

**(CONVENIENCE TRANSLATION OF THE REPORT AND THE FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)**

INVESTCO HOLDİNG A.Ş.

FINANCIAL STATEMENTS AS OF
31 DECEMBER 2021, 2020, 2019 AND
THE INDEPENDENT AUDITOR'S REPORT



**CONVENIENCE TRANSLATION INTO ENGLISH OF
SPECIAL PURPOSE INDEPENDENT AUDITOR’S REPORT
ORIGINALLY ISSUED IN TURKISH**

SPECIAL PURPOSE INDEPENDENT AUDITOR’S REPORT

To the General Assembly of Investco Holding A.Ş.

1. Our opinion

We have audited the accompanying financial statements of Investco Holding A.Ş. (the “Company”) which comprise the statements of financial position as at 31 December 2021, 2020 and 2019, the statements of profit or loss and the statements of other comprehensive income, the statements of changes in equity and the statements of cash flows for the years then ended and notes to the financial statements comprising a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, 2020 and 2019 and its financial performance and its cash flows for the years then ended in accordance with Turkish Financial Reporting Standards (“TFRS”).

2. Basis for opinion

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

3. Emphasis of matter

We draw attention to Note 23 of the financial statements, which describes the uncertainty in the inflation accounting application is explained. Our opinion is not modified in respect of this matter.

4. Key audit matters

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



Key Audit Matter	How the key audit matter was addressed in the audit
<p data-bbox="261 478 883 569"><i>Valuation calculation carried out in order to determine the fair value of financial investments</i></p> <p data-bbox="261 600 883 989">As explained in Note 1, the Company started to be considered as an investment entity as of 1 January 2021 and the consolidation of its subsidiaries was ceased. All financial investments are accounted at their fair values. As can be seen in Note 24; the Company has financial investments classified as short-term amounting to TRY 186 million, 679 million and 397 million and has financial investments classified as long-term amounting to TRY 2.375 million, 21 million and 18 million publicly and non-publicly traded as of 31 December 2021, 2020 and 2019 respectively and these investments accounted through their fair values.</p> <p data-bbox="261 1020 883 1440">In the valuation of financial investments excluding financial investments publicly traded, adjusted net asset value, market multiples and discounted cash flows techniques have been used. Weighted average cost of capital, terminal growth rate, EBITDA multipliers of similar companies, liquidity discount, production amount and estimated electricity sales prices were used. Changes that occur in these estimates will cause substantial change in the financial statements. Financial investments publicly traded on the stock exchange are valued by multiplying the number of shares held by the closing value of the stock exchange as of the end of the period.</p> <p data-bbox="261 1472 883 1591">We focused on these areas during our work due to significance of the amounts on the financial statement, use of estimations and need to use experts to check calculations.</p>	<p data-bbox="883 478 1515 598">For financial investments publicly traded in the stock exchange, we have confirmed the number of shares held and the stock exchange closing value as of the end of the period.</p> <p data-bbox="883 630 1515 720">For other investments ,we assessed the technical sufficiency and independence of the valuation company that performed the calculation.</p> <p data-bbox="883 751 1515 1291">Total value was found using different valuation techniques at different rates. We received assessment of valuation experts within PwC Turkey during the assessment of assumptions and methods used by the Group management and the control of activities carried out by the valuation company. The technical and theoretical controls of the models, used by the management and designed using discount and terminal growth rates, were performed with the help of our valuation experts. We evaluated whether the terminal growth rate applied was suitable by comparing it to macro-economic data. In order to control that the discount rate was in acceptable range, we compared company data specific to the company subject to valuation and with the data of other public companies operating in the same industry. It was assessed that assumptions were at acceptable ranges.</p> <p data-bbox="883 1323 1515 1501">Projections prepared for cash-generating units, which are the basis of the calculations, were assessed by comparison to the past financial performance of the relevant cash-generating unit and the realization probability of forecasts for the forthcoming period were examined.</p> <p data-bbox="883 1533 1515 1652">By performing additional sensitivity analyses to those prepared by the valuation company, we assessed how sensitive the fair value studies were in terms of amount.</p> <p data-bbox="883 1684 1515 1745">We checked the mathematical accuracy of fair value calculations.</p> <p data-bbox="883 1776 1515 1831">We assessed the sufficiency of necessary footnote statement as part of TFRS.</p>



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

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

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

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

6. Auditor's responsibilities for the audit of the financial statements

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

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

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

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



- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We have notified those charged with governance that we comply with the ethical rules regarding independence. In addition, we have conveyed all the relations and other issues that may be thought to have an impact on independence, as well as the steps taken and measures taken to eliminate threats, if any, to those charged with governance.

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

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

Mert Tüten, SMMM
Partner

Istanbul, 13 January 2022

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INVESTCO HOLDING A.Ş.

AUDITED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021, 2020 AND 2019

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

ASSETS	Notes	Current Year 31 December 2021	Prior Year 31 December 2020	Prior Year 31 December 2019
Current Assests		209,928,029	766,195,909	471,936,025
Cash and cash equivalents	28	22,830,466	60,515,708	40,873,496
Financial investments	24	186,088,636	678,840,646	396,940,928
Trade receivables	6	-	10,339,003	20,681,171
- <i>Trade receivables from related parties</i>	4	-	213,685	290,539
- <i>Trade receivables from third parties</i>		-	10,125,318	20,390,632
Other receivables	8	-	863,706	1,451,789
- <i>Other receivables from third parties</i>		-	863,706	1,451,789
Inventories	9	-	10,445,915	7,054,354
Prepaid expenses	7	2,743	167,470	82,336
Other current assets	14	1,006,184	5,023,461	4,851,951
Non-Current Assests		2,389,276,533	208,694,831	124,075,087
Other receivables	8	181,685	808,621	596,028
- <i>Other receivables from third parties</i>	8	181,685	808,621	596,028
Financial investments	24	2,373,804,862	21,441,260	18,027,660
Investments accounted through equity method	3	-	15,979,732	8,434,186
Investment properties	13	5,084,700	22,125,000	18,900,000
Property, plant and equipment	11	10,182,200	141,664,786	71,302,159
Intangible assets	12	11,259	121,620	108,422
Prepaid expenses	7	11,827	96,829	105,684
Deferred tax assets	23	-	4,228,704	3,780,379
Other non current assets	14	-	2,228,279	2,820,569
TOTAL ASSETS		2,599,204,562	974,890,740	596,011,112

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

INVESTCO HOLDING A.Ş.
AUDITED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021, 2020 AND 2019

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

LIABILITIES AND EQUITY	Notes	Current Year 31 December 2021	Prior Year 31 December 2020	Prior Year 31 December 2019
Current Liabilities		24,765,690	107,289,951	55,767,291
Short-term borrowings	24	-	313,005	397,793
Short-term portion of long term borrowings	24	-	8,718,309	29,589,623
Trade payables	6	238,668	4,227,723	11,287,989
- <i>Trade payables to third parties</i>		238,668	4,227,723	11,287,989
Payables related to employee benefits	15	25,133	297,042	466,176
Other payables	8	-	85,540,864	10,492,054
- <i>Other payables to related parties</i>	4	-	84,935,700	9,711,500
- <i>Other payables to third parties</i>		-	605,164	780,554
Current tax liabilities	23	24,404,729	5,082,838	398,699
Short-term provisions		-	453,253	427,331
- <i>Short-term provisions for employee benefits</i>	15	-	453,253	427,331
Other current liabilities	14	97,160	2,656,917	2,707,626
Non-Current Liabilities		116,335,454	88,435,567	38,869,468
Long-term borrowings	24	-	46,023,646	21,909,640
Other payables		-	510,981	-
Long-term provisions		52,547	2,098,235	1,373,033
- <i>Long-term provisions for employee benefits</i>	15	52,547	2,098,235	1,373,033
Deferred tax liabilities	23	116,282,907	39,802,705	15,586,795
EQUITY		2,458,103,418	779,165,222	501,374,353
Equity Attributable to Owners of the Company		2,458,103,418	501,889,920	311,790,864
Share capital	16	150,000,000	150,000,000	45,000,000
Share premium	16	-	8,593,378	9,753,306
Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss		-	12,902,033	11,032,027
- <i>Revaluation increases / (decreases) of property, plant and equipment</i>		-	12,902,033	11,032,027
Legal reserves	16	1,260,293	5,711,417	4,678,307
Other reserves	16	-	20,756,553	20,338,936
Retained earnings		627,904,929	157,574,162	166,359,877
Net profit of the year		1,678,938,196	146,352,377	54,628,411
Non-Controlling interests		-	277,275,302	189,583,489
TOTAL LIABILITIES AND EQUITY		2,599,204,562	974,890,740	596,011,112

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

INVESTCO HOLDİNG A.Ş.
AUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2021, 2020 AND 2019

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

	Notes	Current Year 1 January - 31 December 2021	Prior Year 1 January - 31 December 2020	Prior Year 1 January - 31 December 2019
Revenue	17	312,541,843	54,971,946	82,493,220
Cost of sales (-)	17	-	(40,564,009)	(70,547,571)
Gross profit		312,541,843	14,407,937	11,945,649
Administrative expenses (-)	18	(3,461,279)	(14,632,911)	(12,856,064)
Marketing expenses (-)	18	-	(1,310,432)	(1,420,414)
Other income from operating activities	20	1,387,837,182	254,984,527	101,156,717
Other expenses from operating activities (-)	20	(344,739)	(3,120,120)	(1,625,359)
Operating profit		1,696,573,007	250,329,001	97,200,529
Profit / loss (-) from investment activities	22	-	3,363,424	5,708,015
Share of profit/loss of investments accounted for using the equity method		-	7,545,546	845,910
Operating profit before finance income / (expense)		1,696,573,007	261,237,971	103,754,454
Finance income	21	24,518,516	425,066	582,232
Finance expense (-)	21	(9,858,625)	(20,649,010)	(10,649,604)
Profit before tax		1,711,232,898	241,014,027	93,687,082
Tax expense		(32,294,702)	(27,127,036)	(7,520,663)
Current tax expense	23	(25,642,906)	(2,312,989)	(1,415,024)
Deferred tax income / (expense)	23	(6,651,796)	(24,814,047)	(6,105,639)
PROFIT FOR THE YEAR		1,678,938,196	213,886,991	86,166,419
Profit for the year attributable to				
Owners of the Company		1,678,938,196	146,352,377	54,628,411
Non-controlling interests		-	67,534,614	31,538,008
		1,678,938,196	213,886,991	86,166,419
Earnings per share				
Earnings per share	25	11.19	0.98	0.36
Other comprehensive income		-	3,076,178	4,871,002
Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss				
Revaluation profit / losses (-) of property, plant and equipment	11	-	3,437,648	5,442,855
Revaluation increases of property, plant and equipment, tax effect	23	-	(361,470)	(571,853)
TOTAL COMPREHENSIVE INCOME		1,678,938,196	216,963,169	91,037,421
Total comprehensive income/(loss) attributable to:				
Owners of the Company		1,678,938,196	147,906,108	56,822,505
Non-controlling interests		-	69,057,061	34,214,916
		1,678,938,196	216,963,169	91,037,421

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

INVESTCO HOLDİNG A.Ş.
AUDITED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2021, 2020 AND 2019

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

	Share capital	Share premiums	Accumulated other comprehensive income or expenses that will not be reclassified subsequently to profit or loss			Retained earnings		Equity Attributable to Owners of the Company	Non-Controlling interests	Total Equity
			Revaluation increases / (decreases) of property, plant and equipment	Legal reserves	Other reserves	Prior years profit	Net profit of the year			
Balances of 1 January 2019	45,000,000	9,800,310	9,160,217	3,684,517	21,277,666	109,819,443	15,061,916	213,804,069	154,146,024	367,950,093
Transfers	-	-	-	884,304	-	14,177,612	(15,061,916)	-	-	-
Dividends	-	-	-	-	-	-	-	-	(3,924,406)	(3,924,406)
Increase / decrease due to changes in proportion of ownership interest in subsidiaries that does not result in loss of control (*)	-	(47,004)	(322,284)	109,486	(938,730)	42,362,822	-	41,164,290	5,146,955	46,311,245
Total comprehensive income	-	-	2,194,094	-	-	-	54,628,411	56,822,505	34,214,916	91,037,421
Balances as of 31 December 2019	45,000,000	9,753,306	11,032,027	4,678,307	20,338,936	166,359,877	54,628,411	311,790,864	189,583,489	501,374,353
Balances of 1 January 2020	45,000,000	9,753,306	11,032,027	4,678,307	20,338,936	166,359,877	54,628,411	311,790,864	189,583,489	501,374,353
Transfers	105,000,000	-	-	1,300,228	-	(51,671,817)	(54,628,411)	-	-	-
Dividends	-	-	-	-	-	-	-	-	(2,334,302)	(2,334,302)
Acquisition of subsidiary (**)	-	-	-	-	-	(1,490,115)	-	(1,490,115)	9,207,789	7,717,674
Increase / decrease due to changes in proportion of ownership interest in subsidiaries that does not result in loss of control (*)	-	(1,159,928)	316,275	(267,118)	417,617	44,376,217	-	43,683,063	11,761,265	55,444,328
Total comprehensive income	-	-	1,553,731	-	-	-	146,352,377	147,906,108	69,057,061	216,963,169
Balances as of 31 December 2020	150,000,000	8,593,378	12,902,033	5,711,417	20,756,553	157,574,162	146,352,377	501,889,920	277,275,302	779,165,222
Balances of 1 January 2021	150,000,000	8,593,378	12,902,033	5,711,417	20,756,553	157,574,162	146,352,377	501,889,920	277,275,302	779,165,222
Transfers (***)	-	(8,593,378)	(12,902,033)	(4,451,124)	(20,756,553)	470,330,767	(146,352,377)	277,275,302	(277,275,302)	-
Total comprehensive income	-	-	-	-	-	-	1,678,938,196	1,678,938,196	-	1,678,938,196
Balances as of 31 December 2021	150,000,000	-	-	1,260,293	-	627,904,929	1,678,938,196	2,458,103,418	-	2,458,103,418

(*) Consist of the effect of the Company's purchase and sell of the shares of its subsidiaries (Note:3).

