:

	31 December 2020	**31 December 2019**
Cash on hand	2.254	2.495
Cash at banks	427.944	913.276
-Demand deposits	*210.489*	*143.800*
-Time deposits	*217.455*	*769.476*
Other cash and cash equivalents (*)	68.912	208
Cash and cash equivalents	**499.110**	**915.979**
Restricted bank balances	(222.740)	(381.307)
Cash and cash equivalents in the consolidated statement of cash flows	**276.370**	**534.672**

(*) As at 31 December 2020, other cash and cash equivalents mainly consist of bonds due to 3 months in Çedaş amounting to TL 67.988 and bank balances (Aktifbank) in repo amounting to TL 653 (31 December 2019: None). In addition to this, as at 31 December 2020, other cash and cash equivalents consist of money in transit amounting to TL 95 (31 December 2019: TL 155) and credit card receivables amounting to TL 176 (31 December 2019: TL 53).

As at 31 December 2020, average effective interest rates on TL denominated time deposits is 14,00% (31 December 2019: 8,03%) and maturity of time deposits is 14 days (31 December 2019: 74).

As at 31 December 2020, average effective interest rates on USD denominated time deposits is 1,50% (31 December 2019: 1,88%) and maturity of time deposits is 22 days (31 December 2019: 34 day).

6. Restricted bank balances

At 31 December, restricted bank balances comprised the following:

	31 December 2020	**31 December 2019**
EPC ve maintenance blocked amount (*)	34.661	3.796
Collateral (*)	127.967	354.963
Pulic case blocked amount (*)	132	125
Takas Bank blocked amount (*)	36.248	22.423
Restricted amounts in bank for online collection (*)	23.732	-
Restricted bank balances	**222.740**	**381.307**

(*) The restricted cash and cash equivalents amounting to TL 222.740 (31 December 2019: TL 381.307) is not available for the Group's daily transactions as at 31 December 2020. The TL 117 (31 December 2019: None) portion of the amount held in banks in Turkey with the contracts related to the engineering services, procurement operations and construction projects. The TL 418 (31 December 2019: None) portion held in bank in Malawi, the TL 29.435 (31 December 2019: None) portion held in bank in Swiss and TL 4.691 (31 December 2019: TL 3.796) portion held in bank in Georgia referring partial maintenance contract, and the portion amounting to TL 127.967 (31 December 2019: TL 354.963) takes place as a mandatory guarentee related to loans in domestic banks. In addition, the TL 132 (31 December 2019: TL 125) portion blocked and held by court referring to the nationalization lawsuits. The TL 36.248 (31 December 2019: TL 22.423) portion of the remaining part of the amount held for the cash guarantee given to the İstanbul Takas ve Saklama Bankası A.Ş. with the provision of the used electricity. There is no (31 December 2019: None) portion consist of letter of guarantee received from the Aktifbank. There is TL 23.732 (31 December 2019: None) portion amounting held in bank for online collection.

The Group's exposure to currency risks related to cash and cash equivalents are disclosed in Note 28.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

7. Financial investments

As at 31 December 2020 and 2019, financial investments comprised the following:

	31 December 2020			31 December 2019		
	Current	Non current	Total	Current	Non current	Total
Financial assets measured at fair value through profit or loss	-	212.547	212.547	-	195.785	195.785
	-	**212.547**	**212.547**	**-**	**195.785**	**195.785**

As at 31 December 2020 and 2019, financial assets measured at fair value through profit or loss comprised the following:

Equity instruments	31 December 2020	31 December 2019
Equity securities – non-listed	212.547	195.785
Total	**212.547**	**195.785**

As of 31 December 2020 and 2019, the details of the investments classified as financial assets at fair value through profit or loss and the shareholding rates are as follows:

	%	31 December 2020	%	31 December 2019
Equity securities - available for sale:				
Bursagaz Bursa Şehiriçi Doğal Gaz Dağıtım Ticaret ve Taahhüt A.Ş. ("Bursagaz")	10	111.532	10,0	112.804
Kayserigaz Kayseri Doğalgaz Dağıtım Pazarlama Ticaret A.Ş. ("Kayserigaz")	10,0	89.943	10,0	68.407
Other	-	11.072	-	14.574
Total		**212.547**		**195.785**

The movements in financial investments during the years ended 31 December were as follows:

	2020	*2019*
At 1 January	**195.785**	**117.904**
Fair value increases/decreases (*)	(22.453)	32.116
Capital increases additions (**)	7.003	11.025
Disposals (***)	(13.538)	(4.554)
Translation difference	45.750	39.294
At 31 December	**212.547**	**195.785**

(*) The addition amount relized in 2020 arise from the fair value increase of the shares of Bursagaz and Kayserigaz which are measured at fair value through profit or loss in the consolidated financial statements as at 31 December 2020.

(**) As at 31 December 2020, %33,3 shares of Workindo Technology and Human Resources Consulting Inc. were purchased by the Company.

(***) Olimpos Solar Enerji Üretim A.Ş. and Pasifik Solar Enerji Üretim A.Ş. were liquidated as at 31 December 2020 and was Included in the consolidation with the merger of Momentum Enerji.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

7. Financial investments (continued)

The table below presents the summary of the financial information of the main financial investments:

31 December 2020						
Name	Total asset	Total equity	Retained earnings attributable to the owners of the Company	Net income/ (loss) for the period	Reviewed/ audited	Period
Bursagaz	1.003.549	437.354	93.870	66.105	Unaudited	31 December 20
Kayserigaz	565.196	223.217	157.153	54.297	Unaudited	31 December 20

31 December 2019						
Name	Total asset	Total equity	Retained earnings attributable to the owners of the Company	Net income/ (loss) for the period	Reviewed/ audited	Period
Bursagaz	981.279	413.818	60.792	78.886	Unaudited	31 December 19
Kayserigaz	494.165	176.584	125.730	40.748	Unaudited	31 December 19

8. Trade receivables, service concession receivables and trade payables

Trade receivables

Short-term trade receivables

As at 31 December 2020 and 2019, short-term trade receivables comprised the following:

	31 December 2020	31 December 2019
Due from related parties (Note 4)	432.431	139.568
Due from third parties	1.062.727	896.082
	1.495.158	**1.035.650**

As at 31 December 2020 and 2019, short-term trade receivables comprised the following:

	31 December 2020	31 December 2019
Accounts receivable (*)	1.495.158	1.035.650
Doubtful receivables	215.489	151.395
Allowance for doubtful receivables	(215.489)	(151.395)
Total	**1.495.158**	**1.035.650**

(*) As at 31 December 2020 trade receivables of the Group mainly consists of engineering services, supply operations and uncollected portion of progress billings related to EPC agreement to TL 994.359 (31 December 2019: TL 754.447).

Movement of allowance for doubtful receivables for the years ended at 31 December is as follows:

	2020	2019
Allowance at the beginning of year	**151.395**	**122.768**
Provision for impairment (Note 26)	75.319	40.238
Reversal of impairment allowances no longer required (-) (Note 26)	(15.239)	(22.021)
Translation differences	4.014	10.410
Total	**215.489**	**151.395**

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

8. Trade receivables, service concession receivables and trade payables (continued)

Long-term trade receivables

As at 31 December, long-term trade receivables comprised the following:

	31 December 2020	31 December 2019
Due from third parties	8.456	4.301
Total	**8.456**	**4.301**

Service concession receivables

As at 31 December, service concession receivables comprised the following:

	31 December 2020	31 December 2019
Short term service concession receivables	316.889	290.915
Long term service concession receivables	1.550.967	1.438.021
Total	**1.867.856**	**1.728.936**

Maturity of the service concession receivables was as follows:

	Receivables subject to redemption	
Redemption	**31 December 2020**	**31 December 2019**
Due within one year	316.889	290.915
Due one to three years	832.662	434.332
Due three to five years	498.530	594.502
Due over five years	219.775	409.187
Total	**1.867.856**	**1.728.936**

Movement of service concession receivables for the year ended at 31 December was as follows:

	2020	2019
At 1 January	**1.728.936**	**1.732.915**
Additions	347.227	141.192
Redemptions related to current year investments	(485.883)	(392.497)
Transfers (*)	(44.007)	-
Financial income	357.888	188.026
Correction at current period regarding revenue caps	(36.305)	59.300
At 31 December	**1.867.856**	**1.728.936**

(*) As at 31 December 2020, the amount TL 44.007 is transferred to property, plant and equipment.

Short-term trade payables

As at 31 December 2020 and 2019, short-term trade payables comprised the following:

	31 December 2020	31 December 2019
Due to related parties (Note 4)	14.175	7.088
Due to third parties	514.077	299.095
	528.252	**306.183**

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

8. Trade receivables, service concession receivables and trade payables (continued)

As at 31 December 2020 and 2019, third parties short-term trade payables comprised the following:

	31 December 2020	31 December 2019
Trade payables (*)	475.980	276.854
Expense accruals	38.097	22.241
	514.077	**299.095**

(*) Trade payables mainly comprise payables to suppliers the EPC contracts, average maturity of debt is between 30 and 45 days. The payment schedule comprises some performance indicators when they met and preliminary contract advance and finally temporary acceptance and/or at the en of the work. In addition, this amount consists of debt which comprises the electricity distribution and retail sales amounting to TL 382.624 (31 December 2019: TL 185.976) respectively from the companies Türkiye Elektrik Ticaret Taahhüt Anonim Şirketi arising from the purchases of the electricity and Türkiye Elektrik İletim Anonim Şirketi arising from the usage of the electricity transfer lines.

