

**NATUREL YENİLENEBİLİR  
ENERJİ TİCARET A.Ş.  
AND ITS SUBSIDIARIES**

CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE  
PERIOD ENDED 1 JANUARY - 31 DECEMBER 2020  
AND INDEPENDENT AUDITOR'S REPORT

## **PART I: FINANCIAL STATEMENTS**

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**NATUREL YENİLENEBİLİR ENERJİ TİCARET A.Ş.**  
**CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER, 2020**  
Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.

	Note	Audited Current Period 31 December 2020	Audited Previous Period 31 December 2019
<b>ASSETS</b>			
<b>Current Assets</b>		<b>302.886.051</b>	<b>44.685.692</b>
Cash and Cash Equivalents	6	217.704.672	26.888.737
Trade Receivables	10	13.894.492	11.807.601
<i>Trade Receivables from Third Parties</i>		<i>13.894.492</i>	<i>11.807.601</i>
Other Receivables		261.651	4.123.527
<i>Other Receivables from Related Parties</i>		-	75
<i>Other Receivables from Third Parties</i>	11	<i>261.651</i>	<i>4.123.452</i>
Inventories	13	22.124.061	181.961
Prepaid Expenses	14	6.933.447	533.356
Assets Related to Current Period Tax	12	328.311	3.965
Other Current Assets	25	41.639.417	1.146.546
<b>TOTAL CURRENT ASSETS</b>		<b>302.886.051</b>	<b>44.685.692</b>
 <b>Non-Current Assets</b>		 <b>1.044.730.492</b>	 <b>522.425.991</b>
Financial Investments	7	50.000	50.000
Other Receivables	11	24.528	244.668
Other receivables from third parties		24.528	244.668
Investment Properties	17	39.287.866	24.409.420
Property, Plant and Equipment	18	1.002.001.189	497.423.870
Intangible Assets	19	266.909	283.504
Goodwill	20	79.243	79.243
Other Intangible Fixed Assets		187.666	204.261
Prepaid Expenses	14	3.100.000	14.530
<b>TOTAL ASSETS</b>		<b>778.307.712</b>	<b>567.111.683</b>

**NATUREL YENİLENEBİLİR ENERJİ TİCARET A.Ş.**  
**CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER, 2020**  
Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.

**STATEMENT OF FINANCIAL POSITION**

		<b>Audited Current Period 31 December 2020</b>	<b>Audited Previous Period 31 December 2019</b>
<b>LIABILITIES</b>	<b>Note</b>		
<b>Current Liabilities</b>		<b>131.701.572</b>	<b>151.697.706</b>
Short Term Borrowings	8	1.000.000	6.000.088
Short Term Portion of Long-Term Borrowings	8	67.061.862	45.494.461
Other Financial Liabilities	8	-	104.053
Trade Payables	10 - 36	11.732.946	87.462.189
Due to Related Parties		8.592.563	4.296.092
Other Trade Payables		3.140.383	83.166.097
Employee Benefit Obligations	15 - 24	576.993	300.449
Other Payables	11 - 36	6.444.241	11.500.000
Other Payables to Related Parties		6.444.241	11.500.000
Deferred Income	9	40.463.718	199.518
Current Tax Liabilities		-	252.391
Provisions		128.295	21.128
Provisions for Employee Benefits	24	128.295	21.128
Other Current Liabilities	25	4.293.517	363.430
<b>Total Current Liabilities</b>		<b>131.701.572</b>	<b>151.697.706</b>
<b>Non-Current Liabilities</b>		<b>333.585.136</b>	<b>201.671.360</b>
Long-Term Borrowings	8	248.376.299	142.484.697
Provisions	15 - 24	580.832	10.543
Provisions for Employee Benefits		580.832	10.543
Deferred Tax Liabilities	34	84.628.005	59.176.120
<b>EQUITY</b>		<b>313.034.542</b>	<b>213.742.617</b>
<b>Parent's Equity</b>		<b>313.034.542</b>	<b>213.742.617</b>
Paid-in Share Capital	26	33.000.000	33.000.000
The Effect of Mergers Involving Undertaking or Enterprises Subject to Common Control	26	(7.380.156)	(7.380.156)
Share Premiums / Discounts	26	37.015.413	37.015.413
Other Accumulated Comprehensive Income / Expenses that not to be Reclassified to Profit or Loss	26	170.189.427	81.687.391
Gains/Losses on Re-measurement of Defined Benefit Plans	26	(54.430)	166.558
Increase on Revaluation of Property, Plant and Equipment	26	170.243.857	81.520.833
Legal Reserves	26	1.052.573	1.013.087
Profit/Losses in Previous Years	26	63.934.157	635.548
Net Profit/Loss for the Period	26	15.223.128	67.771.333
<b>Non-Controlling Shares</b>	26	-	-
<b>TOTAL LIABILITIES</b>		<b>778.422.160</b>	<b>567.111.683</b>

**NATUREL YENİLENEBİLİR ENERJİ TİCARET A.Ş.**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF 31 DECEMBER, 2020**  
Amounts expressed in Turkish Lira ("TL") unless otherwise indicated

<b>PROFIT OR LOSS</b>	<b>Note</b>	<b>Audited 1 January -30 December 2020</b>	<b>Audited 1 January - 30 December 2019</b>
Revenue	5-27	142.757.181	62.625.465
Cost of Sales (-)	5-27	(67.983.894)	(44.431.399)
<b>GROSS PROFIT/LOSS</b>		<b>74.773.287</b>	<b>18.194.066</b>
General Administrative Expenses (-)	5-2	(11.041.535)	(7.281.473)
Other Income from Operating Activities	5-30	22.318.367	3.274.714
Other Expenses from Operating Activities (-)	5-30	(583.038)	(6.223.475)
<b>OPERATING PROFIT/LOSS</b>		<b>85.467.081</b>	<b>7.963.832</b>
Income from Investing Activities	5-31	101.899.800	81.506.396
Expenses from Investing Activities (-)	5-32	(15.193)	(159.994)
<b>OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSE</b>		<b>187.351.688</b>	<b>89.310.234</b>
Income from Investing Activities	5-33	6.417.984	2.119.863
Expenses from Investing Activities (-)	5-33	(101.163.258)	(27.166.002)
<b>PROFIT/LOSS FROM CONTINUING OPERATIONS BEFORE TAX</b>		<b>92.606.414</b>	<b>64.264.095</b>
<b>Tax (Expense)/ Income from Continued Operations</b>		<b>8.265.120</b>	<b>3.507.238</b>
Current Tax Income/ (Expense)		(186.654)	(302.636)
Deferred Tax Income/ (Expense)	34	8.451.774	3.809.874
<b>PROFIT/LOSS FOR THE PERIOD FROM CONTINUED OPERATIONS</b>		<b>100.871.534</b>	<b>67.771.333</b>
<b>PROFIT/LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS</b>		-	-
<b>NET (LOSS)/ PROFIT FOR THE PERIOD</b>		<b>100.871.534</b>	<b>67.771.333</b>
<b>Distribution of Profit/Loss for the Period</b>			
Non-Controlling Interests	26	22.852.669	-
Equity Holders of the Parents	26	78.018.865	67.771.333
		<b>100.871.534</b>	<b>67.771.333</b>
<b>Earnings Per Share</b>	35	3,06	2,05
Earnings per Share from Continued Operations			
Earnings per Share from Discontinued Operations			