(**) The 80% unlisted share of Pamel Yenilenebilir Elektrik Üretim A.Ş. was acquired by our subsidiary Pamukova Elektrik Üretim A.Ş. on 30 September 2020 (Note:3).

(***) Since the Company is considered as an investment entity as of 1 January 2021, the Company's financial investments have been started to be measured at fair value instead of the consolidation subsidiaries.

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

INVESTCO HOLDING A.Ş.

AUDITED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2021, 2020 AND 2019

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

	Notes	Current Year 1 January - 31 December 2021	Prior Year 1 January - 31 December 2020	Prior Year 1 January - 31 December 2019
A. Cash flows from operating activities				
Profit for the year		1,678,938,196	213,886,991	86,166,419
Adjustments to reconcile profit for the year				
-Adjustments related to depreciation and amortization expenses	11, 12	64,247	2,434,758	1,992,416
-Adjustments related to impairment of receivables	6	-	706,676	281,533
-Adjustments related to (reversal of) / impairment of assets	13	-	(3,225,000)	(5,628,192)
-Adjustments related to provision for/(reversal) for employee benefit termination		52,547	714,605	868,819
-Adjustments related to other provisions		-	(54,767)	-
-Adjustments related to bargain purchase income	20	-	(9,028,886)	-
-Adjustments related to interest (income) and expenses	20, 21, 24	(94,098,665)	(1,497,351)	5,163,029
-Adjustments related to gain (loss) on fair value		(1,626,353,142)	(232,228,164)	(92,368,162)
-Adjustments related to undistributed profits of subsidiaries	3	-	(7,545,546)	(845,910)
-Adjustments related to tax expense (income)	23	32,294,702	27,127,036	7,520,663
-Adjustments related to non-cash items	24	8,149,927	15,650,851	3,754,134
-Adjustments related to dividend (income) / expense	17, 20	(932,983)	(809,954)	(741,341)
Changes in working capital				
-Adjustments related to (increase) / decrease trade receivables		102,361	9,642,302	(3,763,619)
-Adjustments related to (increase) / decrease in other receivables related to operations		(78,918)	573,240	631,502
-Adjustments related to (increase) / decrease in inventories	9	-	(3,391,561)	(120,130)
-Adjustments related to (increase) / decrease in prepaid expenses		19,602	(53,396)	3,235,302
-Adjustments related to increase / (decrease) in trade payables	6	237,826	(7,121,060)	(4,017,893)
-Adjustments related to provision for/reversal for employee benefit termination		12,789	(266,330)	(273,291)
-Adjustments related to increase / (decrease) in other payables from operations		(85,540,864)	74,464,309	10,290,040
-Adjustments related to (increase) / decrease in other assets		(182,358)	383,972	27,125,777
-Adjustments related to increase/ (decrease) in other liabilities		620,972	429,189	(486,139)
Cash generated/(used) from operations		(86,693,761)	80,791,914	38,784,957
-Payments made under the provisions for employee benefits	15	-	(79,870)	(342,556)
-Income taxes paid	23	(1,238,177)	(2,351,852)	(775,924)
		(87,931,938)	78,360,192	37,666,477
B. Cash Flows from Investing Activities				
-Cash inflows from sale of shares in other entities or shares in funds or debt instruments	26	147,094,095	21,585,050	29,858,400
-Cash outflows for acquisition of shares in other entities or shares in funds or debt instruments	3, 26	(182,718,103)	(93,556,076)	(79,094,204)
-Dividends received	17, 20	932,983	809,954	741,341
-Cash inflows for disposal of additional shares of subsidiaries		-	60,167,330	46,311,245
-Cash inflows arising from disposal of tangibles and intangible assets	11, 12	-	-	598,088
-Payments for purchase of tangible and intangible assets	11, 12	(10,229,886)	(9,680,102)	(5,330,574)
-Cash outflows for purchases of investment property	13	(5,084,700)	-	(122,848)
		(50,005,611)	(20,673,844)	(7,038,552)
C. Cash Flows from Financing Activities				
-Cash inflows from borrowings payment	24	-	-	11,489,100
-Cash outflows for borrowings	24	(24,755,438)	(36,769,508)	(9,465,757)
-Change in receivables from related parties		146,153,087	-	-
-Dividends paid		-	(2,334,302)	(3,924,406)
-Interest paid	21	(1,621,866)	(4,613,243)	(6,666,745)
-Interest received	20, 21	24,518,516	5,672,917	1,641,107
		144,294,299	(38,044,136)	(6,926,701)
Net decrease in cash and cash equivalents (A+B+C)		6,356,750	19,642,212	23,701,224
D. Cash and cash equivalents at the beginning of year (*)		16,473,716	40,873,496	17,172,272
Cash and cash equivalents at the end of the year (A+B+C+D)	28	22,830,466	60,515,708	40,873,496

(*) Since the Company is considered as an investment entity as of 1 January 2021, cash and cash equivalents at the beginning of year has been changed in the individual financial statements of Investco Holding A.Ş.

INVESTCO HOLDING A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021, 2020 AND 2019

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

1. GENERAL INFORMATION

Investco Holding A.Ş. (“the Company”), was incorporated on 26 December 2011.

As of 1 January 2021, the Company has started to act as investment entity to provide investment management services, to obtain funds from one or more investors and to provide capital gains or investment income or both. The Company holds its related investments for a limited period of time within the scope of investment exit strategies and measures all of these investments on the basis of fair value and evaluates their performance. The Company aims to exit investments through methods such as public offering, selling on the stock market, selling to existing partners and transferring to third parties in line with the exit strategies from its financial investments.

The purpose of the Company until 31 December 2020 is to become a partner to domestic or foreign companies, to actively participate in their management in order to ensure the continuity of these companies in a more efficient and profitable manner and creates competitive conditions in accordance with the conditions of the day and ensures that they are carried and managed, provides advanced techniques for planning, production, marketing, financing, personnel and fund management. Therefore, the subsidiaries of the Company were subject to consolidation.

As of 1 January 2021, the Company has been evaluated as an investment company within the scope of Turkish Financial Reporting Standards 10 “Consolidated Financial Statements” stated in Note 2.5. The Company has started not to consolidate its subsidiaries as of 1 January 2021 as an investment company and started measure as financial investments whose fair value is recognized in profit or loss in accordance with TFRS 10 paragraph 31. As of 1 January 2021, the Company derecognised from the consolidated financial statements its financial assets, liabilities and non-controlling interests, which it previously considered as subsidiaries, based on the book values of that date and the Company reflected the fair values of the related financial assets. As of 1 January 2021, the amount that is the effect of the accounting change is 1,314,744,282 TRY has been accounted for in “Other Income from Operating Activities”.

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

The registered capital ceiling of the Company is 1,000,000,000 TRY. As of 31 December 2021, the share capital of the Company is 150,000,000 TRY (31 December 2020: 150,000,000 TRY, 31 December 2019: 45,000,000 TRY).

As of 31 December 2021, the number of employees of the Company is 6 (31 December 2020: 119 employees, 31 December 2019: 96 employees).

The Company evaluates its financial investments at their fair value since the Company is considered as an investment entity as of 1 January 2021. Investco Holding A.Ş. owned 100% of Investat Holding Ltd. and owned 63.56% of Verusa Holding as of 31 December 2020.

The ultimate controlling parties of the Company are Mustafa Ünal and Reha Çırak. The Company’s public offering has been approved for the capital market.

Approval of the financial statements

The financial statements have been approved by the Board of Directors and authorized for issue on 11 January 2022. The General Assembly has the authority to amend the financial statements.

INVESTCO HOLDİNG A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021, 2020 AND 2019

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

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance in Turkish Accounting Standards (“TAS”)

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

The financial statements and disclosures have been prepared in accordance with the resolution of CMB dated 7 June 2013. The financial statements and disclosures are prepared in accordance with the TAS classification, issued by Public Oversight Accounting and Auditing Standards Authority (“POA”).

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

Functional and Presentation Currency

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

Adjustment of the Financial Statements in Hyperinflationary Periods

In accordance with the communiqué issued by CMB, for companies that operate in Turkey and prepare their financial statements applying Turkish Accounting Standards, it is decided not to apply inflation accounting from 1 January 2005 which is published on 17 March 2005 numbered 11/367. Accordingly, as of 1 January 2005 No:29 “Financial reporting in Hyperinflationary Economies” (“TAS 29”) was not applied.

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

The financial statements of the Company have been prepared comparatively with the prior period in order to give information about financial position and performance. In order to maintain consistency with current year financial statements, comparative information is reclassified and significant changes are disclosed if necessary.

INVESTCO HOLDING A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021, 2020 AND 2019

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

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

2.1 Basis of Presentation (cont'd)

The Company evaluates its financial investments at their fair value since the Company is considered as an investment entity as of 1 January 2021. Investco Holding A.Ş. owns 100% (31 Aralık 2019 : 100%) of Investat Holding Ltd. and owns 63.56% (31 Aralık 2019 : 62.28%) of Verusa Holding as of 31 December 2020.

As of 31 December 2020, the consolidation principles are as follows;

The information of Verusa Holding and its subsidiaries are as follows:

Subsidiaries	Verusa Holding's effective shares (%)		Effective Shareholding and Voting Rights (%)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Galata Altın İşletmeleri A.Ş.	100,00	-	100,00	-
Standard Boksit İşletmeleri A.Ş.	100,00	100,00	100,00	100,00
Verusaturk Girişim Sermayesi Yatırım Ortaklığı A.Ş.	72,00	68,22	72,00	68,22
Pamukova Elektrik Üretim A.Ş.	85,72	83,79	100,00	100,00
Tortum Elektrik Üretim A.Ş.	85,72	84,70	100,00	100,00
Pamel Yenilenebilir Elektrik Üretim A.Ş.	60,01	-	70,00	-
Ata Elektrik Enerjisi Toptan Satış A.Ş.	100,00	100,00	100,00	100,00
Aciselsan Acıpayam Selüloz San. ve Tic. A.Ş.	47,30	47,30	47,30	47,30

Considering the board structure and free float ratio, Aciselsan Acıpayam Selüloz San. ve Tic. A.Ş. has been considered as a subsidiary.