9. Other receivables and other payables

Other short term receivables

As at 31 December 2020 and 2019, other short-term receivables comprised the following:

	31 December 2020	31 December 2019
Due from related parties (Note 4)	206.219	162.421
Due from third parties	70.285	135.045
	276.504	**297.466**

As at 31 December, short-term other receivables from third parties comprised the following:

	31 December 2020	31 December 2019
Other receivables (*)	69.096	131.564
Receivables from tax authorities	448	2.857
Deposits and guarantees given	705	564
Receivables from personnel	36	60
	70.285	**135.045**

(*) This amount consists of receivables from TEDAŞ regarding payments such as expropriation fees made on behalf of TEDAŞ.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

9. Other receivables and other payables (continued)

Other long term receivables

As at 31 December 2020 and 2019, other long term receivables comprised the following:

	31 December 2020	31 December 2019
Due from related parties (Note 4)	465.931	602.455
Due from third parties	39.773	35.742
	505.704	**638.197**

As at 31 December 2020 and 2019, due from third parties comprised the following:

	31 December 2020	31 December 2019
Deposits and guarantees given	20.945	18.468
Receivables from TEİAŞ	18.828	17.274
Total	**39.773**	**35.742**

Other short term payables

As at 31 December 2020 and 2019, other short-term payables comprised the following:

	31 December 2020	31 December 2019
Due to related parties (Note 4)	446.461	369.592
Due to third parties	89.840	51.478
Total	**536.301**	**421.070**

As at 31 December 2020 and 2019, other short-term payables to third parties comprised the following:

	31 December 2020	31 December 2019
Deposits and guarantees received	31.226	29.398
Others	58.614	22.080
Total	**89.840**	**51.478**

Other long term payables

As at 31 December 2020 and 2019, other long-term payables comprised the following:

	31 December 2020	31 December 2019
Deposits and guarantees received (*)	385.876	286.531
Total	**385.876**	**286.531**

(*) As at 31 December 2020 and 2019, the deposits and guarantees received mainly consist of security deposits received by the electricity distribution and retail sale companies of the Group from their customers.

The Group's exposure to credit and currency risks related to other receivables and liquidity and currency risks of other payables are disclosed in Note 28.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

10. Inventories

As at 31 December 2020 and 2019, inventories comprised the following:

	31 December 2020	31 December 2019
Raw materials and supplies	45.508	31.085
Trading goods	72.791	986
Total	**118.299**	**32.071**

11. Prepayments and deferred income

Short term prepayments

As at 31 December 2020 and 2019, current prepayments comprised the following:

	31 December 2020	31 December 2019
Advances given (*)	227.849	43.556
Prepayments for the following months	28.954	12.166
Total	**256.803**	**55.722**

(*) As at 31 December 2020, advances given consists advance balances amounting to TL 7.172 (31 December 2019: TL 2.424) given to EPİAŞ for electricity purchases and advance balances amounting to TL 215.238 (31 December 2019: TL 39.585) given to suppliers and service providers for EPC projects.

Long term prepayments

As at 31 December 2020 and 2019, non-current prepayments comprised the following:

	31 December 2020	31 December 2019
Prepayments for the following years	13.580	10.306
Total	**13.580**	**10.306**

Short term deferred revenue

As at 31 December, short term deferred revenue comprised the following:

	31 December 2020	31 December 2019
Advances received (*)	557.452	112.317
Total	**557.452**	**112.317**

(*) Advances received are composed of the contract advances received from Türkmenenergo Döwlet Elektroenerget within the scope of the TFM project undertaken by the Group, West African Energy SA within the scope of the SNC project undertaken by the Group and from Mitsubishi Corporation within the scope of the BSR project undertaken by the Group in Iraq.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

12. Investments in equity accounted investees

a) Joint agreements

i) Joint ventures

KÇLE

KÇLE was established as a joint venture with a joint agreement between ÇEDAŞ, Çalık Enerji and Limak Yatırım on 17 September 2012 with the participation of these three companies by 25%, 25% and 50%, respectively, in the share capital of KÇLE. On 8 May 2013, KÇLE purchased all shares of the state-owned enterprise namely Kompania Per Distribuim Dhe Fumizim Me Energji Elektrike SH.A ("KEDS") which is operating in electricity distribution and procurement in Kosovo for a consideration of TL 61.796 (equivalent of EUR 26.300) within the scope of a tender in the privatisation process initiated by the Government of Republic of Kosovo.

As per Share Transfer Agreement dated 27 April 2015, Çalık Enerji acquired 1.250 number of shares of KÇLE with a nominal value of EUR 12 held by ÇEDAŞ for a total consideration of EUR 17.475, and increased its ownership percent from 25,00% to 50,00%

Doğu Aras

Doğu Aras was founded in accordance to energy market regulations as a joint venture with a joint agreement between ÇED and Kiler Alışveriş on 5 May 2013 with the participation of these two companies by 50% and 50%, respectively, for the purpose of establishing and participating to the companies that are engaged in distribution, retail and wholesale of electricity energy and/or capacity, assigning management of these established and participated companies, providing consultancy services on technical, financial, information processing and human resources management issues and making industrial and commercial investments through this companies.

On 28 June 2013, Doğu Aras purchased all shares of EDAŞ and EPAŞ which were state owned companies operating in electricity distribution and sales in cities Kars, Ardahan, Iğdır, Erzincan, Ağrı, Bayburt and Erzurum by paying an amount of US Dollar 128.500 as a result of a tender in the privatisation process.

LC Electricity

LC Electricity was established on 3 July 2014 in Serbia as a joint venture with a joint agreement between Türkmen Elektrik and Limak Yatırım with the participation of these two companies equally by 50%. The purpose of LC Electricity is trading electricity and sales/purchases of goods and services as part of this operation.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

12. Investments in equity accounted investees (continued)

Investments in equity-accounted joint ventures and the Group's share of control are as follows:

	31 December 2020		31 December 2019	
Joint ventures-equity accounted	**Carrying value**	**% of ownership**	**Carrying value**	**% of ownership**
Assets				
KÇLE	748.746	50,00	598.956	50,00
Çalık Limak Adi Ortaklığı	13.103	50,00	3.113	50,00
Doğu Aras	746.698	50,00	407.314	50,00
LC Electricity	75	50,00	63	50,00
Total	**1.508.622**		**1.009.446**	

For the years ended 31 December, the movements in investments in equity accounted investees, net were as follows:

	2020	**2019**
Balance at 1 January	**1.009.446**	**658.555**
Share of profit of equity accounted investees	257.948	231.638
Translation differences	257.924	119.253
Dividend income from affiliates and jointly controlled partnerships	(16.696)	-
Balance at 31 December	**1.508.622**	**1.009.446**

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

12. Investments in equity accounted investees (continued)

Summary financial information for equity accounted joint ventures was presented below:

31 December 2020															
Company name	Reporting period	Ownership rates (%)	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Net assets	Revenue	Total expenses	Profit/ (loss)	Group's share of net assets	Carrying amount	Group's share of profit/ (loss)
KÇLE (Joint venture) (1)	31 December	50,00	776.904	1.312.452	2.089.356	565.622	85.466	651.088	1.438.268	1.918.413	1.871.970	46.443	719.134	748.746	23.222
Doğu Aras (Joint venture) (1)	31 December	50,00	1.203.409	1.072.814	2.276.223	954.118	131.057	1.085.175	1.191.048	2.789.293	2.339.829	449.464	595.524	746.698	224.732
Çalık Limak Adı Ortaklığı A.Ş. (Joint venture)	31 December	50,00	40.622	-	40.622	40.600	-	40.600	22	101.535	81.547	19.988	11	13.103	9.994
LC Electricity (Joint venture)	31 December	50,00	-	-	-	-	-	-	-	-	-	-	-	75	-
Total														**1.508.622**	**257.948**

31 December 2019															
Company name	Reporting period	Ownership rates (%)	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Net assets	Revenue	Total expenses	Profit/ (loss)	Group's share of net assets	Carrying amount	Group's share of profit/ (loss)
KÇLE (Joint venture) (1)	31 December	50,00	465.676	915.919	1.381.595	295.673	54.608	350.281	1.031.314	1.919.690	1.888.447	31.243	515.657	598.956	15.622
Doğu Aras (Joint venture) (1)	31 December	50,00	705.226	-	705.226	28.501	-	28.501	676.725	2.718.649	2.287.887	430.762	338.363	3.113	215.381
Çalık Limak Adı Ortaklığı A.Ş. (Joint venture)	31 December	50,00	19.674	-	19.674	19.656	-	19.656	18	49.118	47.848	1.270	9	407.314	635
LC Electricity (Joint venture)	31 December	50,00	-	-	-	-	-	-	-	-	-	-	-	63	-
Total														**1.009.446**	**231.638**

(1) Consolidated financial information is presented.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

13. Property, plant and equipment

During the years ended 31 December 2020 and 2019, movements of property, plant and equipment and related accumulated depreciation were as follows:

	Land and buildings	Machines and equipments	Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress (*)	Total
Cost							
Balance at 1 January 2019	**157.374**	**421.119**	**45.818**	**147.911**	**22.336**	**16.466**	**811.024**
Additions	13.367	40.294	34.073	19.934	1.106	284	**109.058**
Foreign currency differences	47.989	3.783	12.051	9.635	4.744	2.580	**80.782**
Disposals (**)	(32.059)	(4.537)	(3.403)	(24.312)	-	-	**(64.311)**
Transfers (*)	-	13.583	-	-	-	(13.583)	**-**
Balance at 31 December 2019	**186.671**	**474.242**	**88.539**	**153.168**	**28.186**	**5.747**	**936.553**
Balance at 1 January 2020	**186.671**	**474.242**	**88.539**	**153.168**	**28.186**	**5.747**	**936.553**
Additions	140	126	10.064	18.160	2.983	141.062	**172.535**
Merger and new consolidation effect	49	56.055	-	-	-	-	**56.104**
Foreign currency differences	37.539	70	13.715	32.049	2.724	3.980	**90.077**
Disposals (**)	-	-	(1.821)	(17.214)	(252)	-	**(19.287)**
Transfers (***)	-	-	-		44.007	-	**44.007**
Balance at 31 December 2020	**224.399**	**530.493**	**110.497**	**186.163**	**77.648**	**150.789**	**1.279.989**

(*) Construction in progress are mainly related to investments for wind power plants of Çalık Rüzgar which are located in Sarpıncık and investments for solar power plants of Çalık Yenilenebilir Enerji A.Ş.

(**) Disposals are mainly related to our completed projects NAV2 and TRC.