# OTHER COMPREHENSIVE INCOME

		Audited	Audited
	Note	1 January-30 December 2020	1 January-31 December 2020
<b>PROFIT/ (LOSS) FOR THE PERIOD</b>		<b>100.871.534</b>	<b>67.771.333</b>
<b>OTHER COMPREHENSIVE INCOME:</b>			
<b>Income or Expenses not to be Reclassified to Profit or Loss</b>		255.752.535	(3.301.157)
Increase/Decrease in Revaluation Of			
Property, Plant and Equipment		113.747.467	248.318.252
Increase/Decrease in Revaluation Of			
Intangible Fixed Assets		-	-
Defined Benefit Plans Re-Measurement Gain / (Loss)		(220.988)	(86.253)
Not To be Re-Classified in Profit or Loss			
Other Comprehensive Income Tax		7.520.536	931.238
Tax Income/ (Expense) for the Period		-	-
Deferred Tax Income/ (Expense)	22	7.520.536	931.238
<b>Income or Expenses to be Reclassified to Profit or Loss</b>			
<b>OTHER COMPREHENSIVE INCOME</b>		<b>255.752.535</b>	<b>(3.301.157)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>356.624.069</b>	<b>64.470.176</b>
<b>Distribution of Total Comprehensive Income:</b>		<b>356.624.069</b>	<b>64.470.176</b>
Non-controlling Share		99.665.263	-
Equity Holders of the Parent		256.958.806	64.470.176
		<b>255.752.535</b>	<b>(3.301.157)</b>

**NATUREL YENİLENEBİLİR ENERJİ TİCARET A.Ş.**  
**CONSOLIDATED CASH FLOW AS OF 31 DECEMBER, 2020**  
Amounts expressed in Turkish Lira ("TL") unless otherwise indicated

	Note	01.01.2020- 31.12.2020	01.01.2019 - 31.12.2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>(43.204.396)</b>	<b>78.610.948</b>
<b>Net Cash Flows from Operating Activities</b>			
<b>Profit/ (Loss) for the period</b>		<b>100.871.534</b>	<b>67.771.333</b>
<b>Adjustments to reconcile profit for the period</b>		<b>(144.075.930)</b>	<b>10.839.615</b>
Adjustments related to depreciation and amortization expenses	18 - 19	7.340.142	9.549.083
Adjustments Related to Impairment (Cancellation)	10	5.085.584	3.486.552
Adjustments related to provisions	15 - 24	275.802	(3.037)
Adjustments for interest (income)/ expenses		14.103.770	241.322
Adjustments for unrealized foreign exchange differences		(57.816.524)	9.062.218
Adjustments Related to Decreases (Increases) in Inventories		(21.942.100)	-
Adjustments Related to Decrease (Increase) in Trade Receivables	10	(2.086.891)	(9.739.737)
Adjustments Related to Increase (Decrease) in Other Receivables	11	4.082.017	(1.372.472)
Adjustments Related to Increase (Decrease) in Trade Payables	10	(84.417.151)	85.240.585
Adjustments Related to Increase (Decrease) in Other Receivables Associated with Operations	11	471.889	11.500.000
Adjustments for (gain) / loss on sale of property, plant and equipment		15.193	(72.293)
Other adjustments for profit / loss reconciliation		(8.863.315)	(93.545.368)
Tax Refunds/Payments		(324.346)	(3.507.238)
<b>B. YATIRIM FAALİYETLERİNDEN NAKİT AKIŞLARI</b>		<b>(21.898.256)</b>	<b>(74.404.000)</b>
Cash inflows from sale of property, plant and equipment	18 - 19	17.609	461.000
Cash outflow from purchase of property, plant and equipment	18 - 19	(16.508.865)	(10.965.000)
Cash outflows from purchase of other long term assets		(5.407.000)	-
Other cash inflows/outflows		-	(63.900.000)
<b>C.CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>255.918.587</b>	<b>21.985.810</b>
Cash inflows from Capital Advance		177.664.779	46.400.000
Cash inflows due to borrowings	8	-	488.750
Cash outflows due to repayment of borrowings	8	134.682.465	43.344.889
Interest Paid	32	(35.906.903)	(49.883.883)
		(20.521.754)	(18.363.946)
<b>NET DECREASE(INCREASE) IN CASH AND CASH EQUIVALENTS BEFORE FOREIGN CURRENCY TRANSLATIONS (A+B+C)</b>		<b>190.815.935</b>	<b>26.192.758</b>
<b>D.FOREIGN CURRENCY TRANSLATION EFFECTS ON CASH AND CASH EQUIVALENTS</b>			
		-	-
<b>GROSS INCREASE/DECREASE OF CASH AND CASH EQUIVALENTS (A+B+C+D)</b>		<b>190.815.935</b>	<b>26.192.758</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>26.888.737</b>	<b>695.979</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (A+B+C+D+E)</b>		<b>217.704.672</b>	<b>26.888.737</b>