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

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

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

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

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

INVESTCO HOLDING A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021, 2020 AND 2019

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

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

2.1 Basis of Presentation (cont'd)

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

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries as of 31 December 2020

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

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

Share in associates

Investco Holding A.Ş. owns 63.56% of Verusa Holding (2019: 62.28%). The information of associates of Verusa Holding:

Associates	Verusa Holding's effective shares (%)		Effective Shareholding and Voting Rights (%)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Aldem	40.75	40.75	40.75	40.75
Innoted	33.67	46.67	33.67	46.67

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

According to the equity method, associates are shown on the balance sheet at the amount obtained by subtracting any impairment in the associate from the amount of the cost of the adjustment of the net assets of the associate after the acquisition as the share of the Group in the aftermath of the change. The associate shall not be allowed to record losses that exceed the Group's share of the associate (including any long-term investment that essentially constitutes part of the Group's net investment in the associate). Provision for additional loss is the case if the Group has been exposed to legal or collective obligations or has made payments on behalf of the associate. Gains and losses arising from transactions between one of the Group companies and a subsidiary of the Group are eliminated from the share of the Group in the relevant subsidiary.

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

2.2 Changes in Accounting Policies

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

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

2.3 Changes and Mistakes in Accounting Estimates

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

2.4 New and Amended Turkish Financial Reporting Standards

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

- **Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2;** effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.
- **Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9;** effective from annual periods beginning on or after 1 January 2023. These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.

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

- **Amendment to IFRS 16, ‘Leases’ – Covid-19 related rent concessions Extension of the Practical expedient;** as of March 2021, this amendment extended till June 2022 and effective from 1 April 2021. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.
- **IFRS 17, ‘Insurance contracts’;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

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

2.4 **New and Amended Turkish Financial Reporting Standards (cont'd)**

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

- **Amendments to IAS 1, Presentation of financial statements' on classification of liabilities;** effective date deferred until accounting periods starting not earlier than 1 January 2024. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.
- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from Annual periods beginning on or after 1 January 2022.
 - **Amendments to IFRS 3,** 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
 - **Amendments to IAS 16,** 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
 - **Amendments to IAS 37,** 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

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

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

2.5 Summary of Significant Accounting Policies

Investment Entity

Investment entity in accordance with TFRS 10 Consolidated Financial Statements is an entity that; (a) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services, (b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both and (c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

In assessing whether it meets the definition described above, an entity shall consider whether it has the following typical characteristics of an investment entity:

- (a) It has more than one investment,
- (b) It has more than one investor,
- (c) It has investors that are not related parties of the entity and
- (d) It has ownership interests in the form of equity or similar interests.

An entity defined as an investment entity in accordance with paragraphs 27 and 28 of “TFRS 10 Consolidated Financial Statements”; In accordance with paragraph 31 of that standard, an investment entity does not consolidate its subsidiaries or apply IFRS 3 when it acquires control of another entity. Instead, an investment entity measures its investment in a subsidiary at fair value through profit or loss in accordance with IFRS 9.

Related Parties

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

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

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

INVESTCO HOLDING A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021, 2020 AND 2019

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

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

Related Parties (cont'd)

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

Revenue

As of 1 January 2021, revenues consist of net profit/loss from sales of financial investments, fair value differences of investments held, dividend income from equity investments.

The profit/loss arising from the sale of financial investments is accounted at the time of the sale.

Revenue recognition conditions of the Company until 31 December 2020; 1) The Company transfers all the significant risks and rewards of ownership to the buyer, 2) The Company does not have an ongoing administrative involvement associated with ownership and has no effective control over the goods sold, 3) Reliable measurement of the amount of revenue, 4) It is probable that the economic benefits associated with the transaction will flow to the entity, 5) Reliable measurement of the costs incurred or to be incurred by the transaction.

Cellulose Sales: Revenues were recognized in the financial statements at the transaction cost. The transaction fee was the amount that the entity expects to receive in return for the transfer of the goods to the customer, except for the amounts collected on behalf of third parties. When the control of the property was transferred to its customers, the Company reflects the related amount as revenue in its financial statements.

Electricity Sales: The company operated to sell wholesale and direct sales electricity power.

Venture Capital : Venture capital investments refer to the investments made in the non-public shares of companies whose stocks are not traded on the stock exchange or the companies whose stocks are traded on the stock exchange, and the company's venture capital investments are recorded as revenue when sold.

The increase or decrease in the fair value of the financial assets was accounted for as "Other Income/Expenses from Operating Activities" by the Company before 1 January 2021. After this date, the increase or decrease in the fair value of the financial assets began to be recognized as revenue due to the fact that the Company is considered as an investment entity.

Cash and Cash Equivalents

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

Financial Instruments

Financial assets

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

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

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets (cont'd)

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

Classification of financial assets

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

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

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

(i) Amortised cost and effective interest method

Interest income on financial assets carried at amortized cost is calculated using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

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

Dividends obtained from equity instruments are accounted in profit or loss in accordance with TFRS 9, unless they are part of the recovery of part of the investment cost.

Interest income is recognized in profit or loss.

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

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

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

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

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

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets (cont'd)

Impairment of financial assets

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

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

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

Measurement and accounting of expected credit losses

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

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

Derecognition of financial assets

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

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

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

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial liabilities

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

A financial liability is subsequently classified at amortized cost except:

- (a) Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.
- (b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Group continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognised in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Company continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.
- (c) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where TFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

The Company did not reclassify any financial liability as a result of the above accounting policy.

Derecognition of financial liabilities

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

Loans and receivables

Loans and receivables (trade and other receivables, bank balances, cash and others) are carried at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate method unless the effect of rediscount is significant.

INVESTCO HOLDING A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021, 2020 AND 2019

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

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

2.5 Summary of Significant Accounting Policies (cont'd)

Impairment in Assets

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

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

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

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

Borrowing Costs and Receivable Loans

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

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

Foreign Currency Balances and Transactions

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

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

2.5 Summary of Significant Accounting Policies (cont'd)

Foreign Currency Balances and Transactions (cont'd)

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

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

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on those foreign currency borrowings,

Provisions, Contingent Assets and Liabilities

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

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

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

Corporate Taxes

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

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

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

2.5 Summary of Significant Accounting Policies (cont'd)

Corporate Taxes (cont'd)

Current Tax

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

Deferred tax

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

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

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

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

Current and deferred tax for the period

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

INVESTCO HOLDING A.Ş.

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

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

2.5 Summary of Significant Accounting Policies (cont'd)

Segment Reporting

As the Company is considered as an investment entity as of 1 January 2021, there is no segment reporting as of 31 December 2021.

As of 31 December 2020, in terms of management accounting, the Group has been divided into five groups: venture capital, electricity wholesale, cellulose manufacturing, energy and holding activities. These distinctions form the basis for financial reporting, according to departments.

Statement of Cash Flows

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

Shares and Dividends

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

Events After the Reporting Period

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

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

2.6 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Critical judgments in applying the Company's accounting policies

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

Deferred tax

The Company calculates deferred tax liability based on difference of fair value and cost of shares of Verusa Holding A.Ş. and Enda Enerji Holding A.Ş. The related deferred tax liability is calculated with a 5% tax rate, assuming that 75% corporate tax exemption will be used for the gain from the sale of shares in the corporate tax law. The difference between the cost of the shares and their fair value is 2,295,928,663 TRY that should be considered as a deferred tax basis.

The calculation of the fair values of the financial investments

The fair value of the Company's financial assets, that are classified as fair value through profit or loss, has been determined by independent valuation which are held and 7 January 2022, 14 February 2021 and 2020 for Enda Enerji Holding A.Ş. In the independent valuation, adjusted net asset, discounted cash flows ("DCF") and market multiples ("equivalence value") have been used together or separately as deemed appropriate by the valuation expert. The fair values of the investments have been calculated by using the weighted average of the fair values calculated according to different methods.

INVESTCO HOLDİNG A.Ş.

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3. INTERESTS IN OTHER ENTITIES

There is no interests in other entities as of 31 December 2021 since the Company is considered as an investment entity as of 1 January 2021.

Verusa Holding A.Ş., the subsidiary of the Company, performed the following transactions in the years ended 31 December 2020 and 2019.

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

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

The 80% unlisted share of Pamel Yenilenebilir Elektrik Üretim A.Ş. (previous title Pamukova Yenilenebilir Elektrik Üretim A.Ş.) was purchased by our subsidiary Pamukova Elektrik Üretim A.Ş. on September 30, 2020. 'Negative Goodwill' amounting to 9,028,886 TRY has been recognized in the income statement (Note: 20). Pamukova Elektrik Üretim A.Ş. sold 10% of Pamukova Yenilenebilir Elektrik Üretim A.Ş. between 20 - 24 December 2020.

2019: Verusa Holding A.Ş. purchased 1,340,474 Verusaturk Girişim Sermayesi Yatırım Ortaklığı A.Ş. shares. With this transaction, Verusa Holding's share in the Verusaturk capital is the 68.22 % limit as of 31 December 2019.

Verusa Holding A.Ş. has purchased and sold its own shares in the stock exchange.

INVESTCO HOLDING A.Ş.

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3. INTERESTS IN OTHER ENTITIES (cont'd)

a) Subsidiaries

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

i) The Group owns 63.56% of the capital of Verusa Holding A.Ş. as of 31 December 2020 (31 December 2019: 62.28%). The Group fully consolidates Verusa Holding A.Ş. as it has control power over Verusa Holding A.Ş.

The consolidated financial information of the Group's subsidiary Verusa Holding A.Ş. for the years ended 31 December 2020 and 2019 are as follows;

Verusa Holding A.Ş.	31 December 2020	31 December 2019
Current assets	542.961.701	366.396.352
Non-current assets	208.530.264	124.296.416
Current liabilities	21.518.535	16.071.602
Non-current liabilities	133.557.231	68.936.086
Equity attributable to main shareholding	319.140.897	216.101.591
Non-controlling shares	277.275.302	189.583.489
	1 January- 31 December 2020	1 January- 31 December 2019
Revenue	54.971.946	82.493.220
Income / (Expenses)	105.088.397	(6.834.974)
Profit for the period	160.060.343	75.658.246
Profit/loss for the period attributable to:		
Main shares of the Company	92.525.729	44.120.238
Non-controlling shares	67.534.614	31.538.008
Profit / (loss) for the period	160.060.343	75.658.246
Total comprehensive income attributable to:		
Main shares of the Company	94.079.460	46.314.332
Non-controlling shares	69.057.061	34.214.916
Total comprehensive income	163.136.521	80.529.248

The details of the non-controlling interests of Verusa Holding A.Ş.'s subsidiaries can be seen in its consolidated financial statements because of the Company's subsidiary Verusa Holding A.Ş. is public company.

INVESTCO HOLDİNG A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021, 2020 AND 2019

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3. INTERESTS IN OTHER ENTITIES (cont'd)

a) Subsidiaries (cont'd)

Accounting policy selection for non-controlling interests

The Group recognized the non-controlling interests at fair value or the proportional share of the non-controlling interests over the net identifiable assets of the purchased business. This decision is made individually for each purchase. For non-controlling interests of Pamel Yenilenebilir Elektrik Üretim A.Ş., the Group has chosen to recognize for non-controlling interests over its proportional share of its net identifiable assets.

The book values of the net assets in the financial statements of Pamel Yenilenebilir Elektrik Üretim A.Ş. prepared on acquisition date 30 September 2020 are as follows:

Pamel Yenilenebilir Elektrik Üretim A.Ş.	30 September 2020
Cash and cash equivalents	2,413,987
Trade receivables	6,810
Other receivables	226,015
Property, plant and equipment	59,681,450
Intangible assets	11,383
Deferred tax assets	1,407,932
Trade payables	(60,794)
Other short-term borrowings and provisions	(277,152)
Long-term borrowings	(24,714,238)
Long-term provisions	(106,785)
Net book value of assets	38,588,608
Total cost of purchase	21,842,000
Purchased portion of net assets (80%)	30,870,886
Earnings from the purchase	9,028,886
Purchase cost	21,842,000
The amount paid in advance	21,342,000
Amount to be paid	500,000
Cash outflow for the purchase of subsidiary, net of cash acquired	
The amount paid in advance	21,342,000
Less: Cash and cash equivalents purchased	(2,413,987)
Net cash outflow	18,928,013

b) Associates

The details of investments accounted for with equity method as of 31 December 2020 and 2019 are as follows:

Associates	Place of incorporation	Functional currency	31 December 2020	%	31 December 2019	%
Aldem Çelik Endüstri San. ve Tic. A.Ş.	Istanbul	Turkish Lira	15,150,806	40.75	7,881,627	40.75
Innoted Teknoloji A.Ş.	Istanbul	Turkish Lira	828,926	33.67	552,559	46.67
Total			15,979,732		8,434,186	

INVESTCO HOLDİNG A.Ş.**NOTES TO THE AUDITED FINANCIAL STATEMENTS
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4. RELATED PARTY DISCLOSURES**Balances with related parties;**

Trade receivables from related parties	Current		
	31 December 2021	31 December 2020	31 December 2019
EPIAŞ - Enerji Piyasaları İşletme A.Ş.	-	213,685	290,539
	-	213,685	290,539

Other payables to related parties	Current		
	31 December 2021	31 December 2020	31 December 2019
Payables to board members (*)	-	84,935,700	9,711,500

(*) As of 31 March 2021, payables to board members fully paid off and it is due to short-term transactions.