(***) As at 31 December 2020, the amount TL 44.007 is transferred from service concession receivables.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

13. Property, plant and equipment (continued)

During the years ended 31 December 2020 and 2019, movements of property, plant and equipment and related accumulated depreciation were as follows:

	Land and Buildings	Machines and equipments	Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Accumulated depreciation							
Balance at 1 January 2019	**(47.335)**	**(79.453)**	**(15.528)**	**(83.407)**	**(15.986)**	**-**	**(241.709)**
Current year depreciation	(9.823)	(38.507)	(13.322)	(19.271)	(2.745)	-	**(83.668)**
Foreign currency differences	(26.254)	(3.516)	(7.213)	(5.514)	(4.721)	-	**(47.218)**
Disposal	32.059	4.537	3.403	23.354	-	-	**63.353**
Balance at 31 December 2019	**(51.353)**	**(116.939)**	**(32.660)**	**(84.838)**	**(23.452)**	**-**	**(309.242)**
Balance at 1 January 2020	**(51.353)**	**(116.939)**	**(32.660)**	**(84.838)**	**(23.452)**	**-**	**(309.242)**
Current year depreciation	(11.885)	(42.833)	(16.794)	(20.499)	(2.745)	-	**(94.756)**
Merger and new consolidation effect	-	(7.914)	-	-	-	-	**(7.914)**
Foreign currency differences	(12.156)	(5.880)	(6.733)	(18.718)	(2.607)	-	**(46.094)**
Disposal	-	-	847	6.247	-	-	**7.094**
Balance at 31 December 2020	**(75.394)**	**(173.566)**	**(55.340)**	**(117.808)**	**(28.804)**	**-**	**(450.912)**
Net carrying amount at 1 January 2019	**110.039**	**341.666**	**30.290**	**64.504**	**6.350**	**16.466**	**569.315**
Net carrying amount at 31 December 2019	**135.318**	**357.303**	**55.879**	**68.330**	**4.734**	**5.747**	**627.311**
Net carrying amount at 31 December 2020	**149.005**	**356.927**	**55.157**	**68.355**	**48.844**	**150.789**	**829.077**

As at 31 December 2020, the Group has no capitalised interest expense on property, plant and equipment (31 December 2019: None).

As at 31 December 2020, the Group has no property, plant and equipment acquired through finance lease contracts (31 December 2019: None).

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

14. Intangible assets

During the years ended 31 December 2020 and 2019, movements of intangible assets and related accumulated amortisation were as follows:

	Licences & software	Electric distribution rights	Other intangibles	Total
Cost				
Balance at 1 January 2019	**50.975**	**499.073**	**4.512**	**554.560**
Additions	493	-	-	493
Disposals	(11)	-	-	(11)
Translation difference	579	(1)	13.457	14.035
Balance at 31 December 2019	**52.036**	**499.072**	**17.969**	**569.077**
Balance at 1 January 2020	**52.036**	**499.072**	**17.969**	**569.077**
Additions	175	-	1.177	1.352
Disposals	-	-	-	-
Translation difference	105.991	2	2.185	108.178
Balance at 31 December 2020	**158.202**	**499.074**	**21.331**	**678.607**

Accumulated amortization	Licences & software	Electric distribution rights	Other intangibles	Total
Balance at 1 January 2019	**(37.595)**	**(153.666)**	**(2.912)**	**(194.173)**
Current year amortization	(3.374)	(19.197)	(612)	(23.183)
Disposals	(6)	-	-	(6)
Translation difference	(7.212)	140	(10.091)	(17.163)
Balance at 31 December 2019	**(48.187)**	**(172.723)**	**(13.615)**	**(234.525)**
Balance at 1 January 2020	**(48.187)**	**(172.723)**	**(13.615)**	**(234.525)**
Current year amortization	(2.052)	(19.196)	(427)	(21.675)
Disposals	-	-	-	-
Translation difference	(105.835)	(138)	(2.092)	(108.065)
Balance at 31 December 2020	**(156.074)**	**(192.057)**	**(16.134)**	**(364.265)**
Net carrying amount at 1 January 2019	**13.380**	**345.407**	**1.600**	**360.387**
Net carrying amount at 31 December 2019	**3.849**	**326.349**	**4.354**	**334.552**
Net carrying amount at 31 December 2020	**2.128**	**307.017**	**5.197**	**314.342**

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

15. Other assets and liabilities

Other current assets

As at 31 December 2020 and 2019, other current assets comprised the following:

	31 December 2020	31 December 2019
Deferred VAT	66.776	61.713
Other current assets	49.312	5.324
	116.088	**67.037**

Other current liabilities

As at 31 December 2020 and 2019, other current liabilities comprised the following:

	31 December 2020	31 December 2019
Taxes and funds payable	103.251	81.850
Other liabilities	43.928	41.378
	147.179	**123.228**

16. Due from/due to customers for contract works

Due from customers for contract work and due to customers for contract work were included in the accompanying consolidated statement of financial position under the following captions:

	2020	2019
Due from customers for contract works	44.426	14.571
Due to customers for contract works	(33.796)	(228.163)
Total	**10.630**	**(213.592)**

As at 31 December, the details of uncompleted contracts were as follows:

	2020	2019
Total costs incurred on uncompleted contracts	3.800.117	7.725.743
Estimated earnings	1.922.438	3.983.371
Total estimated revenue on uncompleted contracts	**5.722.555**	**11.709.114**
Less: Billings to date	(5.711.925)	(11.922.706)
Net amounts due to/from customers for contract work	**10.630**	**(213.592)**

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

17. Loans and borrowings

As at 31 December 2020 and 2019, loans and borrowings comprised the following:

Short term loans and borrowings	**31 December 2020**	**31 December 2019**
Short term bank loans	253.541	632.007
- USD *denominated bank loans*	*78.676*	376.846
- Foreign currency denominated bank loans	*174.865*	*255.161*
Short term portion of long term bank loans	229.883	540.677
- USD denominated bank loans	-	*288.890*
- Foreign currency denominated bank loans	*229.883*	*251.787*
Short term portion of long term bonds issued	5.138	-
Short term lease payables	7.959	10.060
	496.521	**1.182.744**
Long term bank loans	416.560	542.560
- Foreign currency denominated bank loans	*416.560*	*542.560*
Long term bonds issued	78.751	-
Long term lease payables	21.773	15.936
	517.084	**558.496**
Total	**1.013.605**	**1.741.240**

At 31 December 2020 and 2019, the terms and conditions of outstanding loans and borrowings were as follows:

		31 December 2020			
	Currency	Nominal interest rate (%)	Maturity	Nominal amount	Carrying amount
Secured bank loans	TL	17,09	2023	16.949	13.984
Secured bank loans	TL	Revolving	2021	23.725	19.996
Secured bank loans	EUR	0,49-1,24	2022-2025	52.184	51.596
Unsecured bank loans	TL	Revolving	2021	11.877	9.998
Unsecured bank loans	TL	0,16-18,96	2021-2024	510.114	509.951
Unsecured bank loans	USD	7,18	2021	51.860	51.153
Unsecured bank loans	USD	Revolving	2021	28.129	27.527
Unsecured bank loans	EUR	3,53-7,35	2021-2031	216.648	215.781
Other financial liabilities	TL	12,61		83.887	83.887
				995.373	**983.873**

		31 December 2019			
	Currency	Nominal interest rate (%)	Maturity	Nominal amount	Carrying amount
Secured bank loans	USD	Revolving	2020	28.299	28.293
Secured bank loans	USD	USD Libor+%4,00	2020	80.513	78.482
Secured bank loans	USD	6,08	2020	217.180	210.408
Secured bank loans	EUR	0,53-4,9	2022-2031	120.224	119.398
Secured bank loans	TL	17,88	2023	26.060	19.983
Unsecured bank loans	USD	3,66-7,56	2020	355.574	353.020
Unsecured bank loans	EUR	6,79	2020	67.000	66.916
Unsecured bank loans	TL	Revolving	2020	27.503	25.769
Unsecured bank loans	TL	17,00-20,70	2020-2024	825.242	812.975
				1.747.595	**1.715.244**

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

17. Loans and borrowings (continued)

There are pledges over Çalık Enerji's shares of YEDAŞ, YEPAŞ and ÇEDAŞ with numbers of 85 (TL 0,085), 115 (TL 0,115), 377.622.000 (TL 377.622), respectively and ÇEDAŞ's shares of YEPAŞ and YEDAŞ, with numbers of 6.358.770.388 (TL 63.587) and 35.700.685.312 (TL 357.006), as a guarantee for the bank borrowings used or will be used by Çalık Holding, ÇEDAŞ, YEDAŞ and YEPAŞ from a bank.

As at 31 December 2020 and 2019, maturity profile of the bank borrowings is as follows

	31 December 2020	31 December 2019
Due within one year	483.424	1.172.684
One to two years	187.412	200.149
Two to three years	132.694	155.663
Three to four years	59.003	111.711
Over four years	37.451	75.037
Total	**899.984**	**1.715.244**

As at 31 December 2020 and 2019, maturity profile of the issued bond is as follows

	31 December 2020	31 December 2019
Due within one year	5.138	-
One to two years	78.751	-
Total	**83.889**	**-**

The Group's exposure to liquidity and currency risks related to borrowings are disclosed in Note 28.

Cash flows from financing activities and reconciliation of their movements

The movement of the Group's financial liabilities arising from financing activities for the year ended 31 December 2020 and 2019 are as follows:

	2020	2019
January 1	**1.741.240**	**1.568.946**
Current period additions	417.003	617.843
Interest and capital repayments	(1.459.298)	(517.219)
Current period interest accruals	142.505	113.333
Effects of changes in foreign exchange rates	172.155	(41.663)
December 31	**1.013.605**	**1.741.240**

18. Payables related to employee benefits

As at 31 December 2020 and 2019, payables related to employee benefits comprised the following:

	31 December 2020	31 December 2019
Social security premiums payable	7.348	6.576
Due to personnel	7.392	24.200
	14.740	**30.776**

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

19. Provisions

As at 31 December, provisions comprised the following items:

	31 December 2020	31 December 2019
Short term provisions		
Short term employee benefits	9.374	8.269
Other short term provisions	118.329	70.748
Total short term provisions	**127.703**	**79.017**
Long term provisions		
Long term employee benefits	21.214	15.486
Total long term provisions	**21.214**	**15.486**
Total provisions	**148.917**	**94.503**

As at 31 December, short-term and long term employee benefits comprised the following items:

	31 December 2020	31 December 2019
Short-term		
Vacation pay liability	9.374	8.269
	9.374	**8.269**
Long term		
Reserve for severance payments	21.214	15.486
	21.214	**15.486**

As at 31 December, other provisions comprised the following items:

Short-term	31 December 2020	31 December 2019
Provision for litigation and claims	88.600	70.748
Other provisions for expenses	29.729	-
	118.329	**70.748**

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

19. Provisions (continued)

Movement of provisions for the years ended at 31 December 2020 and 2019 is as follows:

2020	1 January	Provision for the year	Cancelled Provisions Payments / Actuarial differences in current period	Foreign Currency Translation Effect	31 December
Provision for litigation and claims	70.748	13.608	-	4.244	88.600
Other provisions for expenses	-	29.736	-	-	29.736
Vacation pay liability	8.269	1.569	(553)	89	9.374
Reserve for severance payments	15.486	4.013	1.849	(134)	21.214
	94.503	**48.926**	**1.296**	**4.199**	**148.924**
2019					
Provision for litigation and claims	42.320	25.248	-	3.180	70.748
Vacation pay liability	7.931	-	(658)	996	8.269
Reserve for severance payments	13.620	6.507	(7.021)	2.380	15.486
	63.871	**31.755**	**(7.679)**	**6.556**	**94.503**

Reserve for severance payments

For the years ended 31 December 2020 and 2019, the movements in the reserve for severance payments were as follows:

	2020	2019
Balance at the beginning of the year	**15.486**	**13.620**
Interest cost	2.528	2.827
Cost of services	1.485	3.680
Payments during the year	(9.490)	(9.511)
Actuarial difference	11.339	2.490
Currency translation effect	(134)	2.380
Balance at the end of the year	**21.214**	**15.486**

The reserve has been calculated by estimating the present value of future probable obligation of the Group arising from the retirement of the employees.