**NATUREL YENİLENEBİLİR ENERJİ TİCARET A.Ş. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF 31 DECEMBER, 2020**

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

					Other Accumulated Comprehensive Income/ (Expense) not to be Reclassified to Profit or Loss			Retained Earnings				
	Paid-in Share Capital	Capital Advance	Share Related to Premiums/Allowances	The Effect of Mergers Involving Undertaking or Enterprises	Defined Benefit Plans Remeasurement Gain / (Losses)	Property, Plant and Equipment Revaluation Fund	Reserves on Retained Earnings	Profit or Loss for the Previous Period	Net Profit or Loss for the Period	Parent's Equity	Non Controlling Interest	Total Equity
<b>Balance as of January 1, 2019</b>	<b>20.000.000</b>	<b>3.211.250</b>	<b>-</b>	<b>(7.380.156)</b>	<b>32.319</b>	<b>84.956.730</b>	<b>465.064</b>	<b>(9.435.069)</b>	<b>8.511.571</b>	<b>100.361.709</b>	<b>-</b>	<b>100.361.709</b>
Increase of Capital	11.700.000	(3.700.000)	-	-	-	-	-	-	-	45.015.413	-	45.015.413
Capital Advance	-	488.750	-	-	-	-	-	-	-	488.750	-	488.750
Transfers	1.300.000	-	-	-	-	-	548.023	6.663.548	(8.511.571)	-	-	-
Share Based Transactions			37.015.413	-							-	
Total Comprehensive Income (Expense)	-	-	-	-	134.239	(3.435.896)	-	3.435.896	67.771.333	67.905.572	-	67.905.572
Other Comprehensive Income (Expense)	-	-	-	-	134.239	(3.435.896)	-	3.435.896	-	134.239	-	134.239
Net Profit/Loss for the Period	-	-	-	-	-	-	-	-	67.771.333	67.771.333	-	67.771.333
Increase/Decrease due to Other Changes	-	-	-	-	-	-	-	(28.827)	-	(28.827)	-	(28.827)
<b>Balance as of December 31, 2019</b>	<b>33.000.000</b>	<b>-</b>	<b>37.015.413</b>	<b>(7.380.156)</b>	<b>166.558</b>	<b>81.520.834</b>	<b>1.013.087</b>	<b>635.548</b>	<b>67.771.333</b>	<b>213.742.617</b>	<b>-</b>	<b>213.742.617</b>
<b>Balance as of January 1, 2020</b>	<b>33.000.000</b>	<b>-</b>	<b>37.015.413</b>	<b>(7.380.156)</b>	<b>166.558</b>	<b>81.520.384</b>	<b>1.013.087</b>	<b>635.548</b>	<b>67.771.334</b>	<b>213.742.168</b>		<b>213.742.168</b>
Transfers	-	-	-	-	-	-	39.486	67.731.848	(67.771.333)	-	-	-
Non-Controlling Interest		-	(66.624.292)	(5.688.531)	1.967	(68.217.810)	-	(26.427.269)	(22.852.669)	(189.808.604)	213.808.604	24.000.000
Total Comprehensive Income (Expense)	-	-	-	-	(88.220)	230.610.732	-	-	100.871.534	331.394.046	-	331.394.046
Other Comprehensive Income (Expense)	-	-	-	-	(88.220)	230.610.732	-	-	100.871.534	331.394.046	-	331.394.046
Share Based Transactions			177.664.779							177.664.779	-	177.664.779
Net Profit/Loss for the Period	-	-	-	-	-	-	-	-	-	-	-	-
Increase/Decrease due to Other Changes	-	-	-	-	-	-	-	(4.538.819)	-	(4.538.819)	-	(4.538.819)
<b>Balance as of December 31, 2020</b>	<b>33.000.000</b>	<b>-</b>	<b>148.055.900</b>	<b>(13.068.687)</b>	<b>80.305</b>	<b>243.913.756</b>	<b>1.052.573</b>	<b>37.401.307</b>	<b>78.018.865</b>	<b>528.454.019</b>	<b>213.808.604</b>	<b>742.262.624</b>



**NATUREL YENİLENEBİLİR ENERJİ TİCARET A.Ş.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE ACCOUNTING**  
**PERIOD ENDING ON 31 DECEMBER, 2020**

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

**NOTE 1 ORGANIZATION AND OPERATIONS OF THE GROUP**

Naturel Yenilenebilir Enerji Ticaret A.Ş. established on October 8, 2009 in Ankara by Ramazan Fıstık (99%) and Bayram Kul (1%) as Naturel-1 Enerji ve Makine Sanayi Ticaret LTD. ŞTİ.

Ramazan Fıstık (99%) has transferred its shares to Yusuf ŞENEL and Bayram Kul (1%) to Ebru ŞENEL with the decision of the Board of Directors on 24.02.2012. On 11.06.2014, Ebru Şenel has transferred all of its shares corresponding to (1%) to Yusuf ŞENEL with the decision of the Board of Directors.

On 04.04.2016, the company became a Joint Stock Company and changed its name to Naturel 1 Enerji Ticaret A.Ş. The company changed its title with the decision of the General Assembly dated 31.01.2019 and the new title was changed to Naturel Yenilenebilir Enerji Ticaret A.Ş. It was announced in the Trade Registry Gazette numbered 143, dated 06 February 2019. The capital of the company is 33,000,000 TL and 12,000,000 TL has been offered to the public. 63.64% of the Company Shares belong to Yusuf Şenel.

The company was registered and announced in the trade registry gazette on October 2, 2019, and switched to the registered capital system. The registered capital ceiling is 100,000,000 TL (One hundred million TL), divided into 100,000,000 (one hundred million) shares, each with a nominal value of 1 TL. The registered capital ceiling permission given by CMB is valid for the years 2019-2023 (5 years).

The shares representing the capital of the company are divided into A and B groups. 3.000.000 (three million) of A group shares and 18.000.000 (eighteen million) of B group shares belong to Yusuf ŞENEL. Group B consists of 12,000,000 (twelve million) shares open to the public. Shares of Group A are registered, shares of Group B are bearer.

The company has 40 subsidiaries in the period of 31.12.2020. All companies operate in the field of energy generation and energy contracting. Solar Power Plants of the company are collected under Esenboğa Elektrik Üretim A.Ş.

Naturel Yenilenebilir Enerji, established in 2009, is a company operating under Renewable Energy and especially Wind Energy and Solar Energy production, engineering and contracting sector.