Transaction with related parties;

Service expense	1 January- 31 December 2021	1 January- 31 December 2020	1 January- 31 December 2019
EPIAŞ - Enerji Piyasaları İşletme A.Ş.	-	2,124,634	2,935,799

Interest income	1 January- 31 December 2021	1 January- 31 December 2020	1 January- 31 December 2019
Verusa Holding A.Ş.	23,585,532	-	-

Rediscount income	1 January- 31 December 2021	1 January- 31 December 2020	1 January- 31 December 2019
Verusa Holding A.Ş.	71,202,015	-	-

The detail of compensation of key management personnel is as follows:

	1 January- 31 December 2021	1 January- 31 December 2020	1 January- 31 December 2019
Salaries and other short-term benefits (*)	27,196	3,838,370	2,708,138

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

INVESTCO HOLDİNG A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021, 2020 AND 2019

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5. OPERATING SEGMENTS

There is no segment reporting as of 31 December 2021 since the Company is considered as an investment entity as of 1 January 2021.

As of 31 December 2020, in terms of management accounting, the Group's activities are divided into five activity groups: venture capital, electrical energy wholesale, cellulose and energy production. These distinctions form the basis of financial reporting according to the sections below. Group management has determined its operating segments based on the reports reviewed by the Board of Directors and that are effective in making strategic decisions. The Board of Directors, which took the strategic decisions, was determined as the authority to make decisions regarding the activities of the Group. The reports, which are regularly reviewed by the competent authority to decide on group activities, consist of the Group's consolidated TFRS figures.

	1 January - 31 December 2020						
	Holding Operations	Venture Fund	Cellulose Production	Wholesale of electricity energy	Generation of Energy	Eliminations	Total
Revenue	-	-	47,660,506	4,038,636	4,975,629	(1,702,825)	54,971,946
Operating income	-	-	47,660,506	4,038,636	4,975,629	(1,702,825)	54,971,946
Cost of sales (-)	-	-	(34,994,422)	(3,621,264)	(3,644,537)	1,696,214	(40,564,009)
Gross profit	-	-	12,666,084	417,372	1,331,092	(6,611)	14,407,937
Marketing expenses (-)	-	-	(1,127,746)	(182,686)	-	-	(1,310,432)
Administrative expenses (-)	(5,986,709)	(3,174,856)	(2,891,186)	(693,804)	(2,016,934)	130,578	(14,632,911)
Income from other operating activities	149,600,464	185,648,736	1,442,971	3,891,318	109,360,939	(194,959,901)	254,984,527
Expense from other operating activities (-)	(1,076,152)	(490,431)	(680,124)	(428,505)	(388,188)	(56,720)	(3,120,120)
Operating profit	142,537,603	181,983,449	9,409,999	3,003,695	108,286,909	(194,892,654)	250,329,001
Shares in the profits / (losses) of investments accounted for using the equity method	-	-	-	-	-	7,545,546	7,545,546
Income / expense from investing activities	444,942	-	3,580,161	-	86,220	(747,899)	3,363,424
Finance income	13,845,163	-	-	20,756	429,544	(13,870,397)	425,066
Finance expense	(28,084,219)	(244,059)	(71,400)	(526,248)	(6,498,950)	14,775,866	(20,649,010)
Profit before tax	128,743,489	181,739,390	12,918,760	2,498,203	102,303,723	(187,189,538)	241,014,027
Tax (expense) / income	(20,218,197)	-	(2,467,738)	(19,752)	(9,144,351)	4,723,002	(27,127,036)
Profit / (loss) for the period	108,525,292	181,739,390	10,451,022	2,478,451	93,159,372	(182,466,536)	213,886,991

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5. OPERATING SEGMENTS (cont'd)

	1 January - 31 December 2019						Total
	Holding Operations	Venture Fund	Cellulose Production	Wholesale of electricity energy	Generation of Energy	Eliminations	
Revenue	-	31,606,665	42,939,006	5,560,214	3,807,981	(1,420,646)	82,493,220
Operating income	-	31,606,665	42,939,006	5,560,214	3,807,981	(1,420,646)	82,493,220
Cost of sales (-)	-	(29,858,400)	(34,800,370)	(5,034,951)	(2,267,350)	1,413,500	(70,547,571)
Gross profit	-	1,748,265	8,138,636	525,263	1,540,631	(7,146)	11,945,649
Marketing expenses (-)	-	-	(1,053,807)	(212,654)	(153,953)	-	(1,420,414)
Administrative expenses (-)	(5,502,569)	(2,824,510)	(2,108,177)	(869,622)	(1,673,190)	122,004	(12,856,064)
Income from other operating activities	126,925,317	32,485,204	946,532	4,345,996	39,727,266	(103,273,598)	101,156,717
Expense from other operating activities (-)	(22,686,841)	(778)	(705,323)	215,176	(215,092)	21,767,499	(1,625,359)
Operating profit	98,735,907	31,408,181	5,217,861	4,004,159	39,225,662	(81,391,241)	97,200,529
Shares in the profits / (losses) of investments accounted for using the equity method	-	-	-	-	-	845,910	845,910
Income / expense from investing activities	-	-	5,998,585	-	-	(290,570)	5,708,015
Finance income	8,755,712	-	-	37,496	879,322	(9,090,298)	582,232
Finance expense	(17,217,158)	(226,097)	(148,582)	(1,158,870)	(4,359,486)	12,460,589	(10,649,604)
Profit before tax	90,274,461	31,182,084	11,067,864	2,882,785	35,745,498	(77,465,610)	93,687,082
Tax (expense) / income	(3,273,131)	-	(1,762,101)	(329,642)	(2,155,789)	-	(7,520,663)
Profit / (loss) for the period	87,001,330	31,182,084	9,305,763	2,553,143	33,589,709	(77,465,610)	86,166,419

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5. OPERATING SEGMENTS (cont'd)

Details of segment assets and liabilities according to segments as of 31 December 2020 and 2019 are as follows:

Statement of financial position	31 December 2020						
	Holding Activities	Venture Fund	Cellulose Production	Wholesale of electricity energy	Generation of Energy	Eliminations	Total
Total assets	701,177,047	376,213,008	61,359,763	23,582,545	496,032,232	(683,473,855)	974,890,740
Liabilities	(202,997,918)	(12,221,654)	(9,383,072)	(5,269,337)	(64,483,186)	98,629,649	(195,725,518)

Statement of financial position	31 December 2019						
	Holding Activities	Venture Fund	Cellulose Production	Wholesale of electricity energy	Generation of Energy	Eliminations	Total
Total assets	459,929,212	181,843,763	49,448,081	22,906,382	303,477,126	(421,593,452)	596,011,112
Liabilities	(99,857,100)	(198,139)	(7,566,326)	(7,071,623)	(24,380,086)	44,436,515	(94,636,759)

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

The details of investment expenditures and depreciation and amortization charges according to industrial segments as of 31 December 2020 and 2019 are as follows:

	31 December 2020					
	Holding Activities	Venture Fund	Cellulose Production	Wholesale of electricity energy	Generation of Energy	Total
Investment expenses	7,288	-	722,092	-	8,950,722	9,680,102
Depreciation and amortization expenses for the period	(17,659)	(7,877)	(563,462)	(18,333)	(1,827,427)	(2,434,758)

	31 December 2019					
	Holding Activities	Venture Fund	Cellulose Production	Wholesale of electricity energy	Generation of Energy	Total
Investment expenses	37,664	-	1,200,092	-	4,092,818	5,330,574
Depreciation and amortization expenses for the period	(91,125)	(19,710)	(510,300)	(27,632)	(1,343,649)	(1,992,416)

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6. TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables	31 December 2021	31 December 2020	31 December 2019
Trade receivables	-	13,021,478	22,164,470
<i>-Trade receivables from related parties (Note:4)</i>	-	213,685	290,539
<i>-Other receivables</i>	-	12,807,793	21,873,931
Notes receivable	-	7,500	500,000
Provision for doubtful receivables (-)	-	(2,689,975)	(1,983,299)
	-	10,339,003	20,681,171

Movement of doubtful receivables	1 January- 31 December 2021	1 January- 31 December 2020	1 January- 31 December 2019
Opening balance	2,689,975	1,983,299	1,860,133
Transition to investment entity (Note: 1)	(2,689,975)	-	-
Charge for the period	-	706,676	281,533
Collections and uncollectible receivables	-	-	(158,367)
Closing	-	2,689,975	1,983,299

Short-term trade payables	31 December 2021	31 December 2020	31 December 2019
Trade payables	238,668	4,227,723	11,287,989
<i>- Trade payables to third parties</i>	238,668	4,227,723	11,287,989
	238,668	4,227,723	11,287,989

7. PREPAID EXPENSES AND DEFERRED INCOME

Short-term prepaid expenses	31 December 2021	31 December 2020	31 December 2019
Advances given for purchases	2,743	60,852	28,040
Prepaid expenses	-	106,618	54,296
	2,743	167,470	82,336

Long-term prepaid expenses	31 December 2021	31 December 2020	31 December 2019
Prepaid expenses	11,827	96,829	105,684
	11,827	96,829	105,684

8. OTHER RECEIVABLES AND PAYABLES

Other current receivables	31 December 2021	31 December 2020	31 December 2019
Deposits and guarantees given	-	714,612	623,193
Receivables from tax offices	-	98,172	547,515
Other receivables	-	50,922	281,081
	-	863,706	1,451,789

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8. OTHER RECEIVABLES AND PAYABLES (cont'd)

	31 December	31 December	31 December
Other current payables	2021	2020	2019
Other payables to related parties	-	84,935,700	9,711,500
Other miscellaneous payables	-	593,164	768,554
Deposits and guarantees received	-	12,000	12,000
	-	85,540,864	10,492,054
	31 December	31 December	31 December
Other non-current receivables	2021	2020	2019
Deposits and guarantees given	181,685	808,621	596,028
	181,685	808,621	596,028

9. INVENTORIES

	31 December	31 December	31 December
	2021	2020	2019
Raw material	-	5,997,898	4,650,381
Work in process	-	884,848	478,386
Finished goods	-	2,167,068	838,323
Goods in transit	-	1,387,901	1,079,945
Other	-	8,200	7,319
	-	10,445,915	7,054,354

10. COMMITMENTS

As of 31 December 2021, there are no collateral, pledges and mortgages.

31 December 2020	TL Equivalent	TL	EUR	USD
CPM given on behalf on fully consolidated companies				
<i>-Collateral</i>	15,593,977	1,541,653	1,560,000	-
<i>-Pledge</i>	40,000,000	40,000,000	-	-
Total	55,593,977	41,541,653	1,560,000	-
31 December 2019	TL Equivalent	TL	EUR	USD
CPM given on behalf on fully consolidated companies				
<i>-Collateral</i>	17,777,432	2,315,550	2,324,885	-
Total	17,777,432	2,315,550	2,324,885	-

Guarantees given are given against loans. The ratio of other CPMs given by the Group to the equity of the Group is zero.