Actuarial valuation methods were developed to estimate the Group's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	2020	2019
	%	%
Discount rate	3,12	3,60
Interest rate	12,40	12,10
Expected rate of salary/limit increase	9,00	14,00
The range of turnover rate to estimate the probability retirement	1,00-6,00	1,00-6,00

The computation of the liability is predicated upon retirement pay ceiling announced by the Government. As at 31 December 2020, the ceiling amount was TL 7,12 (31 December 2019: TL 6,01).

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

20. Commitments and contingencies

Guarantee, pledge and mortgages ("GPM") given as at 31 December 2020 are as follows:

31 December 2020		Original currency (in thousands)			
	TL equivalent	TL	USD	EURO	OTHER
A Total amount of GPMs given in the name of its own legal personality	934.415	353.076	50.092	23.716	-
B Total amount of GPMs given in the name of the consolidated subsidiaries and joint ventures	798.214	798.214	-	-	-
- Total amount of GPMs given in the name of the consolidated subsidiaries	*798.214*	*798.214*	-	-	-
C Total amount of GPMs given to be able to conduct ordinary business transactions to secure payables of third parties	-	-	-	-	-
	-	-			
D Other GPMs given			-	-	-
Total	**1.732.629**	**1.151.290**	**50.092**	**23.716**	**-**

The ratio of the Group's GPM to the Group's equity is 36%.

GPMs given as at 31 December 2019 are as follows:

31 December 2019		Original currency (in thousands)			
	TL equivalent	TL	USD	EURO	OTHER
A Total amount of GPMs given in the name of its own legal personality	441.006	143.668	42.225	7.000	-
B Total amount of GPMs given in the name of the consolidated subsidiaries and joint ventures	798.214	798.214	-	-	-
- Total amount of GPMs given in the name of the consolidated subsidiaries	*798.214*	*798.214*	-	-	-
C Total amount of GPMs given to be able to conduct ordinary business transactions to secure payables of third parties	-	-	-	-	-
D Other GPMs given	-	-	-	-	-
Total	**1.239.220**	**941.882**	**42.225**	**7.000**	**-**

The ratio of the Group's GPM to the Group's equity is 34%.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

20. Commitments and contingencies (continued)

Details of the commitments and contingent liabilities arising in the ordinary course of the business of the Group comprised the following items as at 31 December:

	31 December 2020	31 December 2019
TETAŞ and TEİAŞ	227.306	127.483
Given to government agencies for the ongoing EPC contracts	581.173	297.378
Given to EMRA	242	244
Given to others	125.694	15.901
Total letter of guarantees	**934.415**	**441.006**
Pledge on shares (*)	798.214	798.214
Total contingent liabilities	**1.732.629**	**1.239.220**

(*) There are pledges over Çalık Enerji's shares of YEDAŞ, YEPAŞ and ÇEDAŞ with numbers of 85 (TL 0,085), 115 (TL 0,115), 377.622.000 (TL 377.622), respectively and ÇEDAŞ's shares of YEPAŞ and YEDAŞ, with numbers of 6.358.770.388 (TL 63.587) and 35.700.685.312 (TL 357.006), as a guarantee for the bank borrowings used or will be used by Çalık Holding, ÇEDAŞ, YEDAŞ and YEPAŞ from a bank.

Litigation and claims

As at 31 December 2020, the expected cash outflow amount for the pending claims filed against to the Group is TL 88.600 (31 December 2019: TL 70.748). As at 31 December 2020, the provision for litigation and claims are mainly related to the Group's electricity retail sales companies regarding electricity dissipation and theft lawsuits of consumers. The Group made a provision for the whole amount related to these claims (Note 19).

Pending tax audits

In Turkey, the tax and other government authorities (Social Security Institution) have the right to inspect the Group's tax returns and accounting records for the past five fiscal years. The Group has not recorded a provision for any additional taxes for the fiscal years that remained unaudited, as the amount cannot be estimated with any degree of uncertainty. The Group's management believes that no material assessment will arise from any future inspection for unaudited fiscal years.

Letter of guarantees received

As of 31 December 2020, the Group has received letter of guarantees amounting to TL 317.234 from its customers and suppliers (31 December 2019: TL 250.825).

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

21. Taxation

Turkey

Corporate income tax is levied on the statutory corporate income tax base, which is determined by modifying income for certain tax exclusions and allowances.

In Turkey, corporate tax rate is 22% as of 31 December 2020 (2019: 22%). According to the Article 91 of the Law numbered 7061 "Legislation on Amendment of Certain Tax Legislation and Other Certain Legislation" which was published on the Official Gazette numbered 30261 on 5 December 2018 and according to the provisional clause 10 added to the Corporate Tax Law numbered 5520; corporate tax rate for the taxation periods of 2018, 2019 and 2020 is amended to 22%, which would later be applied as 20% at the end of these periods. During these periods, Council of Ministers is entitled to decrease the corporate tax rate of 22% to 20%.

The tax legislation provides for a temporary tax of 22% (2019: 22%) to be calculated and paid based on earnings generated for each quarter for the period ended 31 December 2020. The amounts thus calculated and paid are offset against the final corporate tax liability for the year. With the amendment to the Law, corporate rate is set to 22% for the years 2018, 2019 and 2020.

According to the Corporate Tax Law, 75% (2019: 75%) of the capital gains arising from the sale of properties and investments owned for at least two years are exempted from corporate tax on the condition that such gains are reflected in the equity with the intention to be utilized in a share capital increase or kept under equity as restricted funds within five years from the date of the sale. The remaining 25% of such capital gains are subject to corporate tax. In addition, with the change of the law numbered 7061, the ratio regarding the real estate decreased from 75% to 50%, and this ratio will be applied as 50% starting from the 2018 tax declarations.

There is also a withholding tax on the dividends paid and is accrued only at the time of such payments. According to the amendments in the tax legislations, which became effective from 24 April 2003, dividends that are paid to the shareholders from the profits of the years between 1999 and 2002 are immune from the withholding tax, if such profits are exempted from corporation tax bases of the companies. As per the decision no.2006/10731 of the Council of Ministers published in the Official Gazette no.26237 dated 23 July 2006, certain duty rates included in the articles no.15 and 30 of the new Corporate Tax Law no:5520 revised.

Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the non resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions, was increased from 10% to 15%. In applying the withholding tax rates on dividend payments to the non resident institutions and the individuals the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account.

In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes shown in the consolidated financial statements reflects the total amount of taxes calculated on each entity that are included in the consolidation.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue reassessments based on their findings.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

21. Taxation (continued)

Transfer pricing regulations

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a tax payer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

Tax applications for foreign subsidiaries and joint ventures of the Group

Republic of Kosovo

The applicable corporate tax rate in Republic of Kosovo is 10% (31 December 2019: 10%).

Under Kosovo tax legislation system, tax losses can be carried forward to be offset against future taxable income for up to seven years.

Republic of Iraq

As at 31 December 2020, the applicable corporate tax rate for the subsidiaries and branches operating in Iraq is 15% (31 December 2019: 15%). Tax losses can be carried forward to be offset against future taxable income for up to five years to the extent of the half of the current year profit when the financial profit is reported. As at 31 December 2020 and 2019, profit generated from Group's operations in Iraq is not subject to corporate tax.

United Arab Emirates

As at 31 December 2020, the Group has a subsidiary and branches in the United Arab Emirates located in Dubai. There is no federal corporate tax in United Arab Emirates. However, similar taxes are implemented in different sectors in different emirates. As at 31 December 2020 and 2019, the Group's subsidiary operating in Dubai is not subject to corporate tax.

Georgia

The applicable corporate tax rate in Georgia is 15%

Libya

The corporate tax rate is 20% (31 December 2019: 20%). In addition to the 20% tax rate, a Jihad tax is levied by 4% of profits for foreign companies.

Turkmenistan

According to Turkmenistan law, while the corporate tax rate is 8% for local companies, it is 20% for branches of foreign companies and for local companies which have foreign partners. Parent company of branches located in Turkmenistan is tax-exempt due to income generated from construction projects outside Turkey is tax exempt in Turkey. Besides, revenue arising from sales of machinery and equipment which are exported from Turkey and included in construction cost in those countries are subject to corporate tax in Turkey.

Serbia

The applicable corporate tax rate in Serbia is 15%.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

21. Taxation (continued)

Uzbekistan

The applicable corporate tax rate in Uzbekistan is 17,2%. As at 31 December 2020, the Group is not subject to corporate tax resulting from their operations in the country with a dispensation between the Group and Uzbekistani government.

The Netherlands

Corporate income tax is levied at the rate of 25% (31 December 2019: 25%) on the worldwide income of resident companies, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes. A unilateral decree for the avoidance of double taxation provides relief for resident companies from Dutch tax on income, such as foreign business profits derived through a permanent establishment abroad, if no tax treaty applies.

Under the Dutch taxation system, tax losses can be carried forward to be offset against future taxable income for nine years. Tax losses can be carried back to offset profits up to one year. Companies must file their tax returns within six months following the close of the tax year to which they relate, unless the company applies for an extension (normally an additional nine months). Tax returns are open for five years from the date of final assessment of the tax return during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue reassessments based on their findings.

Malawi

The Corporate income tax rate in Malawi is 30% for local entities whereas tax rate is 35% for foreign entities and those operating as branches of foreign entities. As at 31 December 2020, the Group's subsidiary operating in Malawi is not subject to corporate tax while the income resulting from their operations in the country are accepted as tax-exempt.