In the field of Solar Energy Applications, which is one of its main service subjects, Naturel Yenilenebilir Enerji installs solar power plants with engineering solutions on behalf of itself and its customers in a wide range from small-scale home systems to large-scale solar power plants.

The company was offered to public on 01-02 August 2019 and started to be traded in Borsa İstanbul as of 08 August 2019.

The company and its subsidiaries will be specified as the Group in the report.

The Company's registered address is Kızılırmak Mahallesi 1450 Sokak Atm Plaza B Blok 1/68 Çankaya/Ankara/Türkiye. The company is the taxpayer of Başkent Tax Office with identification number 6300475593. The company's contact phone is 0 312 467 18 33.

As of 31 December 2020, the number of personnel employed is 55, as of 31 December 2019 the number of personnel employed is 27.

**NATUREL YENİLENEBİLİR ENERJİ TİCARET A.Ş.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE ACCOUNTING**  
**PERIOD ENDING ON 31 DECEMBER, 2020**  
Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.

**NOTE 1 ORGANIZATION AND OPERATIONS OF THE GROUP (cont'd)**

**The subsidiaries of the company subject to consolidation are as follows**

Energes 1 Elektrik Ürt. Dan. San. Ve Tic. A.Ş.	% 62,5% 100	% 100
Energes 9 Elektrik Ürt. Dan. San. Ve Tic. A.Ş.		
Esenboğa Elektrik Üretim A.Ş.	% 62,5% 100	% 100
Berrak Ges Elektrik Ürt. San. Tic. A.Ş.	% 62,5% 100	% 100
Margün Enerji Ürt. San. Ve Tic. A.Ş.	% 62,5% 100	% 100
Snl Enerji Ürt. San. Ve Tic. A.Ş.	% 62,5% 100	% 100
Ysf Enerji Ürt. San. Ve Tic. A.Ş.	% 62,5% 100	% 100
Margün 13 Enerji San. Ve Tic. A.Ş.	% 62,5% 100	% 100
Ased Danışmanlık İnşaat Enerji Üretim Ve Tic. A.Ş. (****)	% 62,5% 100	% 100
Gül1ges Enerji Tarım İnşaat San. Ve Tic.Ltd.Şti. (****)	% 62,5% 100	% 100
Gül2ges Enerji Tarım İnşaat San. Ve Tic.Ltd.Şti. (****)	% 62,5% 100	% 100
Gül3ges Enerji Tarım İnşaat San. Ve Tic.Ltd.Şti. (****)	% 62,5% 100	% 100
Gül5ges Enerji Tarım İnşaat San. Ve Tic.Ltd.Şti. (****)	% 62,5% 100	% 100
Gül6ges Enerji Tarım İnşaat San. Ve Tic.Ltd.Şti. (****)	% 62,5% 100	% 100
Gül7ges Enerji Tarım İnşaat San. Ve Tic.Ltd.Şti. (****)	% 62,5% 100	% 100
Gül8ges Enerji Tarım İnşaat San. Ve Tic.Ltd.Şti. (****)	% 62,5% 100	% 100
Sariges Enerji İnşaat Akaryakıt San. Ve Tic.Ltd.Şti. (****)	% 62,5% 100	% 100
Maviges Enerji Tekstil İthalat İhracat San. Ve Tic.Ltd. Şti. (****)	% 62,5% 100	% 100
Er2ges Enerji Tarım İnşaat San. Ve Tic. A.Ş. (****)	% 62,5% 100	% 100
Er3ges Enerji Tarım İnşaat San. Ve Tic. A.Ş. (****)	% 62,5% 100	% 100
Er4ges Enerji Tarım İnşaat San. Ve Tic. A.Ş. (****)	% 62,5% 100	% 100
Er5ges Enerji Tarım İnşaat San. Ve Tic. A.Ş. (****)	% 62,5% 100	% 100
Bozok Güneş Enerjisi San.Ve Tic. A.Ş. (****)	% 62,5% 100	% 100
Çapanoğlu Güneş Enerjisi San.Ve Tic. A.Ş. (****)	% 62,5% 100	% 100
Desti Güneş Enerjisi San.Ve Tic. A.Ş. (****)	% 62,5% 100	% 100
Sorgun Güneş Enerjisi San.Ve Tic. A.Ş. (****)	% 62,5% 100	% 100
Yozgat Güneş Enerjisi San.Ve Tic. A.Ş. (****)	% 62,5% 100	% 100
Ranges Elektrik Üretim A.Ş. (****)	% 62,5% 100	% 100
Serra Güneş Enerjisi Üretim A.Ş. (****)	% 62,5% 100	% 100
Şevval Güneş Enerjisi Üretim A.Ş. (****)	% 62,5% 100	% 100
Angora Elektrik Üretim A.Ş. (***)	% 62,5% 100	% 100
Saf Akçe Enerji Ürt. San. ve Tic. A.Ş. (***)	% 62,5% 100	% 100
Ulus Enerji Ürt. San. ve Tic. A.Ş. (***)	% 62,5% 100	% 100
Agah Enerji Ürt. San. ve Tic. A.Ş. (***)	% 62,5% 100	% 100
Margün 1 Enerji A.Ş. (**)(***)	% 62,5% 100	% 100
Güneş 5 Enerji A.Ş. (*)	% 62,5/% 100	-
Hanel Global Gayr. Paz.A.Ş. (*)	% 62,5/% 100	-
Kural Enerji A.Ş. (*)	% 62,5/% 100	-
Soral Enerji A.Ş. (*)	% 62,5/% 100	-
Maral Enerji A.Ş. (*)	% 62,5/% 100	-

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**NOTE 1 ORGANIZATION AND OPERATIONS OF THE GROUP (cont'd)**

\* Esenboğa Elektrik Üretim A.Ş. has signed a sales agreement with Özyer Group (Hasan Özyer and Ömer Özyer) to purchase 11 Solar Power plants developed and established under the Unlicensed Electricity Generation Regulation and Güneş 5 Enerji A.Ş. It acquired Maral Enerji A.Ş. on 30.12.2020 together with the companies (Hanel Global A.Ş., Kural Energy A.Ş. and Soral Enerji A.Ş.), which are subsidiaries of these companies. The purchase price was determined by deducting loans and other debts from the value determined by the valuation report. Company values of 26,400,000 USD were determined according to the valuation report, and the purchase price was reached to 13,625,000 USD by deducting 12,775,000 loans and other debts.