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11. PROPERTY, PLANT AND EQUIPMENT

Cost Value	Land	Buildings	Plants, machinery and equipments	Motor vehicles	Furniture and fixture	Hydroelectric power plant	Other tangible fixed assets	Construction in progress	Total
Opening balances of 1 January 2021	6,044,290	5,191,495	5,147,879	817,878	1,016,750	120,671,958	685,694	19,401,557	158,977,501
Additions	-	10,200,000	-	-	17,529	-	-	-	10,217,529
Transition to investment entity (Note: 1)	(6,044,290)	(5,191,495)	(5,147,879)	(817,878)	(949,695)	(120,671,958)	(685,694)	(19,401,557)	(158,910,446)
Closing balance as of 31 December 2021	-	10,200,000	-	-	84,584	-	-	-	10,284,584
Accumulated Depreciation									
Opening balances of 1 January 2021	-	(2,641,495)	(1,571,942)	(527,550)	(557,509)	(11,779,683)	(234,536)	-	(17,312,715)
Charge of the year	-	(51,000)	-	-	(7,233)	-	-	-	(58,233)
Transition to investment entity (Note: 1)	-	2,641,495	1,571,942	527,550	513,358	11,779,683	234,536	-	17,268,564
Closing balance as of 31 December 2021	-	(51,000)	-	-	(51,384)	-	-	-	(102,384)
Carrying values as of 31 December 2021	-	10,149,000	-	-	33,200	-	-	-	10,182,200

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

Cost Value	Land	Buildings	Plants, machinery and equipments	Motor vehicles	Furniture and fixture	Hydroelectric power plant	Other tangible fixed assets	Construction in progress	Total
Opening balances of 1 January 2020	5.644.290	5.014.434	4.514.321	1.122.494	817.230	54.952.229	667.818	10.602.375	83.335.191
Additions	-	-	77.785	-	97.493	96.112	17.876	9.354.955	9.644.221
Revaluation fund	400.000	177.061	-	-	-	2.860.587	-	-	3.437.648
Acquisition of subsidiary	-	-	-	-	102.027	62.763.030	-	-	62.865.057
Disposals	-	-	-	(304.616)	-	-	-	-	(304.616)
Transfers	-	-	555.773	-	-	-	-	(555.773)	-
Closing balance as of 31 December 2020	6.044.290	5.191.495	5.147.879	817.878	1.016.750	120.671.958	685.694	19.401.557	158.977.501
Accumulated Depreciation									
Opening balances of 1 January 2020	-	(2.559.434)	(1.311.869)	(682.747)	(441.584)	(6.852.229)	(185.169)	-	(12.033.032)
Charge of the year	-	(82.061)	(260.073)	(149.419)	(95.348)	(1.764.424)	(49.367)	-	(2.400.692)
Acquisition of subsidiary	-	-	-	-	(20.577)	(3.163.030)	-	-	(3.183.607)
Disposals	-	-	-	304.616	-	-	-	-	304.616
Closing balance as of 31 December 2020	-	(2.641.495)	(1.571.942)	(527.550)	(557.509)	(11.779.683)	(234.536)	-	(17.312.715)
Carrying values as of 31 December 2020	6.044.290	2.550.000	3.575.937	290.328	459.241	108.892.275	451.158	19.401.557	141.664.786

There are no pledges and mortgages on tangible assets. There is a commercial pledge amounting to 40,000,000 TRY related to loans of Pamel Yenilenebilir Elektrik Üretim A.Ş. acquired on 30 September 2020.

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

Cost Value	Land	Buildings	Plants, machinery and equipments	Motor vehicles	Furniture and fixture	Hydroelectric power plant	Other tangible fixed assets	Construction in progress	Total
Opening balances of 1 January 2019	3,969,469	4,738,760	3,512,445	1,631,942	661,488	51,331,396	643,629	6,858,111	73,347,240
Additions	128,473	-	446,729	264,932	155,742	-	24,189	4,299,411	5,319,476
Revaluation fund	1,546,348	275,674	-	-	-	3,620,833	-	-	5,442,855
Disposals	-	-	-	(774,380)	-	-	-	-	(774,380)
Transfers	-	-	555,147	-	-	-	-	(555,147)	-
Closing balance as of 31 December 2019	5,644,290	5,014,434	4,514,321	1,122,494	817,230	54,952,229	667,818	10,602,375	83,335,191
Accumulated Depreciation									
Opening balances of 1 January 2019	-	(2,488,760)	(1,101,394)	(588,425)	(359,409)	(5,581,396)	(133,629)	-	(10,253,013)
Charge of the year	-	(70,674)	(210,475)	(270,614)	(82,175)	(1,270,833)	(51,540)	-	(1,956,311)
Disposals	-	-	-	176,292	-	-	-	-	176,292
Closing balance as of 31 December 2019	-	(2,559,434)	(1,311,869)	(682,747)	(441,584)	(6,852,229)	(185,169)	-	(12,033,032)
Carrying values as of 31 December 2019	5,644,290	2,455,000	3,202,452	439,747	375,646	48,100,000	482,649	10,602,375	71,302,159

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

	<u>Useful life</u>
Buildings	30 - 50 years
Property, plant and equipment	3 - 20 years
Vehicles	5 years
Furniture and fixture	3 - 20 years
Hydroelectric power plant	15 - 40 years
Other tangible assets	3 - 5 years

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

Depreciation and amortization expense of 64,247 TRY (2020: 203,319 TRY, 2019: 268,270 TRY) has been charged in general administrative expenses. In the period of 1 January – 31 December 2021, there are no depreciation and amortization expenses in the cost of sales and marketing expenses. (2020: 35,912 TRY, 2019: 27,248 TRY in marketing expense and 2020: 2,195,527 TRY, 2019: 1,696,898 TRY in cost of sales)

The Company has no property, plant and equipment acquired through finance lease (31 December 2020 and 2019: None).

The hydroelectric power plants owned by the Company through its subsidiaries as of 31 December 2021 and 2020 are shown with their revaluation amount which is the accumulated depreciation deducted from the fair value at the date of the revaluation. The fair value is determined by Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş., which is an independent valuation company. Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş. is authorized and certified by the CMB and provides real estate valuation services in accordance with the capital market legislation. The Company acquired a new hydroelectric power plant by acquisition a subsidiary on 30 September 2020. The fair value of the hydroelectric power plant was determined by the discounted cash flow method. During the license period (2056), 8.95% discount rate (31 December 2019: 8.40%) in US Dollars was used. Due to the fact that the power plant is included in the scope of Yekdem together with the amount of production, the fixed sale price of the Yekdem period (2024) and then the estimated US Dollar electricity sales prices were used.

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

	31 December 2021	Fair value as at 31 December 2021		
		Level 1 TRY	Level 2 TRY	Level 3 TRY
Land	-	-	-	-
Buildings (*)	10,149,000	-	10,149,000	-
Hydroelectric power plant	-	-	-	-
	31 December 2020	Fair value as at 31 December 2020		
		Level 1 TRY	Level 2 TRY	Level 3 TRY
Land	6,044,290	-	6,044,290	-
Buildings	2,550,000	-	2,550,000	-
Hydroelectric power plant	108,892,275	-	-	108,892,275
	31 December 2019	Fair value as at 31 December 2019		
		Level 1 TRY	Level 2 TRY	Level 3 TRY
Land	5,644,290	-	5,644,290	-
Buildings	2,455,000	-	2,455,000	-
Hydroelectric power plant	48,100,000	-	-	48,100,000

(*) Net book value has been evaluated as its fair value due to purchase in 2021.

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12. INTANGIBLE ASSETS

	Rights	Other intangible fixed assets	Total
Cost Value			
Balances of 1 January 2021	572,063	20,000	592,063
Additions	1,150	11,207	12,357
Transition to investment entity (Note: 1)	(563,419)	-	(563,419)
Closing balance as of 31 December 2021	9,794	31,207	41,001
Accumulated Depreciation			
Balances of 1 January 2021	(451,918)	(18,525)	(470,443)
Transition to investment entity (Note: 1)	444,994	1,721	446,715
Charge of the year	(1,607)	(4,407)	(6,014)
Closing balance as of 31 December 2021	(8,531)	(21,211)	(29,742)
Carrying values as of 31 December 2021	1,263	9,996	11,259
Cost Value			
Balances of 1 January 2020	524,799	20,000	544,799
Additions	35,881	-	35,881
Acquisition of subsidiary	11,383	-	11,383
Closing balance as of 31 December 2020	572,063	20,000	592,063
Accumulated Depreciation			
Balances of 1 January 2020	(419,711)	(16,666)	(436,377)
Charge of the year	(32,207)	(1,859)	(34,066)
Closing balance as of 31 December 2020	(451,918)	(18,525)	(470,443)
Carrying values as of 31 December 2020	120,145	1,475	121,620
Cost Value			
Balances of 1 January 2019	518,701	15,000	533,701
Additions	6,098	5,000	11,098
Closing balance as of 31 December 2019	524,799	20,000	544,799
Accumulated Depreciation			
Balances of 1 January 2019	(385,272)	(15,000)	(400,272)
Charge of the year	(34,439)	(1,666)	(36,105)
Closing balance as of 31 December 2019	(419,711)	(16,666)	(436,377)
Carrying values as of 31 December 2019	105,088	3,334	108,422

The useful lives of intangible assets are as follows:

	Useful life
Rights	3-5 years
Other intangible fixed assets	3 years

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13. INVESTMENT PROPERTIES

	<u>Lands and Buildings</u>
Opening balance as of 1 January 2021	22,125,000
Transition to investment entity (Note: 1)	(22,125,000)
Additions	5,084,700
Closing balance as of 31 December 2021	<u>5,084,700</u>
	<u>Lands</u>
Opening balance as of 1 January 2020	18,900,000
Increases from changes in fair value	3,225,000
Closing balance as of 31 December 2020	<u>22,125,000</u>
	<u>Lands</u>
Opening balance as of 1 January 2019	13,148,960
Increases from changes in fair value	5,628,192
Additions	122,848
Closing balance as of 31 December 2019	<u>18,900,000</u>

Fair value measurements of the Company's investment properties

The cost of investment properties purchased in 2021 reflects their fair value.

As of 31 December 2020 and 2019, the fair value of the investment properties of the Group is determined by the independent valuation reports prepared on 30 December 2020 and 30 January 2020, by Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş. which is an independent valuation company. Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş. is authorized by the CMB and provides real estate valuation services in accordance with the capital market legislation. The fair value of the land is determined by market comparative approach reflecting the current transaction prices for similar properties.

As of current period, the company did not use a different technique.

In estimating the fair values of the investment properties, the highest and best use of the property is its current use. Fair value hierarchy of investment properties and related assets is shown in the table below:

		<u>Fair value as at 31 December 2021</u>		
	31 December 2021	Level 1 TL	Level 2 TL	Level 3 TL
Building	5,084,700	-	5,084,700	-
		<u>Fair value as at 31 December 2020</u>		
	31 December 2020	Level 1 TL	Level 2 TL	Level 3 TL
Land	22,125,000	-	22,125,000	-
		<u>Fair value as at 31 December 2019</u>		
	31 December 2019	Level 1 TL	Level 2 TL	Level 3 TL
Land	18,900,000	-	18,900,000	-

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14. OTHER ASSETS AND LIABILITIES

	31 December 2021	31 December 2020	31 December 2019
Other current assets			
VAT carried forward	1,006,184	4,287,686	3,592,085
Job advances	-	21,223	128,078
Personnel advances	-	104,461	587,086
Other VAT	-	610,091	537,759
Other	-	-	6,943
	1,006,184	5,023,461	4,851,951
Other non-current assets			
Other VAT	-	2,228,279	2,820,569
	-	2,228,279	2,820,569
Other current liabilities			
Taxes and funds payables	93,635	845,613	1,232,449
VAT payable	3,525	465,236	329,857
Advances received	-	602,441	490,599
Other current liabilities	-	743,627	654,721
	97,160	2,656,917	2,707,626

15. EMPLOYEE BENEFITS

	31 December 2021	31 December 2020	31 December 2019
Payables related to employee benefits			
Social security premiums paid	25,133	295,129	420,888
Other	-	1,913	45,288
	25,133	297,042	466,176
Short term provision within employment benefits			
	31 December 2021	31 December 2020	31 December 2019
Short-term provision for employee benefits	-	453,253	427,331
	-	453,253	427,331

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15. EMPLOYEE BENEFITS (cont'd)

Long term provision within employment benefits

Provision for severance pay:

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

The amount payable consists of one month's salary limited to a maximum for each year of service as of 31 December 2021 of 8,284.51 TRY (2020: 7,117.17 TRY, 2019: 6,379.86 TRY).

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

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2021, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of 4.20% real discount rate (2020: 4.70%, 2019: 4.86%). Estimated amount of retirement pay not paid due to voluntary leaves is also taken into consideration as 100% for employees, (2020: 91%, 2019: 90.85% for employees). Ceiling amount of 10,596.74 TRY which is in effect since 1 January 2021 is used in the calculation of Companies' provision for retirement pay liability (1 January 2021: 7,638.97 TRY, 1 January 2020: 6,730.15 TRY).