Tax recognised in profit or loss

Income tax expense for the years ended 31 December 2020 and 2019 comprised the following items:

	2020	2019
Current corporation and income taxes	224.154	131.549
Deferred taxes on temporary differences	(76.267)	(65.519)
Total income tax expense	**147.887**	**66.030**

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

21. Taxation (continued)

Reconciliation of effective tax rate

The reported income tax expense for the years ended 31 December 2020 and 2019 are different than the amounts computed by applying statutory tax rate to profit before tax as shown in the following reconciliation:

	2020 Amount	2019 Amount
Reported profit before taxation	1.736.259	1.185.276
Taxes on reported profit per statutory tax rate	(381.977)	(260.760)
Permanent differences:		
Disallowable expenses	(24.309)	(19.957)
Tax exempt income (*)	294.563	282.896
Effect of share of profit of equity-accounted investees	44.948	47.377
Losses for fiscal years	(11.135)	48.829
Tax effect of consolidated adjustments	(108.644)	(170.437)
Effect of change in tax rate	23.812	-
Others, net	14.855	6.022
Tax expense	**(147.887)**	**(66.030)**

(*) Related amount consist of profits generated by foreign branches of the Group which are not subject to corporate tax.

Taxes payable on income

Taxes payable on income as of 31 December 2020 and 2019 comprised the following:

	2020	*2019*
Taxes on income	147.887	66.030
Deferred tax benefit/(expense)	76.267	65.519
Corporation taxes paid in advance	(234.894)	(131.216)
Taxes asset/(liability) on income, net	**(10.740)**	**333**

As at 31 December 2020, taxes payable on income amounting to TL 12.582 (31 December 2019: TL 1.247) is not offset with prepaid taxes amounting to TL 1.842 (31 December 2019: TL 1.580) since they are related to different tax jurisdictions.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

21. Taxation (continued)

Deferred tax assets and liabilities

Deferred tax is provided in respect of taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for the differences relating to goodwill not deductible for tax purposes and the initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

Unrecognised deferred tax assets and liabilities

As at 31 December 2020, deferred tax assets amounting to TL 176.172 (31 December 2019: TL 190.247) have not been recognised with respect to the statutory tax losses carried forward up to 2025. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

According to the Tax Procedural Law in Turkey, statutory losses can be carried forward maximum for five years. Consequently, 2025 is the latest year for recovering the deferred tax assets arising from such tax losses carried forward. The table below shows the expiration date of the tax losses carried forward:

Date of expiration	2020	2019
2020	-	8.815
2021	19.093	28.929
2022	56.360	59.242
2023	763.904	757.637
2024	5.593	11.785
2025	35.902	-
	880.852	**866.408**

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

21. Taxation (continued)

Recognised deferred tax assets and liabilities

According to the Article 91 of the Law numbered 7061 "Legislation on Amendment of Certain Tax Legislation and Other Certain Legislation" which was published on the Official Gazette numbered 30261 on 5 December 2018 and according to the provisional clause 10 added to the Corporate Tax Law numbered 5520; corporate tax rate for the taxation periods of 2020 is amended to 22%, which would later be applied as 20% at the end of the period. Deferred tax assets and liabilities are recognized in the consolidated financial statements as of 31 December 2020 at a rate of %20 for the temporary differences that will have tax effect in 2021 and later.

Since companies in Turkey can not file a tax return, subsidiaries that have deferred tax assets are not netted off with subsidiaries that have deferred tax liabilities and are shown separately.

Deferred tax assets and deferred tax liabilities at 31 December 2020 and 2019 are attributable to the items detailed in the table below:

	2020		2019	
	Asset	**Liability**	**Asset**	**Liability**
Vacation pay liability	1.241	-	1.503	-
Employee severance indemnity	499	-	487	-
Provision for litigations	5.564	-	4.651	-
Amortised cost effect on borrowings	264	(132)	903	(77)
Property, plant and equipment and intangible assets	328.862	(7.686)	288.290	(790)
Security deposits	19.283	-	17.827	-
Provision for expenses	24.950	-	10.912	-
Effect of percentage of completion method	-	(499)	-	-
Service concession receivables	-	(373.573)	-	(365.643)
Doubtful receivables	13.793	-	10.122	-
Deferred income	-	(2.099)	-	(2.869)
Other temporary differences	26.455	(1.563)	1.669	(10.212)
Total deferred tax assets/(liabilities)	**420.911**	**(385.552)**	**336.364**	**(379.591)**
Set off of tax	(342.368)	342.368	(293.173)	293.173
Deferred tax assets/(liabilities), net	**78.543**	**(43.184)**	**43.191**	**(86.418)**

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

21. Taxation (continued)

Movements in deferred tax balances during the year:

	Balance 1 January 2019	*Effects of translation*	*Recognised in profit or loss*	*Balance 31 December 2019*	*Effects of translation*	*Recognised in profit or loss*	*Balance 31 December 2020*
Vacation pay liability	1.367	74	62	1.503	107	(369)	1.241
Employee severance indemnity	382	43	62	487	90	(78)	499
Provision for litigations	8.565	89	(4.003)	4.651	911	2	5.564
Other expense provisions	(13.610)	(1.061)	14.671	-	-	-	-
Amortised cost effect on borrowings	12.390	(465)	(11.099)	826	(12)	(682)	132
Property, plant and equipment and intangible assets	282.457	172	4.871	287.500	1.307	32.369	321.176
Security deposits	15.752	93	1.982	17.827	65	1.391	19.283
Tax losses carried forward	5.963	(273)	(5.690)	-	-	-	-
Expense provisions	-	2.155	8.757	10.912	645	13.393	24.950
Effect of percentage of completion method	2.700	209	(2.909)	-	(23)	(476)	(499)
Service concession receivables	(426.465)	2.755	58.067	(365.643)	(364)	(7.566)	(373.573)
Doubtful receivables	8.641	(1.668)	3.149	10.122	1.637	2.034	13.793
Deferred income	(4.448)	(474)	2.053	(2.869)	(610)	1.380	(2.099)
Other temporary differences	2.085	(6.174)	(4.454)	(8.543)	(1.435)	34.870	24.892
Total deferred tax assets/(liabilities)	**(104.221)**	**(4.525)**	**65.519**	**(43.227)**	**2.318**	**76.268**	**35.359**

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

22. Capital and reserves

Paid in capital

At 31 December 2020, the Company's statutory nominal value of authorised and paid-in share capital is TL 108.917 (31 December 2019: TL 108.917) comprising of 10.891.705.225 registered shares (31 December 2019: 10.891.705.225) having per value of TL 0,01 (31 December 2019: TL 0,01) nominal each.

At 31 December 2020 and 2019, the shareholding structure of Çalık Enerji based on the number of shares is presented below:

	2020		*2019*	
	Thousands of shares	*%*	***Thousands of shares***	*%*
Çalık Holding	10.393.195	95,42	10.393.195	95,42
Kırmızı Elmas Enerji ve Altyapı Yatırımları A.Ş.	487.591	4,48	487.591	4,48
Ahmet Çalık	10.919	0,10	10.919	0,10
	10.891.705	**100,0**	**10.891.705**	**100,0**

Legal reserves

The legal reserves are established by annual appropriations amounting to 5% of income disclosed in the Group's statutory accounts until it reaches 20% of paid-in share capital (first legal reserve). Without limit, a further 10% of dividend distributions in excess of 5% of share capital is to be appropriated to increase legal reserves (second legal reserve). The first legal reserve is restricted and is not available for distribution as dividend unless it exceeds 50% of share capital. As of 31 December 2020, 75% of the gain on sale of financial investments are exempted from corporate tax on the condition that such gains are recognised in the restricted reserves within the equity for the five years. In the accompanying consolidated financial statements as of 31 December 2020, the total of the legal reserves of the consolidated entities amounted to TL 878.783 as at 31 December 2020 (31 December 2019: TL 685.802).

Dividends

As per the General Assembly Meeting dated on 30 March 2020, the Company has distributed dividend to its shareholders amounting to TL 896.106 from retained earnings.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

22. Capital and reserves (continued)

Non-controlling interest

For the years ended 31 December 2020 and 2019, movements of the non-controlling interest were as follows:

	2020	**2019**
Non controlling interest at the beginning of the year	16.486	14.126
Effect of accounting policies and other matters	6.160	2.788
Foreign currency translation differences for foreign operations	(7.122)	-
Dividend distribution	(2.595)	(428)
Balance at the end of the year	**12.929**	**16.486**

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations and the conversion of the Company's functional currency to presentation currency.

23. Revenue

For the years ended 31 December 2020 and 2019, revenue comprised the following:

	2020	**2019**
Domestic sales	3.909.663	2.911.908
Export sales	1.662.988	1.469.297
Total	**5.572.651**	**4.381.205**

For the years ended 31 December 2020 and 2019, details of the revenue comprised the following:

	2020	**2019**
EPC	1.662.988	1.469.297
Electricity sale and distribution	3.868.392	2.847.177
Other operations	41.271	64.731
Total	**5.572.651**	**4.381.205**

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

24. Operating expenses

For the years ended 31 December 2020 and 2019, administrative expenses comprised the following:

	2020	2019
Personnel expenses	253.082	212.567
Outsource expenses (*)	31.144	27.308
Depreciation and amortisation expenses	29.832	25.088
Communication and information expenses	24.498	22.509
Taxes, duties and fees	20.226	19.883
Rent expense	15.637	12.324
Accommodation expenses	10.583	3.840
Travel and accommodation expenses	9.434	10.083
Consulting expenses	8.470	6.130
Insurance expenses	8.341	6.658
Office expenses	6.323	4.950
Maintenance and repair expenses	6.219	6.681
Advertising and promotion expenses	2.304	2.235
Communication expenses	1.065	885
Other	83.979	73.753
	511.137	**434.894**

(*) Outsource expenses comprise of expenses made by Çalık Holding on behalf of Çalık Enerji.