(\*\*) Esenboğa Elektrik Üretim Anonim Şirketi acquired the following companies as of 30.12.2020 and these companies have been included in the consolidation;

Angora Elektrik Üretim A.Ş. (\*\*)

Saf Akçe Enerji Ürt. San. ve Tic. A.Ş. (\*\*)

Ulus Enerji Ürt. San. ve Tic. A.Ş. (\*\*)

Agah Enerji Ürt. San. ve Tic. A.Ş. (\*\*)

Margün 1 Enerji A.Ş. (\*\*) (\*\*\*)

(\*\*) Margün Enerji Üretim Sanayi ve Ticaret A.Ş., which is a subsidiary of Esenboğa Elektrik Üretim A.Ş., on 31.12.2020, purchased Angora Elektrik Üretim A.Ş., which is owned by Naturel Yenilenebilir Enerji A.Ş., the dominant partner of Esenboğa Enerji A.Ş., for 13,666,685 USD (100,318,099 TL). The transaction resulted in a business combination subject to joint control. Angora Elektrik Üretim A.Ş., Saf Akçe Enerji Üretim A.Ş., which is under Ulus Enerji Üretim A.Ş. and Agah Enerji Üretim A.Ş. was taken over together with loan debts. In the valuation report, Angora and its subsidiaries were valued at USD 20,318,000, and USD 6,651,616 was deducted from loans and other debts to reach USD 13,666,685.

(\*\*\*) Margün 1 Enerji A.Ş. has not been included in the consolidation due to being inactive.

**NOTE 2 BASIS OF PRESENTATION**

**2.1 Basic Principles Regarding Presentation**

**a) Preparation of Financial Statements**

The accompanying consolidated financial statements are subject to Public Surveillance in accordance with the provisions of the Capital Markets Board's ("CMB") Communiqué No. II-14.1 on the "Principles Regarding Financial Reporting in the Capital Markets" ("Communiqué") published in the Official Gazette dated 13 September 2013 and numbered 28676. Accounting and Auditing Standards Board ( "UPS") that have been put into force by Turkey Financial Reporting Standards ( "IFRS" s) as appropriate. TFRSs; UPS RT by Turkey Accounting Standard ( "IAS"), Turkey Financial Reporting Standards comprise standards and interpretations published by TAS Reviews and TFRIC names.

Consolidated financial statements are presented in accordance with the TFRS Taxonomy developed on the basis of the financial statement samples specified in the Financial Statement Examples and User Guide published in the Official Gazette dated June 7, 2019 and numbered 30794 by KGK.

**b) Adjustment of Financial Statements in High Inflation Periods**

In accordance with the CMB's decision dated 17 March 2005 and 11/367, it found to be effective for companies operating in Turkey and preparing financial statements in accordance with TFRS that inflation accounting application put an end. Accordingly, as of January 1, 2005, Standard No.29 "Financial Reporting in High Inflation Economies" ("TAS 29") has not been applied.

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**NOTE 2 BASIS OF PRESENTATION (cont'd)**

**c) Bases of Measurement**

The consolidated financial statements have been prepared on the basis of historical cost free from inflation effects that ended on December 31, 2004, excluding the items measured at fair value stated below:

- derivative financial instruments,
- financial investments,
- Lands and parcels, underground and above ground landscapes, buildings and plant machinery and equipments within tangible assets.

Fair value measurement principles are explained in Note 2.6 (iii).

**d) Functional and Reporting Currency**

Group and its subsidiaries are registered in Turkey; keeps and prepares its legal books and statutory financial statements in accordance with the accounting principles set forth by Turkish Commercial Code ("TCC") tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. Subsidiaries operating in foreign countries prepare their accounting records and legal financial statements in the currencies of the countries they operate in and in accordance with the legislation of those countries.

The Group's valid currencies are Turkish Lira ("TL"). These consolidated financial statements are presented in TL, which is the functional currency of the Group. All financial information presented in TL has been rounded to the nearest TL unless otherwise stated.

**e) Basis of Consolidation**

**(i) Business Combination**

Business combinations are accounted by using the purchase method on the merger date, which is the date on which control is transferred to the Group. Control occurs when the Group is exposed to variable returns due to its relationship with the investee or is entitled to these returns, and at the same time has the ability to influence these returns with its power over the investee While evaluating the control, performable potential voting rights are taken into consideration by the Group.

The group measures the goodwill on the date of acquisition as follows:

- The fair value of purchase price, plus
- Registered value of non-controlling shares over the business acquired in business combinations; plus
- If the business combination is carried out several times, the fair value of the equity interest on the date of acquisition in the acquired business previously held by the acquirer; minus
- The recognized net value (generally fair value) of identifiable assets acquired and liabilities assumed.

If a negative result is reached in the valuation, the gain from bargain purchases is recognized in profit or loss. Purchase price does not include amounts associated with closing existing relationships. These amounts are usually recognized in profit or loss.

The company merged with SNL Enerji Üretim Sanayi ve Ticaret Anonim Şirketi ("SNL Enerji") and YSF Enerji Üretim Sanayi ve Ticaret Anonim Şirketi ("YSF Enerji") by acquisition method in 17 February 2016. According to 2018/1 numbered resolution of Public Oversight Authority published on 17 September 2018 dated and 30568 numbered Official Gazette, business combinations are defined as the combination of the businesses that are controlled by the same party or the parties before and after the combination and when the control is not temporary. Due to the same parties controlling the business before and after the merger, these transactions are qualified as a business combination subject to joint control.

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**NOTE 2 BASIS OF PRESENTATION (cont'd)**

In addition, in 2018, Esenboğa Elektrik Üretim A.Ş. purchased shares of Agah Elektrik Üretim A.Ş. owned by Yusuf ŞENEL, Saf Akçe Elektrik Üretim A.Ş. and Ulus Elektrik Üretim A.Ş. This acquisition was described as a business combination subject to joint control and reported in the other comprehensive income statement. TL 5.280.000 is accounted for share transfers of Agah Elektrik Üretim A.Ş., Saf Akçe Elektrik Üretim A.Ş. and Ulus Elektrik Üretim A.Ş. and TL 2.100.156 is accounted for share transfers of SNL Enerji Üretim Sanayi ve Ticaret Anonim Şirketi and YSF Enerji Üretim Sanayi ve Ticaret Anonim Şirketi under The Effect of Mergers Involving Undertaking or Enterprises which is reported under other comprehensive income.