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

The movement of provision for employee benefits is as follows:

	1 January- 31 December 2021	1 January- 31 December 2020	1 January- 31 December 2019
Opening	2,098,235	1,373,033	922,718
Transition to investment entity (Note: 1)	(2,098,235)	-	-
Service cost	52,547	630,394	752,495
Interest expense	-	67,893	40,376
Payments	-	(79,870)	(342,556)
Acquisition of subsidiary	-	106,785	-
Closing	<u>52,547</u>	<u>2,098,235</u>	<u>1,373,033</u>

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16. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Share Capital

The share capital held is as follows:

Shareholders	31 December		31 December		31 December	
	%	2021	%	2020	%	2019
Mustafa Ünal	69.69	104,535,900	69.69	104,535,900	69.69	31,360,770
Reha Çırak	30.31	45,464,100	30.31	45,464,100	30.31	13,639,230
Authorised capital	100	150,000,000	100	150,000,000	100	45,000,000

As of 31 December 2021, the company's capital is 150,000,000 TRY (31 December 2020: 150,000,000 TRY, 31 December 2019: 45,000,000 TRY). This capital consists of 150,000,000 shares each with a nominal value of TRY 1 (31 December 2020: 150,000,000 shares, 31 December 2019: 45,000,000 shares). In the current capital, there are 25,000,000 of Group A shares and 125,000,000 shares of Group B shares (31 December 2020: 150,000,000 shares, 31 December 2019: 45,000,000 shares).

b) Share Premium

As of 31 December 2021, there are no share premium. In 2016, Verusa Holding A.Ş., one of the Group's subsidiaries, increased its share capital by 50,000,000 TRY from share premiums as of 31 December 2020. Accordingly, Investco Holding A.Ş. participated in this capital increase in proportion to its shares and transferred them to retained earnings from the share premiums and accounted.

c) Reserves

	31 December	31 December	31 December
	2021	2020	2019
Restricted reserves appropriated from profit	1,260,293	5,711,417	4,678,307
Other reserves	-	20,756,553	20,338,936
	1,260,293	26,467,970	25,017,243

Other reserves

As of 31 December 2020, other reserves consist of Verusa Holding share due to capital increase of Verusaturk in 2012. This amount has been shown under other reserves since it can not be subject to profit distribution.

Restricted reserves

As of 31 December 2021 legal reserves of the Company is 1,260,293 TRY (31 December 2020: 5,711,417 TRY, 31 December 2019: 4,678,307 TRY).

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is distributions. Under the Turkish Commercial Code, legal reserves can only be used to settle losses and are not available for any other usage unless they exceed 50% of paid-in share capital. Dividend distribution is made in accordance with the articles of association and after deducting the related taxes in TRY terms and allocating the legal reserves mentioned above.

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17. REVENUE AND COST OF SALES

	1 January- 31 December 2021	1 January- 31 December 2020	1 January- 31 December 2019
Sales			
Gain on revaluation on financial investments	336,598,077	-	-
Dividend income	932,983	-	-
Domestic sales	-	15,432,476	18,954,941
Export sales	-	39,942,447	32,679,434
Venture capital investment sales	-	-	31,606,665
Gain or (loss) on revaluation on financial investments	(24,989,217)	-	-
Sales returns (-)	-	(402,977)	(747,820)
	<u>(24,989,217)</u>	<u>54,971,946</u>	<u>82,493,220</u>
Cost of sales			
Cost of venture capital investments	-	-	(29,858,400)
Cost of energy and cellulose sales	-	(40,564,009)	(40,689,171)
	<u>-</u>	<u>(40,564,009)</u>	<u>(70,547,571)</u>

18. ADMINISTRATIVE AND MARKETING EXPENSES

	1 January- 31 December 2021	1 January- 31 December 2020	1 January- 31 December 2019
Marketing expenses	-	(1,310,432)	(1,420,414)
General administrative expenses	(3,461,279)	(14,632,911)	(12,856,064)
	<u>(3,461,279)</u>	<u>(15,943,343)</u>	<u>(14,276,478)</u>
General administrative expenses			
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Personnel expenses	(1,178,870)	(9,103,966)	(7,619,692)
Consulting expenses	(412,366)	(1,844,751)	(1,660,060)
Rent expenses	(515,901)	(1,130,283)	(1,355,008)
Taxes and funds	(157,554)	(427,961)	(395,314)
Travel, accomodation and transportation expenses	(516,570)	(293,316)	(392,688)
Depreciation and amortization expenses (Note: 11, 12)	(64,247)	(203,319)	(268,270)
Dues expenses	(150,703)	(66,460)	(85,897)
Maintanance expenses	(2,728)	(71,790)	(80,392)
Communication expenses	(16,066)	(60,089)	(56,579)
Electricity, water, natural gas expenses	(15,652)	(92,405)	(42,072)
Stationery expenses	(69,475)	(54,691)	(33,168)
Notary expenses	(8,945)	(4,497)	(17,614)
Other expenses	(352,202)	(1,279,383)	(849,310)
	<u>(3,461,279)</u>	<u>(14,632,911)</u>	<u>(12,856,064)</u>

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18. ADMINISTRATIVE AND MARKETING EXPENSES (cont'd)

	1 January- 31 December 2021	1 January- 31 December 2020	1 January- 31 December 2019
Marketing expenses			
Personnel expenses	-	(721,107)	(496,945)
Export expenses	-	(330,608)	(265,133)
Travel, accomodation and transportation expenses	-	(44,298)	(194,340)
Consulting expenses	-	-	(107,771)
Insurance expenses	-	(68,472)	(72,094)
Depreciation and amortization expenses (Note: 11,12)	-	(35,912)	(27,248)
Other expenses	-	(110,035)	(256,883)
	-	(1,310,432)	(1,420,414)

19. EXPENSES BY NATURE

	1 January- 31 December 2021	1 January- 31 December 2020	1 January- 31 December 2019
Personnel expenses	(1,178,870)	(9,825,073)	(8,116,637)
Consulting expenses	(412,366)	(1,844,751)	(1,767,831)
Rent expenses	(515,901)	(1,130,283)	(1,355,008)
Travel, accomodation and transportation expenses	(516,570)	(337,614)	(587,028)
Taxes and funds	(157,554)	(427,961)	(395,314)
Depreciation and amortization expenses (Note: 11, 12)	(64,247)	(239,231)	(295,518)
Export expenses	-	(330,608)	(265,133)
Maintanance expenses	(2,728)	(71,790)	(80,392)
Dues expenses	(150,703)	(66,460)	(85,897)
Insurance expenses	-	(68,472)	(72,094)
Communication expenses	(16,066)	(60,089)	(56,579)
Electricity, water, natural gas expenses	(15,652)	(92,405)	(42,072)
Stationery expenses	(69,475)	(54,691)	(33,168)
Notary expenses	(8,945)	(4,497)	(17,614)
Other expenses	(352,202)	(1,389,418)	(1,106,193)
	(3,461,279)	(15,943,343)	(14,276,478)

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20. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

	1 January- 31 December 2021	1 January- 31 December 2020	1 January- 31 December 2019
<u>Other operating income:</u>			
Transition to investment entity (Note: 1)	1,314,744,282	-	-
Gain on revaluation on financial investments	-	232,228,164	92,368,162
Rediscount interest income	71,202,015	-	-
Bargain purchase income (Note: 3)	-	9,028,886	-
Foreign exchange gains from operations	1,535,173	5,074,529	2,495,744
Gain on revaluation on financial investments	-	1,971,756	3,887,867
Interest income	-	5,247,851	1,058,875
Dividend income	-	809,954	741,341
Other income	355,712	623,387	604,728
	<u>1,387,837,182</u>	<u>254,984,527</u>	<u>101,156,717</u>
<u>Other operating expenses</u>			
Foreign exchange loss from operations	(119,113)	(979,824)	(1,212,351)
Penalty expense	-	(977,758)	(2,872)
Doubtful receivables provisions	-	(706,676)	(169,825)
Other expenses	(225,626)	(455,862)	(240,311)
	<u>(344,739)</u>	<u>(3,120,120)</u>	<u>(1,625,359)</u>

21. FINANCE INCOME / EXPENSES

	1 January- 31 December 2021	1 January- 31 December 2020	1 January- 31 December 2019
Interest income from related parties	23,585,532	-	-
Interest income	932,984	425,066	582,232
	<u>24,518,516</u>	<u>425,066</u>	<u>582,232</u>
Foreign exchange loss from loans	(8,149,927)	(15,650,851)	(3,754,134)
Interest expenses	(1,621,866)	(4,613,243)	(6,666,745)
Commision expenses	(86,832)	(384,916)	(228,725)
	<u>(9,858,625)</u>	<u>(20,649,010)</u>	<u>(10,649,604)</u>

22. INCOME FROM INVESTING ACTIVITIES

	1 January- 31 December 2021	1 January- 31 December 2020	1 January- 31 December 2019
Fair value increase of investment property	-	3,225,000	5,628,192
Gain of fixed assets sold	-	86,220	8,479
Other	-	52,204	71,344
	<u>-</u>	<u>3,363,424</u>	<u>5,708,015</u>

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23. TAXATION ON INCOME

	31 December 2021	31 December 2020	31 December 2019
<u>Current tax liabilities:</u>			
Current tax provision	25,642,906	7,035,991	1,415,024
Less: Prepaid taxes and funds	(1,238,177)	(1,953,153)	(1,016,325)
	<u>24,404,729</u>	<u>5,082,838</u>	<u>398,699</u>
<u>Tax expense on the income statement:</u>			
	1 January- 31 December 2021	1 January- 31 December 2020	1 January- 31 December 2019
Current tax expenses	(25,642,906)	(2,312,989)	(1,415,024)
Deferred tax expenses	(6,651,796)	(24,814,047)	(6,105,639)
Total tax expense	<u>(32,294,702)</u>	<u>(27,127,036)</u>	<u>(7,520,663)</u>
<u>Reconciliation of tax provision:</u>			
Profit for the period	1,711,232,898	241,014,027	93,687,082
	25%	22%	22%
	427,808,225	53,023,086	20,611,158
Tax effects of:			
- expenses that are not deductible in determining taxable profit	45,143	288,169	43,725
- valuation differences on securities that is exempt from taxation	(3,755,745)	(23,701,559)	(14,965,488)
- tax rate change effect	(61,704,660)	-	-
- equity method accounting of investment	-	1,578,068	275,087
- tax effect of consolidation adjustment	-	(4,723,002)	-
- unused tax losses and tax offsets not recognised as deferred tax assets	-	(1,982,032)	(2,075,995)
- Tax effect of transition to investment company	(328,686,070)	-	-
- previously unrecognised and unusual tax losses and tax offsets now recognised deferred tax assets	-	1,433,491	870,196
- other	(1,412,191)	1,210,815	2,761,980
Income tax expense recognised in profit or loss	<u>32,294,702</u>	<u>27,127,036</u>	<u>7,520,663</u>

As of the approval date of these financial statements, the conditions for the inflation adjustment specified in the reiterated article 298/A of the Tax Procedure Law have been met. A law draft providing for a postponement of the implementation of inflation adjustment was submitted to the parliament and a draft communiqué on the implementation of inflation adjustment was opened to opinion by the Turkish Revenue Administration. The company management has not applied inflation accounting in the base financial statements to the corporate tax used in the deferred tax calculation, taking into account the current developments.

Corporate Tax

The Company is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the years and periods.

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

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23. TAXATION ON INCOME (cont'd)

Corporate Tax (cont'd)

In Turkey, advance tax returns are filed on a quarterly basis. The corporate tax rate for the years 2020, 2019 and 2018 has been increased from 20% to 22% within the scope of the "Law on Amendments to Certain Tax Laws and Some Other Laws" numbered 7061 was published in the Official Gazette dated 5 December 2017. The corporate tax rate for 2021 has been increased from 20% to 25%, to %23 for 2022 and the corporate tax rate for 2023 and the following years has been announced as 20% within the scope of the amendment in the Corporate Tax Law that was published in the Official Gazette No: 31462 dated 22 April 2021. Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

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

Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between 24 April 2003 - 22 July 2006 is 10%. Commencing from 22 July 2006, this rate has been applied as 15% upon the Council of Minister's' Resolution No: 2006/10731 and it was reduced from 15% to 10% within the scope of Articles 15 and 30 of the Corporate Tax Law and Article 94 of the Income Tax Law With the Presidential Decision No. 4936 published in the Official Gazette dated 22 December 2021 and numbered 31697. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Withholding tax at the rate of 19.8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, the investments without investment incentive certificates do not qualify for tax allowance.