For the years ended 31 December 2020 and 2019, research and development expenses comprised the following:

	2020	2019
Personnel expenses	11.566	12.698
Consulting expenses	4.347	21.709
Travel and accommodation expenses	3.985	7.758
Other	2.671	3.827
	22.569	**45.992**

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

24. Operating expenses (continued)

For the years ended 31 December 2020 and 2019, the total operating expenses by nature comprised the following:

	2020	2019
Materials and trading goods expenses	3.134.974	2.479.704
Personnel expenses	371.849	462.396
Depreciation and amortisation expenses	121.754	114.819
Outsource expenses	31.256	27.307
Communication and information expenses	25.345	22.980
Taxes, duties and fees	21.626	21.159
Maintenance and repair expenses	20.877	53.723
Rent expenses	18.517	15.318
Consulting expenses	15.772	33.035
Travel and accommodation expenses	13.937	18.460
Insurance expenses	10.127	9.431
Other	129.245	92.415
	3.915.279	**3.350.747**

For the years ended 31 December 2020 and 2019, depreciation and amortisation expenses comprised the following:

Depreciation and amortisation expenses	**2020**	**2019**
Cost of goods sold	91.483	89.351
General administrative expenses	29.832	25.088
Research and development expenses	439	380
	121.754	**114.819**

For the years ended 31 December 2020 and 2019, personnel expenses comprised the following:

Personnel expenses	**2020**	**2019**
Salaries, payments and bonuses	254.257	315.996
Mandatory social security premiums	34.365	34.267
Other	83.227	112.133
	371.849	**462.396**

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

25. Other income and expense from operating activities

For the years ended 31 December 2020 and 2019, other operating income comprised the following:

	2020	2019
Foreign exchange gains	25.541	101.889
Penalty and indemnity gains	21.157	6.994
Incentive gains	11.528	12.000
Gains from services to joint ventures	6.821	6.527
Other	28.109	33.190
	93.156	**160.600**

For the years ended 31 December, other operating expenses comprised the following:

	2020	2019
Foreign exchange losses	59.137	61.595
Provision expenses	56.048	25.248
Land lease losses	6.268	1.364
Insurance damage losses	1.786	1.513
Other	47.035	60.289
	170.274	**150.009**

26. Gain and losses from investing activities and IFRS 9 impact

For the years ended 31 December 2020 and 2019, income from investing activities comprised the following:

	2020	2019
Dividend income	48.697	69
Gain on sale of property, plant and equipment	125	176
Fair value difference will be reflected on profit and loss	-	32.116
	48.822	**32.361**

For the years ended 31 December 2020 and 2019, losses from investing activities comprised the following:

	2020	2019
Loss on other investing activities	22.453	-
Loss on sale of property, plant and equipment	441	6
	22.894	**6**

For the years ended 31 December 2020 and 2019, losses and gains from IFRS 9:

	2020	2019
Provision from doubtful receivables (Note 8)	75.319	40.238
Collection from doubtful trade receivables (Note 8)	(15.239)	(22.021)
	60.080	**18.217**

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

27. Finance income/(costs)

For the years ended 31 December finance income comprised the following:

	2020	2019
Interest income from related parties	26.948	73.406
Other interest income	66.413	52.203
Foreign exchange gains on borrowings	34.184	2.853
	127.545	**128.462**

For the years ended 31 December, finance costs comprised the following:

	2020	2019
Interest expense due to related parties	13.108	71.675
Short and long term interest expenses from borrowings	71.487	67.402
Foreign exchange loss on borrowings	71.213	55.725
Letter of guarantees commission expenses	12.182	15.358
Bank commission expenses	18.428	13.656
Other interest expenses	8.918	6.195
	195.336	**230.011**

28. Financial instruments – Fair values and risk management

Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

Risk management activities are conducted by a realistic organizational structure and it is fully supported with the commitment of top management.

The Group acts proactively in terms of risk management in order to ensure that its business operations in different industries and regions are not adversely affected as a result of market, operational, liquidity and counterparty risks. Risk Management and internal audit departments within each sector and at the Group level provide and maintain awareness for different types of risks, including emerging risks, and ensure that appropriate risk management mechanisms are in place.

Credit risk:

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

28. Financial instruments – Fair values and risk management (continued)

The Group's principal financial assets are cash and cash equivalents, financial investments, trade receivables and other receivables. The Group requires a certain amount of collateral in respect of its account receivable. Credit evaluations are performed on all customers requiring credit over a certain amount on individual level.

At reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

The maximum exposure to credit risk for trade receivables at the reporting date by geographic concentration was as follows:

Location	31 December 2020	31 December 2019
Turkmenistan	943.079	463.775
Turkey	451.455	267.713
Malawi	73.985	16.633
Iraq	11.407	131.736
Georgia	10.240	725
Libya	8.706	46.114
Dubai	4.742	-
Uzbekistan	-	96.196
Switzerland	-	16.756
Holland	-	303
	1.503.614	**1.039.951**

In order to measure expected credit losses, the Group grouped its trade receivables and contract assets considering the maturity and credit risk characteristics. The expected credit loss ratio for each class of trade receivables and contract assets, which is grouped using past credit loss experiences, current conditions and forecasts of future economic conditions, is calculated and the expected credit loss provision has been calculated by multiplying the determined rate and sum of trade receivable and contract assets.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

28. Financial instruments – Fair values and risk management (continued)

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 31 December 2020 and 2019 was:

	Receivables								
	Trade receivables		Other receivables		Receivables from customer contracts	Service concession receivables			
31 December 2020	Related party	Other party	Related party	Other party	Contractual assets arising from ongoing construction and contracting works	Service concession receivables (Long+Short)	Cash at banks, reverse repurchase agreements and investment funds	Financial investments	Other (*)
Maximum credit risk exposure at reporting date (A+B+C+D)	**432.431**	**1.071.183**	**672.150**	**110.058**	**44.426**	**1.867.856**	**427.944**	**-**	**95**
-Portion of maximum risk covered by guarantees	-	-	-	-	-	-	-	-	-
A. Carrying value of financial assets that are neither past due nor impaired	432.431	935.596	672.150	110.058	44.426	1.867.856	427.944	-	95
B.Carrying value of financial assets that are past due but not impaired	-	135.587	-	-	-	-	-	-	-
C. Carrying value of impaired assets	-	-	-	-	-	-	-	-	-
- Past due (gross carrying amount)	-	215.489	-	-	-	-	-	-	-
- Impairment (-)	-	(215.489)	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-	-	-
D. Elements including credit risk on off statement of financial position	-	-	-	-	-	-	-	-	-

(*) This amount mainly consists of money in transit presented under cash and cash equivalents.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

28. Financial instruments – Fair values and risk management (continued)

	Receivables								
	Trade receivables		Other receivables		Receivables from customer contracts	Service concession receivables			
31 December 2019	**Related party**	**Other party**	**Related party**	**Other party**	**Contractual assets arising from ongoing construction and contracting works**	**Service concession receivables (Long+Short)**	**Cash at banks, reverse repurchase agreements and investment funds**	**Financial investments**	**Other (*)**
Maximum credit risk exposure at reporting date (A+B+C+D)	**139.568**	**900.383**	**764.876**	**170.787**	**14.571**	**1.728.936**	**913.276**	**-**	**-**
-Portion of maximum risk covered by guarantees	-	-	-	-	-	-	-	-	-
A. Carrying value of financial assets that are neither past due nor impaired	139.568	801.098	764.876	170.787	14.571	1.728.936	913.276	-	-
B.Carrying value of financial assets that are past due but not impaired	-	99.285	-	-	-	-	-	-	-
C. Carrying value of impaired assets	-	-	-	-	-	-	-	-	-
- Past due (gross carrying amount)	-	151.399	-	-	-	-	-	-	-
- Impairment (-)	-	(151.399)	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-	-	-
D. Elements including credit risk on off statement of financial position	-	-	-	-	-	-	-	-	-

(*) This amount mainly consists of money in transit presented under cash and cash equivalents.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

28. Financial instruments – Fair values and risk management (continued)

Impairment losses

As at 31 December 2020 and 2019, the aging of trade receivables at the reporting date was:

	Receivables				
31 December 2020	**Trade receivables**	**Other receivables**	**Cash at banks**	**Derivative instruments**	**Other**
Past due 1-30 days	81.502	-	-	-	-
Past due 1-3 months	36.620	-	-	-	-
Past due 3-12 months	16.746	-	-	-	-
Past due 1-5 years	719	-	-	-	-
More than 5 years	-	-	-	-	-
Total	**135.587**	**-**	**-**	**-**	**-**
Portion of assets overdue secured by guarantee etc.	-	-	-	-	-

	Receivables				
31 December 2019	**Trade receivables**	**Other receivables**	**Cash at banks**	**Derivative instruments**	**Other**
Past due 1-30 days	42.716	-	-	-	-
Past due 1-3 months	12.094	-	-	-	-
Past due 3-12 months	22.959	-	-	-	-
Past due 1-5 years	21.516	-	-	-	-
More than 5 years	-	-	-	-	-
Total	**99.285**	-	-	-	-
Portion of assets overdue secured by guarantee etc.	-	-	-	-	-

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

28. Financial instruments – Fair values and risk management (continued)

Liquidity risk

Liquidity risk arises in the general funding of the Group's activities and in the management of positions. It includes both risk of being unable to fund assets at appropriate maturities and rates and risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame. The Group has access to funding sources from banks and keeps certain level assets as cash and cash equivalents. The Group continuously assesses liquidity risk by identifying and monitoring changes in funding required in meeting business goals and targets set in terms of the overall Group strategy.

As at 31 December 2020 and 2019, the followings are carrying amounts, contractual cash flows and the contractual maturities of financial liabilities;

2020	Carrying amount	Total contractual cash flows	Less than 3 months	3-12 months	1-5 years	More than 5 years
Contractual maturities						
Non-derivative financial liabilities						
Bank loans	899.984	(911.486)	(232.554)	(341.121)	(337.811)	-
Bonds issued	83.889	(83.889)	-	(5.138)	(78.751)	-
Expected maturities						
Non-derivative financial liabilities						
Trade payables	528.252	(528.252)	(528.252)	-	-	-
Other payables	922.177	(922.177)	(536.301)	-	(385.876)	-
Liabilities recognised in employee benefits	14.740	(14.740)	(14.740)	-	-	-

2019	Carrying amount	Total contractual cash flows	Less than 3 months	3-12 months	1-5 years	More than 5 years
Contractual maturities						
Non-derivative financial liabilities						
Bank loans	1.715.244	(1.747.595)	(538.461)	(666.574)	(542.560)	-
Bonds issued	-	-	-	-	-	-
Expected maturities						
Non-derivative financial liabilities						
Trade payables	306.183	(306.183)	(306.183)	-	-	-
Other payables	707.601	(707.601)	(421.070)	-	(286.531)	-
Liabilities recognised in employee benefits	30.776	(30.776)	(30.776)	-	-	-

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

28. Financial instruments – Fair values and risk management (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameter, while optimising the return.