The Company has acquired Energes 1 Elektrik Üretim Dan. San. ve Tic.A.Ş., Energes 9 Elektrik Üretim Dan. San. ve Tic.A.Ş. and Berrak Ges 1 Elektrik Üretim Dan. San. ve Tic.A.Ş. on 13 June 2018. Due to this acquisition, goodwill is booked.

Group has acquired 22 of the subsidiaries given in Note 1 on 31 December 2019 together with 20 SPPs. 9 SPPs from Nevşehir, 6 SPPs from Yozgat, 2 SPPs from Bilecik 2 SPPs from Afyon were acquired from Girişim Elektrik Taahhüt San. A.Ş. Public disclosure regarding the acquisition was made on 30 December 2019. Within the scope of TFRS 3 business combinations, those acquired subsidiaries were consolidated under the consolidated financial statements as of 31 December 2019. Total consideration for the acquisition is USD 22.920.000 and all payables of the acquired subsidiaries were netted off from acquisition cost.

**(ii) Acquisitions from jointly controlled business interests**

Business combinations resulting from the transfer of shares of the companies controlled by the stakeholder controlling the Group are accounted as if the merger took place at the beginning of the earliest comparative period presented, or on the date when joint control was achieved. For this purpose, comparative periods are rearranged. In business combinations subject to common control, the method of combining rights is used and goodwill is not included. Acquired assets and liabilities are accounted with their registered value previously recorded in the consolidated statements of the stakeholders under the control of the Group. The equity items of the acquired companies are added to the same items in the equity of the Group, except for the capital, and the resulting profit or loss is accounted as a compensating account under the equity under the account "The Effect of Mergers Involving Businesses or Enterprises Subject to Joint Control". In case of Group losing control, the mentioned companies classified the value which is before registered under "The Effect of Mergers Involving Businesses or Enterprises Subject to Joint Control" now under "Previous Years Profits/Losses". In the event that the mentioned companies lose control of the Group, the amount previously recorded under the "Effect of Mergers Involving Enterprises Subject to Common Control" account is classified into "Profits/Losses for the Previous Years".

**(iii) Subsidiaries**

Subsidiaries are the businesses controlled by Group. The Group controls an investee when it is exposed to variable returns or has rights to these variable returns and has the ability to influence these returns with its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements by using the full consolidation method until the date when control begins and control ends. If necessary, accounting policies applied for subsidiaries are changed to ensure consistency with the accounting policies applied by the Group.

Interests which have no control power are measured over proportional amount of net asset value in subsidiary purchase date.

Changes that do not result in loss of control in the shares in subsidiaries of the Group are accounted for as a transaction regarding partnership with partners. Adjustments made to non-controlling interests are calculated over the proportional amount of the net asset value of the subsidiary. Adjustment to goodwill cannot be done and it cannot be accounted as gain or loss in profit or loss.

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**NOTE 2 BASIS OF PRESENTATION (cont'd)**

**(iv) Lose of Control**

In case the Group loses its control over the subsidiary, it derecognizes the assets and liabilities of the subsidiary, its non-controlling interests and the amounts under other equity related to the subsidiary. Gains or losses resulting from this are recognized in profit or loss. If the Group continues to have shares in its previous subsidiary, the remaining shares are measured at fair value as of the day control is lost.

**(v) Transactions eliminated on consolidation**

During the preparation of the consolidated financial statements, intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

Unrealized losses from intercompany transactions, in the absence of evidence of impairment, have been eliminated by the method used to eliminate unrealized profits. The registered values of the shares owned by the Group and the dividends resulting from them have been eliminated from the relevant equity and profit or loss statement accounts.

**f) Foreign Currency**

**Transactions in foreign currency**

Foreign currency transactions are converted into the functional currencies of the Group companies at the exchange rate on the date of the transaction. Monetary assets and monetary liabilities in foreign currencies are converted into the functional currencies by using exchange rates at the reporting date. Foreign currency translation gain or loss related to monetary items represents the difference between the amount redeemed in the functional currency at the beginning of the period with the effective interest rate and the amortized amount in foreign currency at the end of the period converted from the period end rate.

Non-monetary assets and liabilities denominated in foreign currency and measured with their fair values are converted into the functional currency at the exchange rate on the date the fair value is determined. Non-monetary assets and liabilities denominated in foreign currency measured at date cost are translated using the exchange rate on the date of the transaction. Except for the exchange differences arising from recycling, differences arising from cash flow hedging instruments recorded in other comprehensive income; recorded in profit or loss.

Periodic changes in Euro / TL, US Dollar / TL and TL / US Dollar exchange rates as of the end of the reporting periods are as follows:

	<b><u>31.12.2020</u></b>	<b><u>31.12.2019</u></b>
Euro/TL	9,0079	6,6506
US Dollar/TL	7,3405	5,9402
TL/US Dollar	0,1362	0,1683

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**NOTE 2 BASIS OF PRESENTATION (cont'd)**

**2.1 Declaration of Conformity to TFRS**

The accompanying consolidated financial statements have been prepared in accordance with the TFRSs put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA") in accordance with the provisions of the Communiqué. TFRSs include standards and interpretations of Turkey Accounting Standards ("TAS") and Turkey Financial Reporting Standards published by POA.

The consolidated financial statements of the Group as of September 30, 2020 were approved by the Board of Directors of the Company on July 29, 2020. The Company's General Assembly and the relevant regulatory bodies have the right to request the amendment of the consolidated financial statements after the publication of the consolidated financial statements.

**2.3 Changes in Accounting Policies**

The accompanying consolidated 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 were published in the Official Gazette No:28676 on 13 June 2013. The accompanying consolidated financial statements are prepared based on the Turkish Accounting Standards/Turkish Financial Reporting Standards and Interpretations ("TAS/TFRS") that have been put into effect by the POA under Article 5 of the Communiqué.