Deferred Tax

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

Deferred tax assets / (liabilities):	31 December 2021	31 December 2020	31 December 2019
Net differences on depreciation of property, plant and equipment / amortization of other intangible assets	(60,226)	(2,746,199)	(1,149,113)
Revaluation of financial instruments	(116,254,135)	(37,998,978)	(13,990,335)
Provision for employee benefit obligations	10,510	401,451	253,698
Tax losses carried forward	-	4,054,592	2,744,396
Provision for doubtful receivables	-	395,689	152,926
Provision for unused vacation expense	-	88,384	87,328
Other	20,944	231,060	94,684
	<u>(116,282,907)</u>	<u>(35,574,001)</u>	<u>(11,806,416)</u>

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23. TAXATION ON INCOME (cont'd)

Deferred Tax (cont'd)

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

Deferred tax assets / (liability) movement:	1 January- 31 December 2021	1 January- 31 December 2020	1 January- 31 December 2019
Opening balance as of 1 January	(35,574,001)	(11,806,416)	(5,128,924)
Charged to profit or loss	(6,651,796)	(24,814,047)	(6,105,639)
Transition to investment entity (Note: 1)	(74,057,110)	-	-
Acquisition of subsidiary	-	1,407,932	-
Charged to equity	-	(361,470)	(571,853)
Closing balance as of 31 December	<u>(116,282,907)</u>	<u>(35,574,001)</u>	<u>(11,806,416)</u>

Expiration schedule of carry forward tax losses is as follows:

	31 December 2021	31 December 2020	31 December 2019
Expiring in 2020	-	-	3,068,091
Expiring in 2021	-	4,492,088	4,500,061
Expiring in 2022	-	5,121,925	5,121,925
Expiring in 2023	-	3,758,393	2,884,925
Expiring in 2024	-	7,849,002	2,023,077
Expiring in 2025	-	1,459,756	-
	<u>-</u>	<u>22,681,164</u>	<u>17,598,079</u>

As stated in Note 1, the Company has not consolidated its subsidiaries as of 1 January 2021. As of 31 December 2021, the Company has no previous years' losses.

24. FINANCIAL INSTRUMENTS

Financial Investments

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

<u>Current financial investments</u>	31 December 2021	31 December 2020	31 December 2019
Enda Enerji Holding A.Ş.	87,278,696	458,378,416	325,627,852
Verusaturk GSYO A.Ş.	66,018,160	-	-
Papilon Savunma Teknoloji ve Ticaret A.Ş.	-	145,664,000	49,600,000
Other	32,791,780	74,628,063	21,585,050
Blocked deposits	-	170,167	128,026
	<u>186,088,636</u>	<u>678,840,646</u>	<u>396,940,928</u>

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24. FINANCIAL INSTRUMENTS (cont'd)

Financial Investments (cont'd)

Non-current financial investments	31 December 2021	31 December 2020	31 December 2019
EPIAŞ - Enerji Piyasaları İşletme A.Ş.	-	21,440,000	18,026,400
Verusa Holding A.Ş.	2,309,249,629	-	-
Pan Teknoloji A.Ş.	63,826,683	-	-
Investat Holding Limited	728,550	-	-
Other	-	1,260	1,260
	<u>2,373,804,862</u>	<u>21,441,260</u>	<u>18,027,660</u>

Financial assets at fair value through profit or loss

	31 December 2021	31 December 2020	31 December 2019
<u>Share certificate</u>			
Shares traded on the stock exchange	2,408,059,569	145,664,000	71,185,050
Shares non-traded on the stock exchange	151,833,929	554,447,739	343,655,512
	<u>2,559,893,498</u>	<u>700,111,739</u>	<u>414,840,562</u>

Type	Share Rate %	31 December 2021	Share Rate %	31 December 2020	Share Rate %	31 December 2019
<u>Shares traded on the stock exchange</u>						
Verusa Holding A.Ş.	63.56%	2,309,249,629		-		-
Verusaturk GSYO A.Ş.	5.14%	66,018,160		-		-
Papillon Savunma Teknoloji ve Ticaret A.Ş.		-	18.62%	145,664,000	18.62%	49,600,000
Other		32,791,780		-		21,585,050
		<u>2,408,059,569</u>		<u>145,664,000</u>		<u>71,185,050</u>

Type	Share Rate %	31 December 2021	Share Rate %	31 December 2020	Share Rate %	31 December 2019
<u>Private Shares (not-traded on the stock exchange)</u>						
Enda Enerji Holding A.Ş.	4.01%	87,278,696	30.82%	458,378,416	30.82%	325,627,852
Pan Teknoloji A.Ş.	100%	63,826,683		-		-
Investat Holding Limited	100%	728,550		-		-
EPIAŞ - Enerji Piyasaları İşletme A.Ş.		-		21,440,000		18,026,400
Other		-		74,629,323		1,260
		<u>151,833,929</u>		<u>554,447,739</u>		<u>343,655,512</u>
Total shares certificate		<u>2,559,893,498</u>		<u>700,111,739</u>		<u>414,840,562</u>

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24. FINANCIAL INSTRUMENTS (cont'd)

Financial debts	31 December 2021	31 December 2020	31 December 2019
Short term bank loans	-	313,005	397,793
Short-term portion of long-term borrowings	-	8,718,309	29,589,623
Long-term borrowings	-	46,023,646	21,909,640
	-	55,054,960	51,897,056

The maturity analysis of bank loans is as follows:	31 December 2021	31 December 2020	31 December 2019
To be paid within 1 year	-	9,031,314	29,987,416
Between 1-2 years	-	20,149,454	5,476,241
Between 2-3 years	-	2,116,066	14,427,718
Between 3-4 years	-	600,528	1,562,307
Between 4-5 years	-	-	443,374
5 years and more	-	23,157,598	-
	-	55,054,960	51,897,056

The details of bank loans are as follows:

Currency	Effective Interest Rate	31 December 2020	
		Current	Non-current
TL	15.75 % - 30 %	1,855,312	1,612,686
EURO	1.04 % - 6.75 %	7,176,002	44,410,960
		9,031,314	46,023,646

Currency	Effective Interest Rate	31 December 2019	
		Current	Non-current
TL	15.75 % - 30 %	3,817,193	424,118
EURO	1.04 % - 6.75 %	26,170,223	21,485,522
		29,987,416	21,909,640

Reconciliation of obligations arising from financing activities

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

	1 January 2021	Transition to investment entity (Note: 1)	Foreign currency loss	Interest Accruals	Financing cash out flows	Acquisition of subsidiary	31 December 2021
Bank loans	55,054,960	(38,449,449)	8,149,927	-	(24,755,438)	-	-

	1 January 2020	Financing cash flows	Foreign currency loss	Interest Accruals	Financing cash out flows	Acquisition of subsidiary	31 December 2020
Bank loans	51,897,056	-	15,650,851	(437,677)	(36,769,508)	24,714,238	55,054,960

	1 January 2019	Financing cash flows	Foreign currency loss	Interest Accruals	Financing cash out flows	Acquisition of subsidiary	31 December 2019
Bank loans	45,982,188	11,489,100	3,754,134	137,391	(9,465,757)	-	51,897,056

There are no covenants.

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25. EARNINGS PER SHARE

	1 January- 31 December 2021	1 January- 31 December 2020	1 January- 31 December 2019
Earning per share			
Amount of share (*)	150,000,000	150,000,000	150,000,000
Net profit of the main shareholding	1,678,938,196	146,352,377	54,628,411
Earning per share	11.19	0.98	0.36

(*) The Company's capital consists of 150,000,000, 150,000,000 and 45,000,000 shares as of 31 December 2021, 2020 and 2019, respectively. According to TAS 33 paragraph 64 requirement, earnings per share calculations in the financial statements of the current period and the previous periods presented are based on the new shares, since the shares has increased free of charge from previous years' profits.

26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

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

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

The gearing ratios are as follows:

	31 December 2021	31 December 2020	31 December 2019
Total debts	-	55,054,960	51,897,056
Less: cash and cash equivalents	(22,830,466)	(60,515,708)	(40,873,496)
Net debt	(22,830,466)	(5,460,748)	11,023,560
Total equity	2,458,103,418	779,165,222	501,374,353
Total capital	2,435,272,952	773,704,474	512,397,913
Net Debt/Total Capital Ratio	-	-	2.1%

Financial risk factors

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

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

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

Interest rate risk management

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

Credit risk management

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments of the Company that may cause significant concentration of credit risk mainly consist of cash and cash equivalents and trade receivables. The maximum credit risk that the Company may be exposed to is the amounts reflected in the financial statements.

The Company has cash and cash equivalents in various financial institutions. The Company manages the aforementioned risk by constantly evaluating the reliability of the financial institutions it is in contact with.

The credit risk that may arise from trade receivables is limited due to high customer volume and the Company management's limited credit amount applied to customers.

31 December 2021	Trade Receivables		Other Receivables		Cash and cash equivalents
	Related Party	Other	Related Party	Other	
Maximum credit risk exposed as of balance sheet date (A+B+C+D+E)	-	-	-	181,685	22,830,466
- Secured portion of the maximum credit risk by guarantees	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	-	-	-	181,685	22,830,466
B. Net book value of the financial assets that their conditions are renegotiated and otherwise be impaired	-	-	-	-	-
C. Net book value of financial assets that are past due but not impaired	-	-	-	-	-
- Secured portion of the net book value by guarantees, etc.	-	-	-	-	-
D. Net book value of the impaired assets	-	-	-	-	-
-Past due (gross amount)	-	-	-	-	-
-Impairment (-) (Note 6)	-	-	-	-	-
-Secured portion of the net book value by guarantees, etc.	-	-	-	-	-
- Not Past due (gross amount)	-	-	-	-	-
-Impairment (-)	-	-	-	-	-
-Secured portion of the net book value by guarantees, etc.	-	-	-	-	-
E. Off-balance sheet items include credit risk	-	-	-	-	-

31 December 2020	Trade Receivables		Other Receivables		Cash and cash equivalents
	Related Party	Other	İlişkili Taraf	Other	
Maximum credit risk exposed as of balance sheet date (A+B+C+D+E)	213,685	10,125,318	-	1,672,327	60,515,708
- Secured portion of the maximum credit risk by guarantees	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	213,685	9,963,691	-	1,672,327	60,515,708
B. Net book value of the financial assets that their conditions are renegotiated and otherwise be impaired	-	-	-	-	-
C. Net book value of financial assets that are past due but not impaired	-	161,627	-	-	-
- Secured portion of the net book value by guarantees, etc.	-	-	-	-	-
D. Net book value of the impaired assets	-	-	-	-	-
-Past due (gross amount)	-	2,689,975	-	-	-
-Impairment (-) (Note 6)	-	(2,689,975)	-	-	-
-Secured portion of the net book value by guarantees, etc.	-	-	-	-	-
- Not Past due (gross amount)	-	-	-	-	-
-Impairment (-)	-	-	-	-	-
-Secured portion of the net book value by guarantees, etc.	-	-	-	-	-
E. Off-balance sheet items include credit risk	-	-	-	-	-

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

Credit risk management (cont'd)

31 December 2019	Trade Receivables		Other Receivables		Cash and cash equivalents
	Related Party	Other	İlişkili Taraf	Other	
Maximum credit risk exposed as of balance sheet date (A+B+C+D+E)	290,539	20,390,632	-	2,047,817	40,873,496
- Secured portion of the maximum credit risk by guarantees	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	290,539	19,673,262	-	2,047,817	40,873,496
B. Net book value of the financial assets that their conditions are renegotiated and otherwise be impaired	-	-	-	-	-
C. Net book value of financial assets that are past due but not impaired	-	717,370	-	-	-
- Secured portion of the net book value by guarantees, etc.	-	-	-	-	-
D. Net book value of the impaired assets	-	-	-	-	-
-Past due (gross amount)	-	1,983,299	-	-	-
-Impairment (-) (Note 6)	-	(1,983,299)	-	-	-
-Secured portion of the net book value by guarantees, etc.	-	-	-	-	-
- Not Past due (gross amount)	-	-	-	-	-
-Impairment (-)	-	-	-	-	-
-Secured portion of the net book value by guarantees, etc.	-	-	-	-	-
E. Off-balance sheet items include credit risk	-	-	-	-	-