Interest rate risk

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprise at different times or in differing amounts. In the case of floating rate assets and liabilities the Group is also exposed to basis risk, which is the difference in reprising characteristics of the various floating rate indices, such as six months Libor and different types of interest. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Group's business strategies.

Profile

As at 31 December, the interest rate profile of the Group's interest-bearing financial instruments was as follows:

Fixed rate instruments	**2020**	**2019**
Financial assets	217.455	769.476
Financial liabilities	(899.984)	(1.715.244)
Variable rate instruments		
Financial liabilities	-	(78.482)

Fair value sensitivity analysis for fixed instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and the Group does not designate derivatives (interest rate swaps) as hedging instruments under fair value hedge accounting model. Therefore, a change in interest rate as of the reporting date would not affect profit or loss and equity.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are Euro and TL.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Group is exposed to currency risk through the impact of rate changes on the translation of foreign currency denominated payables and bank borrowings from financial institutions. Such risk is monitored by the Board of Directors and limited through taking positions within approved limits as well as using derivative instruments where necessary.

To minimise risk arising from foreign currency denominated statement of financial position items, the Group sometimes utilises derivative instruments as well as keeping part of its idle cash in foreign currencies.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

28. Financial instruments – Fair values and risk management (continued)

Currency risk

At 31 December, the currency risk exposures of the Group in TL equivalents are as follows:

	31 December 2020					31 December 2019				
	TL equivalent	TL	USD	EURO	Other(***)	TL equivalent	TL	USD	EURO	Other(***)
1.Trade receivables	104.088	-	-	794	96.990	20.935	14.796	-	923	-
2a.Monetary financial assets (including cash on hand, bank deposits) (*)	252.271	176.323	443	1.277	62.468	321.656	3.087	49.751	3.464	-
2b.Other monetary assets	-	-	-	-	-	-	-	-	-	-
3. Other	2.466	-	335	-	147	19	-	2	1	16
4. Current assets (1+2+3)	**358.825**	**176.323**	**778**	**2.071**	**159.605**	**342.610**	**17.883**	**49.753**	**4.388**	**16**
5. Trade receivables	-	-	-	-	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-	-	-
8. Non-current assets (5+6+7)	-	-	-	-	-	-	-	-	-	-
9. Total assets (4+8)	**358.825**	**176.323**	**778**	**2.071**	**159.605**	**342.610**	**17.883**	**49.753**	**4.388**	**16**
10. Trade payables	(186.610)	(81.151)	(1.052)	(6.121)	(42.604)	(23.047)	(8.290)	(675)	(1.616)	-
11. Financial liabilities	(205.292)	(47.596)	-	(18.444)	-	(572.389)	(186.806)	(50.000)	(13.318)	-
12a. Other monetary liabilities	(475.444)	(437.784)	(2.730)	-	(17.625)	(383.690)	(340.703)	(4.375)	(2.556)	-
12b. Other non-monetary liabilities	-	-	-	-	-	-	-	-	-	-
13. Short term liabilities (10+11+12)	**(867.346)**	**(566.531)**	**(3.782)**	**(24.565)**	**(60.229)**	**(979.126)**	**(535.799)**	**(55.050)**	**(17.490)**	-
14. Trade payables	-	-	-	-	-	-	-	-	-	-
15. Financial liabilities	(113.337)	(7.216)	-	(11.239)	-	(113.389)	(13.889)	-	(14.961)	-
16a. Other monetary liabilities	-	-	-	-	-	-	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-	-	-	-	-	-	-
17. Long term liabilities (14+15+16)	**(113.337)**	**(7.216)**	-	**(11.239)**	-	**(113.389)**	**(13.889)**	-	**(14.961)**	-
18. Total liabilities (13+17)	**(980.683)**	**(573.747)**	**(3.782)**	**(35.804)**	**(60.229)**	**(1.092.515)**	**(549.688)**	**(55.050)**	**(32.451)**	-
19. Net position of off-statement of financial position derivate instruments (19a+19b)	-	-	-	-	-	-	-	-	-	-
19a. Total hedged assets(**)	-	-	-	-	-	-	-	-	-	-
19b. Total hedged liabilities (**)	-	-	-	-	-	-	-	-	-	-
20. Net statement of financial position (9+18+19)	**(621.858)**	**(397.424)**	**(3.004)**	**(33.733)**	**99.376**	**(749.905)**	**(531.805)**	**(5.297)**	**(28.063)**	**16**
21. Net statement of monetary items (IFRS 7.b23) (=1+2a+5+6a+10+11+12a+14+15+16a)	**(624.324)**	**(397.424)**	**(3.339)**	**(33.733)**	**99.229**	**(749.924)**	**(531.805)**	**(5.299)**	**(28.064)**	-

(*) Consists of the Group's other receivables in foreign currency with a monetary financial asset nature.
(**) Consists of foreign currency derivative instruments that are not subject to hedge accounting.
(***) TL equivalents are given.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

28. Financial instruments – Fair values and risk management (continued)

Sensitivity analysis

A strengthening/weakening of the TL against the other currencies below would have increased/ (decreased) the comprehensive income and profit/loss (excluding the tax effect) as of 31 December 2020 and 2019 as follows:

	Profit / (Loss)		Equity	
31 December 2020	**Strengthening of USD**	**Weakening of USD**	**Strengthening of USD**	**Weakening of USD**
Increase/(decrease) 10% of TL parity				
1-TL net asset / liability	(39.742)	39.742	(39.742)	39.742
2-Hedged portion of TL amounts(-)	-	-	-	-
3-Net effect of USD (1+2)	**(39.742)**	**39.742**	**(39.742)**	**39.742**
Increase/(decrease) 10% of EUR parity				
4-EUR net asset / liability	(30.386)	30.386	(30.386)	30.386
5-Hedged portion of EUR amounts(-)	-	-	-	-
6-Net effect of EUR (4+5)	**(30.386)**	**30.386**	**(30.386)**	**30.386**
Increase/(decrease) 10% of other parities				
7-Other foreign currency net asset / liability	9.923	(9.923)	9.923	(9.923)
8-Hedged portion of other foreign currency amounts(-)	-	-	-	-
9-Net effect of other foreign currencies (7+8)	**9.923**	**(9.923)**	**9.923**	**(9.923)**
TOTAL (3+6+9)	**(60.205)**	**60.205**	**(60.205)**	**60.205**

	Profit / (Loss)		Equity	
31 December 2019	**Strengthening of USD**	**Weakening of USD**	**Strengthening of USD**	**Weakening of USD**
Increase/(decrease) 10% of TL parity				
1-TL net asset / liability	(53.181)	53.181	(53.181)	53.181
2-Hedged portion of TL amounts(-)	-	-	-	-
3-Net effect of TL (1+2)	**(53.181)**	**53.181**	**(53.181)**	**53.181**
Increase/(decrease) 10% of EUR parity				
4-EUR net asset / liability	(6.295)	6.295	(6.295)	6.295
5-Hedged portion of EUR amounts(-)	-	-	-	-
6-Net effect of EUR (4+5)	**(6.295)**	**6.295**	**(6.295)**	**6.295**
Increase/(decrease) 10% of other parities				
7-Other foreign currency net asset / liability	1.517	(1.517)	1.517	(1.517)
8-Hedged portion of other foreign currency amounts(-)	-	-	-	-
9-Net effect of other foreign currencies (7+8)	**1.517**	**(1.517)**	**1.517**	**(1.517)**
TOTAL (3+6+9)	**(57.959)**	**57.959**	**(57.959)**	**57.959**

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

28. Financial instruments – Fair values and risk management (continued)

Capital management

The Group's objectives when managing capital include:

- to comply with the capital requirements required by the regulators of the financial markets where the Group operates;
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders.

The Group's debt to equity ratio at the end of year was as follows:

	2020	2019
Total current liabilities	2.454.526	2.484.745
Less: cash and cash equivalents	499.110	915.979
Less: deferred revenue and contract liabilities	591.248	340.480
Net debt	**1.364.168**	**1.228.286**
Equity	**4.750.866**	**3.604.849**
Debt to equity ratio at 31 December	**0,29**	**0,34**

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

28. Financial instruments – Fair values and risk management (continued)

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Çalık Holding's Internal Audit department.

Fair value information

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or in its absence, the most advantageous market to which the Group has access at that date.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted market price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

28. Financial instruments – Fair values and risk management (continued)

The table below provides reconciliation between line items in the consolidated statement of financial position and categories of financial instruments.

31 December 2020	Financial assets presented from amortized cost	Financial assets measured by reflecting FV difference on profit / loss	Financial liabilities presented at amortized cost	Net carrying amount
Cash and cash equivalents	499.110	-	-	499.110
Financial investments	-	212.547	-	212.547
Trade receivables	1.503.614	-	-	1.503.614
Other receivables	782.208	-	-	782.208
Total assets	**2.784.932**	**212.547**	**-**	**2.997.479**
Borrowings	-	-	(1.013.605)	(1.013.605)
Trade payables	-	-	(528.252)	(528.252)
Payables related to employee benefits	-	-	(14.740)	(14.740)
Other payables	-	-	(922.177)	(922.177)
Total liabilities	**-**	**-**	**(2.478.774)**	**(2.478.774)**

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

28. Financial instruments – Fair values and risk management (continued)

31 December 2019	Financial assets presented from amortized cost	Financial assets measured by reflecting FV difference on profit / loss	Financial liabilities presented at amortized cost	Net carrying amount
Cash and cash equivalents	915.979	-	-	915.979
Financial investments	-	195.785	-	195.785
Trade receivables	1.039.951	-	-	1.039.951
Other receivables	935.663	-	-	935.663
Total assets	**2.891.593**	**195.785**	**-**	**3.087.378**
Borrowings	-	-	(1.741.240)	(1.741.240)
Trade payables	-	-	(306.183)	(306.183)
Payables related to employee benefits	-	-	(30.776)	(30.776)
Other payables	-	-	(707.601)	(707.601)
Total liabilities	**-**	**-**	**(2.785.800)**	**(2.785.800)**

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

28. Financial instruments – Fair values and risk management (continued)

Fair value hierarchy

The fair value hierarchy consists of three levels, depending upon whether fair values are determined based on quoted prices in an active market (Level 1), valuation techniques with observable inputs (Level 2) or valuation techniques that incorporate inputs which are unobservable and which have significant impact on the fair value of the instrument (Level 3):

Valuation models

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: This category includes inputs that are quoted market prices (unadjusted) in active markets for identical instruments. These are instruments where the fair value can be determined directly from prices which are quoted in active, liquid markets and where the instrument observed in the market is representative of that being priced in the Group's portfolio.
- Level 2: This category includes inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: This category includes all instruments where the valuation technique uses inputs based on unobservable data, which could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant, unobservable adjustments or assumptions are required to reflect differences between instruments. Unobservable in this context means that there is little or no current market data available from which the price at which an arm's length transaction would be likely to occur can be derived.