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**NOTE 2 BASIS OF PRESENTATION (cont'd)**

For the period ended December 31, 2020, the Group prepared its interim condensed consolidated financial statements in accordance with the Turkish Accounting Standard 34 Interim Financial Reporting. In accordance with the TAS 34, entities are allowed to prepare a complete or condensed set of interim financial statements. In this respect, the Group has preferred to prepare condensed consolidated financial statements in the interim periods.

Accordingly, these interim condensed consolidated financial statements do not include all required explanatory notes as should be provided and should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 31, 2019. Group continued to apply the exact policies and accounting estimates stated as in the consolidated financial statements on December 31, 2019.

Group applied TFRS 16 Leases standard as of January 1, 2019 for the first time. In addition, some other standard changes have come into effect as of January 1, 2019. However, these changes do not have a significant impact on the Group's consolidated financial statements.

**2.4 Standards issued but not yet effective and not early adopted as at September 30,2020**

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the interim consolidated financial statements are as follows.

**Updated Conceptual Framework**

The revised Conceptual Framework issued on 27 October 2018 by the POA. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the POA in developing TFRS Standards. It helps to ensure that the Standards are conceptually consistent and that similar transactions are treated the same way, so as to provide useful information for investors, lenders and other creditors. The Conceptual Framework also assists companies in developing accounting policies when no TFRS Standard applies to a particular transaction, and more broadly, helps stakeholders to understand and interpret the Standards. The revised Framework is more comprehensive than the old one – its aim is to provide the POA with the full set of tools for standard setting. It covers all aspects of standard setting from the objective of financial reporting, to presentation and disclosures. For companies that use the Conceptual Framework to develop accounting policies when no TFRS Standard applies to a particular transaction, the revised Conceptual Framework is effective for annual reporting periods beginning on or after 1 January 2020, with earlier application permitted.

**Amendments to TAS 1 and TAS 8 - Definition of Material**

In 7 June 2019 the POA issued Definition of Material (Amendments to TAS 1 and TAS 8). The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in TFRS Standards. The amended "definition of material" was added to the important definition and it was stated that this expression could lead to similar results by not giving and giving misstating information. In addition, with this amendment, the terminology used in its definition of material has been aligned with the terminology used in the Conceptual Framework for Financial Reporting (Version 2018). Those amendments are prospectively effective for annual periods beginning on or after 1 January 2020 with earlier application permitted.

The Group is assessing the potential impacts on its consolidated financial statements resulting from the application of the amendments to TAS 1 and TAS 8.

**TFRS 3 Amendments to Business Combinations - Definition of Business**

The definition of "business" is important, as the accounting for the acquisition of an activity and asset group changes depending on whether the group is a business group or just an asset group. The definition of "business" in the standard of TFRS 3 Business Combinations has been changed. With the change in question:

Confirming that an enterprise should include inputs and a process; It has been clarified that the process must be essential and that the process and inputs must contribute significantly to the creation of outputs.

The definition of business has been simplified by focusing on the definition of goods and services offered to customers and other income from ordinary activities.

An optional test has been added to facilitate the process of deciding whether a company acquires a business or a group of assets.

The Group evaluates the possible effects of the application of the amendment in TFRS 3 on its consolidated financial statements.



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**NOTE 2 BASIS OF PRESENTATION (cont'd)**

**Benchmark interest rate reform (Amendments to TFRS 9, TAS 39 and TFRS 7)**

The Benchmark Interest Rate Reform, which changed IFRS 9, IAS 39 and IFRS 7, published by the IASB in September 2019, was published by the IASB on December 14, 2019. In 2018, the IASB separately determined the issues to be addressed before and after the change in international benchmark interest rates and classified them as pre-amendment and amendment issues.

As a result of these changes, four basic exceptions have been provided in the provisions of financial risk hedge accounting in TFRS 9 and TAS 39.

These issues are:

- The provision regarding the high probability of transactions,
- Prospective evaluations,
- Retrospective evaluations and
- They are separately identifiable risk components.

These amendments clarify that companies may continue to apply certain provisions of hedge accounting under the assumption that the benchmark interest rate underlying the cash flows of the hedged item or hedging instrument will not change as a result of the benchmark interest rate reform.

**2.5 Summary of significant accounting policies**

The accounting policies applied in the consolidated financial statements of the Group are the same as the accounting policies applied in the consolidated financial statements prepared as of December 31, 2019 and in the year ending on the same date.

**a) Revenue**

**General model for revenue recognition**

The Group recognizes the revenue in the consolidated financial statements as it fulfills its performance obligation by transferring a promised good or service to its customer. When control of an asset passes to the customer, the asset is transferred.

The Group recognizes the revenue in the consolidated financial statements in line with the following 5 basic principles:

- (a) Identifying the contract with customers
- (b) Identifying the performance obligations
- (c) Determining the transaction price
- (d) Allocating the transaction price to performance obligations
- (e) Revenue recognition

A contract is only within the scope TFRS 15 if all of the following is fulfilled; if the contract can be legally enforced, if it's revenue can be collected, if the rights and terms of payment of the goods and services can be defined, if the contract has a commercial content, if it is approved by the contracting parties and if the liabilities are promised to be fulfilled by the parties.

At the beginning of the contract, the Group evaluates the goods or services promised in the contract with the customer and defines each commitment made to transfer it to the customer as a separate performance obligation. The group also determines whether it fulfills each performance obligation over time or at a certain point in time at the inception of the contract.

In order to determine the transaction price, the Group assesses how much consideration it expects to be entitled to by fulfilling the contract. In arriving at the assessment, the Group considers variable elements of consideration, as well as the existence of a significant financing component.

In accordance with TFRS 15 "Revenue from contracts with customers" standard, the performance obligations of the Group consist of wholesale electricity sales and ancillary services related to electricity sales. The electricity sold is transmitted to the customer over transmission lines and the customer simultaneously consumes the benefit obtained from the

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**NOTE 2 BASIS OF PRESENTATION (cont'd)**

performance of the Group. Revenue from electricity sales and ancillary services related to electricity sales is recognized at the time of delivery.

**b) Financial instruments**

**i) Recognition and initial measurement**

The Group recognizes its trade receivables and debt instruments on the day its occurred. All other financial assets and liabilities are recognized on the transaction date that the relevant financial instrument if the group is a part to the contractual terms. In the initial measurement of financial assets (except trade receivables that do not have a significant financing component) and financial liabilities other than those whose fair value changes are reflected in profit or loss, transaction costs that can be directly attributed to their acquisition or issuance are measured by adding to the fair value. Trade receivables that do not have a significant financing component are measured at the initial recognition over the transaction price.