<u>Trade receivables from third parties</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
Past due between 1-5 years	-	2,851,602	2,700,669
Less: impairment	-	(2,689,975)	(1,983,299)
Total	-	161,627	717,370

Liquidity risk management

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

31 December 2021	Carrying value	Total Contracted				
		Cash Outflows (I+II+III+IV)	Less than 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	5 years + (IV)
Non-derivative financial liabilities						
Bank loans	-	-	-	-	-	-
Trade payables	238,668	238,668	238,668	-	-	-
Other payables	-	-	-	-	-	-
Other payables to related parties	-	-	-	-	-	-
Total liabilities	238,668	238,668	238,668	-	-	-

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

Liquidity risk management (cont'd)

31 December 2020	Carrying value	Total Contracted				
		Cash Outflows (I+II+III+IV)	Less than 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	5 years + (IV)
Non-derivative financial liabilities						
Bank loans	55,054,960	61,293,686	2,585,134	7,838,485	23,180,160	27,689,907
Trade payables	4,227,723	4,227,723	4,227,723	-	-	-
Other payables	1,116,145	1,627,126	1,116,145	-	510,981	-
Other payables to related parties	84,935,700	84,935,700	84,935,700	-	-	-
Total liabilities	145,334,528	152,084,235	92,864,702	7,838,485	23,691,141	27,689,907

31 December 2019	Carrying value	Total Contracted				
		Cash Outflows (I+II+III+IV)	Less than 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	5 years + (IV)
Non-derivative financial liabilities						
Bank loans	51,897,056	56,388,034	3,068,673	29,604,256	23,715,105	-
Trade payables	11,287,989	11,287,989	11,287,989	-	-	-
Other payables	780,554	780,554	780,554	-	-	-
Other payables to related parties	9,711,500	9,711,500	9,711,500	-	-	-
Total liabilities	73,677,099	78,168,077	24,848,716	29,604,256	23,715,105	-

Foreign currency risk management

Transactions denominated in foreign currencies result in foreign currency risk.

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

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

Foreign currency risk management (cont'd)

The breakdown of the Company's monetary and non-monetary assets and monetary and non-monetary liabilities in foreign currencies is as follows:

	31 December 2021		
	TL Equivalent (Functional Currency)	US Dollar	EURO
1. Trade Receivables	-	-	-
2. Monetary Financial Assets	1,146	-	76
3. Other	186,606	14,000	-
4. CURRENT ASSETS	187,752	14,000	76
5. TOTAL ASSETS	187,752	14,000	76
6. Trade Payables	-	-	-
7. Financial Liabilities	-	-	-
8. Monetary Other Liabilities	-	-	-
9. CURRENT LIABILITIES	-	-	-
10. Financial Liabilities	-	-	-
11. NON-CURRENT LIABILITIES	-	-	-
12. TOTAL LIABILITIES	-	-	-
13. Net Foreign Currency Assets/Liabilities Position	187,752	14,000	76
14. Monetary Items Net Foreign Currency Assets / Liabilities	-	-	-

	31 December 2020		
	TL Equivalent (Functional Currency)	US Dollar	EURO
1. Trade Receivables	6,735,705	769,938	120,336
2. Monetary Financial Assets	14,103,685	418,328	1,224,808
3. Other	47,713	6,500	-
4. CURRENT ASSETS	20,887,103	1,194,766	1,345,144
5. TOTAL ASSETS	20,887,103	1,194,766	1,345,144
6. Trade Payables	95,363	9,678	2,700
7. Financial Liabilities	7,176,002	-	785,731
8. Monetary Other Liabilities	436,592	48,061	9,303
9. CURRENT LIABILITIES	7,707,957	57,739	797,734
10. Financial Liabilities	44,410,960	-	4,862,745
11. NON-CURRENT LIABILITIES	44,410,960	-	4,862,745
12. TOTAL LIABILITIES	52,118,917	57,739	5,660,479
13. Net Foreign Currency Assets/Liabilities Position	(31,231,814)	1,137,027	(4,315,335)
14. Monetary Items Net Foreign Currency Assets / Liabilities	(44,898,907)	766,760	(5,530,840)

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

Foreign currency risk management (cont'd)

	31 December 2019		
	TL Equivalent (Functional Currency)	US Dollar	EURO
1. Trade Receivables	5,577,069	759,031	160,628
2. Monetary Financial Assets	2,831,801	463,283	12,000
3. Other	121,774	20,500	-
4. CURRENT ASSETS	8,530,644	1,242,814	172,628
5. TOTAL ASSETS	8,530,644	1,242,814	172,628
6. Trade Payables	125,444	14,735	5,701
7. Financial Liabilities	26,170,223	-	3,935,017
8. Monetary Other Liabilities	458,486	75,971	1,083
9. CURRENT LIABILITIES	26,754,153	90,706	3,941,801
10. Financial Liabilities	21,485,522	-	3,230,614
11. NON-CURRENT LIABILITIES	21,485,522	-	3,230,614
12. TOTAL LIABILITIES	48,239,675	90,706	7,172,415
13. Net Foreign Currency Assets/Liabilities Position	(39,709,031)	1,152,108	(6,999,787)
14. Monetary Items Net Foreign Currency Assets / Liabilities	(42,082,346)	764,796	(7,010,704)

Foreign currency sensitivity analysis

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

As of 31 December 2021, net effect on profit / (loss) in case of 20% change in US Dollar against to TRY is 37,321 / (37,321) TRY.

As of 31 December 2021, net effect on profit / (loss) in case of 20% change in Euro against to TRY is 229 / (229) TRY.

Fair value of financial instruments

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

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

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

Fair value of financial instruments (cont'd)

31 December 2021	Financial assets at amortized costs	Financial liabilities at amortized costs	Financial assets through profit and loss	Carrying value	Note
<u>Financial assets</u>					
Cash and cash equivalents	22,830,466	-	-	22,830,466	28
Trade receivables	-	-	-	-	6
Other receivables	181,685	-	-	181,685	8
Financial investments	-	-	2,559,893,498	2,559,893,498	24
<u>Financial liabilities</u>					
Borrowings	-	-	-	-	24
Trade payables	-	238,668	-	238,668	6
Other payables	-	-	-	-	8
31 December 2020	Financial assets at amortized costs	Financial liabilities at amortized costs	Financial assets through profit and loss	Carrying value	Note
<u>Financial assets</u>					
Cash and cash equivalents	60,515,708	-	-	60,515,708	28
Trade receivables	10,125,318	-	-	10,125,318	6
Other receivables	1,672,327	-	-	1,672,327	8
Financial investments	-	-	700,281,906	700,281,906	24
<u>Financial liabilities</u>					
Borrowings	-	55,054,960	-	55,054,960	24
Trade payables	-	4,227,723	-	4,227,723	6
Other payables	-	85,540,864	-	85,540,864	8
31 December 2019	Financial assets at amortized costs	Financial liabilities at amortized costs	Financial assets through profit and loss	Carrying value	Note
<u>Financial assets</u>					
Cash and cash equivalents	40,873,496	-	-	40,873,496	28
Trade receivables	20,390,632	-	-	20,390,632	6
Other receivables	2,047,817	-	-	2,047,817	8
Financial investments	-	-	414,968,588	414,968,588	24
<u>Financial liabilities</u>					
Borrowings	-	51,897,056	-	51,897,056	24
Trade payables	-	11,287,989	-	11,287,989	6
Other payables	-	10,492,054	-	10,492,054	8

Financial assets

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

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

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

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

Financial liabilities

The fair value of bank borrowings and other monetary liabilities is considered to approximate their carrying value.

Long-term loans denominated in foreign currencies are converted at period-end exchange rates and accordingly their fair value approximates their carrying value.

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

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

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

Financial Assets	Fair Value			Fair Value Hierarchy	Valuation Techniques	Significant observable inputs	Relationship of observable inputs to fair value
	31 December 2021	31 December 2020	31 December 2019				
Shares traded on the stock exchange	2,408,059,569	145,664,000	71,185,050	Level 1	Market value		
Shares not traded on the stock exchange	87,278,696	458,378,416	325,627,852	Level 3	Net Asset Value, Equivalence Value and Discounted Cash Flow	<p>Enda Enerji Holding A.Ş. : Total value was found using different valuation techniques at different rates.</p> <p>Considering the equivalent value method, 10% liquidity discount was applied with weighted average EBITDA multipliers of similar publicly traded companies. (31 December 2020: %20, 31 December 2019:%10-%15).</p> <p>Considering the income approach, the weighted average capital cost, which is calculated between 8.34% and 11.34% in US Dollars, is used for each of the subsidiaries and affiliates subject to the appraisal study (31 December 2020: %7.30 and %9.78, 31 December 2019:%7.21-%8.93). Due to the fact that the power plants are included in the scope of Yekdem together with the amount of production, the fixed electricity sales prices were estimated during the Yekdem period.</p> <p>The expiration years of the power plants are between 2044 and 2057 and the YEKDEM expiration years are between 2022 and 2026.</p>	<p>The fair value decreases when the liquidity rate increases.</p> <p>As the weighted average cost of capital increases, the fair value decreases.</p>
Shares not traded on the stock exchange	63,826,683	-	-	Level 3	Net Asset Value	<p>Pan Teknoloji A.Ş. : The Company was established on 22 December 2021 with a cash capital 60,000,000 TRY. The Company has 50,197,600 TRY shares traded in the stok exchange.</p>	
Shares not traded on the stock exchange	-	74,628,063	-	Level 3	-	<p>As of 31 December 2020, The company management evaluated the purchase amounts paid as fair value due to manament made its 2020 share purchases near the end of the year.</p>	
Shares not traded on the stock exchange	-	21,440,000	18,026,400	Level 3	Discounted Cash Flow	<p>Considering the income approach, 16% weighted average cost of capital in TL and 4.5% final growth rate are used.</p>	
Shares not traded on the stock exchange	728,550	-	-	Level 3	-	<p>It is shown at the establishment cost.</p>	
Shares not traded on the stock exchange	-	1,260	1,260	Level 3	-		

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

The movement of financial assets at fair value through profit or loss is as follows:

	1 January- 31 December 2021	1 January- 31 December 2020	1 January- 31 December 2019
Opening balance, 1 January	700,111,739	414,840,562	273,236,596
Transition to investment entity (Note: 1)	1,512,548,891	-	-
Disposals	(147,094,095)	(21,585,050)	(29,858,400)
Total gain/loss charged to profit/loss	311,608,860	232,228,164	92,368,162
Capital increase	60,000,000	440,563	-
Acquisition	122,718,103	74,187,500	79,094,204
Closing balance, 31 December	<u>2,559,893,498</u>	<u>700,111,739</u>	<u>414,840,562</u>

27. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

None.

28. NOTES ON STATEMENT OF CASH FLOWS

	31 December 2021	31 December 2020	31 December 2019
Cash on hand	2,109	22,016	10,562
Cash at banks	3,798,364	60,462,729	40,815,270
<i>Demand deposit</i>	98,364	16,554,564	6,752,780
<i>Time deposits up to 3 months maturity</i>	3,700,000	42,982,827	34,062,490
<i>Blocked deposit</i>	-	925,338	-
Other cash equivalents (*)	19,029,993	30,963	47,664
	<u>22,830,466</u>	<u>60,515,708</u>	<u>40,873,496</u>

(*) As of 31 December 2021, this amount of 19,016,940 TRY is held by the brokerage house after the share sale, and it has been transferred to the Company's bank accounts as of 4 January 2022.

<u>Original Currency</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>31 December 2021</u>
Turkish Lira	January 2022	% 20,5	3,700,000	3,700,000
				<u>3,700,000</u>

<u>Original Currency</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>31 December 2020</u>
Turkish Lira	January 2021	11.9 % - 19 %	42,982,827	42,982,827
				<u>42,982,827</u>

<u>Original Currency</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>31 December 2019</u>
Turkish Lira	January 2020	7.5 % - 9.5 %	23,089,000	23,089,000
EUR	January 2020	0.05 %	1,650,000	10,973,490
				<u>34,062,490</u>

29. EVENTS AFTER REPORTING PERIOD

None noted.

30. FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR'S

The auditor fee for the reporting period is 200,000 TRY (31 December 2020: 403,600 TRY). As the Company has started to be evaluated as an investment entity as explained in Note 1, it has not consolidated its subsidiaries as of 1 January 2021. There is no service other than the audit service received from the audit firm.