The Group uses following assumptions to estimate the fair value of financial instruments:

Equity securities: Fair values of publicly traded equity securities are based on quoted market prices where available. In the case of where no quoted market is available, fair value is determined based on quoted prices for similar securities or other valuation techniques since there is significant variability in the range of reasonable fair value estimates and the probabilities of the various estimates within the range cannot be assessed reasonably. Valuation techniques include discounted cash flow models and transaction multiple methods.

Derivative assets and liabilities: Derivatives are valued using valuation techniques. The valuation techniques and inputs depend on the type of derivative and the nature of the underlying instruments. Observable prices or model inputs are usually available in the market for exchange-traded derivatives and simple over-the-counter derivatives.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

28. Financial instruments – Fair values and risk management (continued)

Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values. The principal technique used to value these instruments are based on discounted cash flows. These valuation models calculate the present value of expected future cash flows. Inputs to valuation models are determined from observable market data where possible. The inputs used include prices available from exchanges, dealers, brokers or providers of consensus pricing, yield curves, credit spreads, default rates, recovery rates, and volatility of underlying interest rates, equity prices and foreign currency exchange rates. These inputs are determined with reference to quoted prices, recently executed trades, independent market quotes, where available.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Group believes that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and the counterparty where appropriate. For measuring derivatives, fair values taken into account both credit valuation adjustments and debit valuation adjustments.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

28. Financial instruments – Fair values and risk management (continued)

Financial instruments not measured at fair value

The following table compares the carrying amount of financial assets and liabilities not measured at fair value and analyses them by the level in the fair value hierarchy.

	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
31 December 2020					
Financial assets					
Cash and cash equivalents	-	499.110	-	499.110	499.110
Financial investments	-	-	212.547	212.547	212.547
Trade receivables	-	-	1.503.614	1.503.614	1.503.614
Other receivables	-	-	782.208	782.208	782.208
	-	**499.110**	**2.498.369**	**2.997.479**	**2.997.479**
Financial liabilities					
Borrowings	-	(1.013.605)	-	(1.013.605)	(1.013.605)
Trade payables	-	-	(528.252)	(528.252)	(528.252)
Payables related to employee benefits	-	-	(14.740)	(14.740)	(14.740)
Other payables	-	-	(922.177)	(922.177)	(922.177)
	-	**(1.013.605)**	**(1.465.169)**	**(2.478.774)**	**(2.478.774)**
31 December 2019					
Financial assets					
Cash and cash equivalents	-	915.979	-	915.979	915.979
Financial investments	-	-	195.785	195.785	195.785
Trade receivables	-	-	1.039.951	1.039.951	1.039.951
Other receivables	-	-	935.663	935.663	935.663
	-	**915.979**	**2.171.399**	**3.087.378**	**3.087.378**
Financial liabilities					
Borrowings	-	(1.741.240)	-	(1.741.240)	(1.741.240)
Trade payables	-	-	(306.183)	(306.183)	(306.183)
Payables related to employee benefits	-	-	(30.776)	(30.776)	(30.776)
Other payables	-	-	(707.601)	(707.601)	(707.601)
	-	**(1.741.240)**	**(1.044.560)**	**(2.785.800)**	**(2.785.800)**

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

29. Group enterprises

The consolidated financial statements aggregate financial information from the following entities:

Subsidiaries

The table below sets out all the subsidiaries and shows their shareholding structure at 31 December:

	Direct controlling interest of Çalık Enerji and its Subsidiaries		*Effective ownership of Çalık Enerji and its Subsidiaries*	
Name	*31 December 2020*	*31 December 2019*	*31 December 2020*	*31 December 2019*
Adacami Enerji	99,95	99,95	99,95	99,95
Ant Enerji	100,00	50,00	100,00	50,00
Atayurt İnşaat	99,50	99,50	99,50	99,50
Çalık Yenilenebilir Enerji	-	100,00	-	100,00
ÇEDAŞ	99,90	99,90	99,90	99,90
ÇED	-	100,00	-	100,00
Çalık Energy Swiss AG	100,00	100,00	100,00	100,00
Çalık Enerji Dubai	100,00	100,00	100,00	100,00
Çalık Güneş Enerjisi Üretim A.Ş.	-	100,00	-	100,00
Çalık NTF	-	100,00	-	100,00
Çalık Rüzgar	95,00	95,00	95,00	95,00
Demircili Rüzgar	85,00	95,00	85,00	95,00
JSC Calik Georgia Wind	85,00	85,00	85,00	85,00
Kızılırmak Enerji Elektrik A.Ş.	99,30	99,30	99,30	99,30
Momentum Enerji	100,00	100,00	100,00	100,00
Onyx Trading Innovation FZE	100,00	100,00	100,00	100,00
Technological Energy N.V.	100,00	100,00	100,00	100,00
Technovision Mühendislik	99,99	90,00	99,99	90,00
Türkmen Elektrik	95,50	95,50	95,50	95,50
TCB İnşaat Yatırım A.Ş.	100,00	-	100,00	-
Yeşilçay Enerji	100,00	100,00	100,00	100,00
YEDAŞ 1	100,00	100,00	100,00	100,00
YEPAŞ 1	100,00	100,00	100,00	100,00
Taşkent Merkez Park	100,00	100,00	100,00	100,00
Uztur	100,00	-	100,00	-
CE Solaire 1 SAS	95,00	-	95,00	-
CE Solaire 2 SAS	95,00	-	95,00	-

[1] *First consolidated under ÇEDAŞ, then consolidated under the Group.*

29. Group enterprises (continued)

Joint ventures

The table below sets out the Joint ventures and their shareholding structure at 31 December:

	Direct controlling interest of Çalık Enerji and its Subsidiaries		*Effective ownership interest of Çalık Enerji and its Subsidiaries*	
Name	*31 December 2020*	*31 December 2019*	*31 December 2020*	*31 December 2019*
Çalık Limak Adi Ortaklığı	50,00	50,00	25,50	25,50
Doğu Aras	50,00	50,00	50,00	50,00
KÇLE	50,00	50,00	50,00	50,00
LC Electricity	50,00	50,00	47,75	47,75

30. Segment information

The Group management prepares segment reporting in accordance with policies explained in Note 2. Each segment's information is used for the evaluation and allocation of the resources separately by the management. By measuring and reporting a segment's revenue gained from transactions with other segments, intra transactions are realised at normal market price and conditions.

The operations in countries, where the Group has EPC projects, have the risk to be suspended temporarily or permanently due to economic and political instability in these countries. In this regard the Group management monitors the developments in Libya closely and follows the process and collection for projects in this country. Segment information of the Group's subsidiaries operating in Turkey and abroad, which are presented in Note 1, comprised the following:

	31 December 2020					
	Construction and contract services	**Electricity sales**	**Electricity distribution**	**Other**	**Eliminations**	**Total**
Revenue	1.923.617	214.843	3.808.876	-	(374.685)	5.572.651
Gross profit	999.588	126.853	1.064.937	(300)	-	2.191.078
Share of profit of equity accounted investees	247.955	-	9.993	-	-	257.948
Interest income	1.282	1.008	64.123	-	-	66.413
Other income/ (expense), net	(145.554)	(8.810)	(522.811)	(62)	-	(677.237)
Operating profit/(loss)	**1.103.271**	**119.051**	**616.242**	**(362)**	**-**	**1.838.202**
Gains/(losses) from investing activities	275.045	252	91	-	(249.460)	25.928
Interest expense	(57.302)	(1.029)	(13.156)	-	-	(71.487)
Other finance income and expense, net	(21.273)	(42.392)	7.385	(104)	-	(56.384)
Profit/(loss) before tax	**1.299.741**	**75.882**	**610.562**	**(466)**	**(249.460)**	**1.736.259**
Tax (expense)/benefit	23.816	(16.108)	(155.406)	(189)	-	(147.887)
Net profit/(loss)	**1.323.557**	**59.774**	**455.156**	**(655)**	**(249.460)**	**1.588.372**
Segment assets	8.272.523	514.664	3.722.727	2.327	(4.339.491)	8.172.750
Segment liabilities	(1.474.692)	(303.845)	(1.820.760)	(2.914)	180.327	(3.421.884)
Capital expenditures	158.487	1.058	14.342	-	-	173.887
Depreciation and amortization	40.795	45.410	35.549	-	-	121.754

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements
As at and for the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

30. Segment information (continued)

	31 December 2019					
	Construction and contract services	**Electricity sales**	**Electricity distribution**	**Other**	**Eliminations**	**Total**
Revenue	1.510.017	142.217	2.802.452	-	(73.481)	4.381.205
Gross profit	512.944	67.941	930.417	42	-	1.511.344
Share of profit of equity accounted investees	231.003	-	635	-	-	231.638
Interest income	1.587	130	50.486	-	-	52.203
Other income/ (expense), net	(106.907)	3.516	(418.789)	(318)	-	(522.498)
Operating profit/(loss)	**638.627**	**71.587**	**562.749**	**(276)**	**-**	**1.272.687**
Gains/(losses) from investing activities	137.493	48.137	193	-	(153.468)	32.355
Interest expense	(28.640)	-	(38.762)	-	-	(67.402)
Other finance income and expense, net	(25.441)	(22.186)	(4.668)	(69)	-	(52.364)
Profit/(loss) before tax	**722.039**	**97.538**	**519.512**	**(345)**	**(153.468)**	**1.185.276**
Tax (expense)/benefit	1.860	(1.934)	(66.183)	227	-	(66.030)
Net profit/(loss)	**723.899**	**95.604**	**453.329**	**(118)**	**(153.468)**	**1.119.246**
Segment assets	6.044.664	1.316.740	3.541.256	2.483	(3.868.618)	7.036.525
Segment liabilities	(1.432.372)	(491.890)	(1.856.004)	(2.839)	351.429	(3.431.676)
Capital expenditures	23.779	48.046	37.726	-	-	109.551
Depreciation and amortization	39.244	37.209	38.366	-	-	114.819

31. Subsequent events

None.

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