**ii) Classification and subsequent measurement**

According to TFRS 9, on initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity

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**NOTE 2 BASIS OF PRESENTATION (cont'd)**

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument.

Whether the financial asset contains a contractual clause that could change the timing or amount of contractual cash flows to a degree that would prevent it from meeting this definition is included in the assessment. In making these assessments, the Group takes into account the following:

- Contingent events that could change the timing or amount of cash flows;
- terms that could change the contractual coupon rate (including variable rate features);
- early payment and extension options; and
- Conditions that may restrict the Group's ability to claim cash flows on a particular asset (eg non-recoverable features).

The prepayment feature is consistent with the principal and interest payments criterion only on the principal and principal balance, if the prepaid amounts, which include a reasonable consideration, largely reflect the unpaid amount of the principal and interest on the principal balance when the contract is terminated before its maturity.

In addition, for a financial asset purchased at a premium or discount over the contractual nominal value, prepayments, which largely reflect the contractual nominal value and accrued (but not paid) interest (prepaid amounts may include a reasonable consideration since the contract is terminated before maturity). A contractual requirement that permits or necessitates is accounted for in accordance with the criterion of "principal and interest payments only" if the fair value of the prepayment feature is insignificant at initial recording.

Since the principal is the present value of the expected cash flows, trade receivables and other receivables pass the "principal and interest payments only" test. These receivables are managed in accordance with the business model based on collection. The following accounting policies are valid for the subsequent measurements of financial assets:

Financial Assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. Refer to section (v) below for the derivatives which are defined as hedge instruments for financial risk.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.
Financial Assets at Amortized Cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

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**NOTE 2 BASIS OF PRESENTATION (cont'd)**

**Financial Liabilities**

Financial liabilities are classified as measured at amortized cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. The Group does not have any financial liabilities at FVTPL. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Non-derivative financial liabilities are first recognized on the transaction date when the Group becomes a party to the contractual terms of the relevant financial instrument.

The non-derivative financial liabilities of the Group include borrowings, other financial liabilities, commercial debts and other debts.

Such financial liabilities are initially measured by deducting transaction costs directly attributable from their fair values. Following their initial recognizing, financial liabilities are valued over their amortized costs using the effective interest method.

iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group continues to recognize the financial asset in the statement of financial position if it retains substantially all the risks and benefits arising from the ownership of a financial asset.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(v) Derivative financial instruments and hedge accountin

The Group uses derivative financial instruments for the purpose of hedging foreign currency and interest risk rate. Embedded derivative instruments are separated from the main contract and recognized separately when the underlying contract is not a financial asset and mets certain criteria.

Derivatives are initially recognized at fair value. Subsequent to initial recognition of derivative instruments, changes in fair value are recognized in profit or loss.

The Group defines certain derivatives as hedging tools to protect the variability in cash flows associated with highly probable forecast transactions resulting from changes in exchange rates and interest rates.

At the beginning of the hedging relationship, the Group documents the hedging relationship and the risk management objective and strategy that led to the entity's hedging transaction.

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**NOTE 2 BASIS OF PRESENTATION (cont'd)**

The Group also documents whether the changes in the cash flows of the hedged item and the hedging instrument are expected to offset each other and the economic relationship between the hedged item and the hedging instrument in this way.

**Cash Flow Hedge**

If a derivative instrument is designed as a cash flow hedging instrument, the effective part of the change in the fair value of the derivative instrument is recognized in other comprehensive income and shown in the hedging reserve under equity. The ineffective part of the change in the fair value of the derivative is recognized directly in profit or loss. The effective part of the change in the fair value of the derivative instrument determined on the present value basis from the inception of the hedging relationship recognized in other comprehensive income is limited to the cumulative effect of the change in the fair value of the hedging instrument.

The Group defines only the value change in the spot element of the forward contract as a hedging tool in the cash flow hedging relationship.

The change in the fair value of the forward value of the forward foreign exchange purchase and sale contracts ("forward element") is accounted as a hedge fund as a separate component in equity as hedging cost.

A protected forecast transaction; in case a non-financial asset or liability is subsequently included in the financial statements, the amount accumulated in the hedge fund and the hedging cost are directly included in the initial cost of the non-financial asset or liability.

For all other hedged forecast transactions, the amount accumulated in the hedge fund and the hedging cost are classified from the hedge fund to profit or loss in the periods or periods when the hedged estimated future cash flows affect profit or loss.

Hedge accounting is terminated prospectively when the hedge relationship (or part of it) no longer meets the required criteria, the hedging instrument expires or is sold, terminated or used. If cash flow hedge accounting is discontinued, the amount accumulated in the hedge fund continues to be classified in equity until the recognition of a hedged forecast transaction non-financial item, the hedging cost is directly included in the initial cost of the non-financial item, or the financial risk for other cash flow hedges. hedging cost is classified into profit or loss in the period or periods in which the hedged estimated future cash flows affect profit or loss.

If the estimated future cash flows under protection are no longer expected to occur, the amount accumulated in the hedge fund and the cost of this fund are immediately classified to profit or loss.

**vi. Non-derivative financial assets**

The Group recognises loss allowances for expected credit losses (ECL) on:

- financial assets measured at amortized cost

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Bank balances where credit risk (i.e. default risk arising over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group has chosen lifetime ECL's to measure the impairment of trade receivables and contract assets.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

**Measurement of ECLs**

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive).

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**NOTE 2 BASIS OF PRESENTATION (cont'd)**

Cash deficit is the difference between the cash flows that must be made to the business according to the contract and the cash flows that the business expects to receive. As the amount and timing of the payments are taken into consideration in the expected credit losses, a credit loss occurs even if the enterprise expects to receive the entire payment late than the term specified in the contract.

ECLs are discounted at the effective interest rate of the financial asset.

**Credit-impaired financial assets**

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization or
- the disappearance of an active market for a security because of financial difficulties

**Presentation of impairment**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

**Write-off**

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. Write-off is a reason for derecognition.

The Group has a policy of writing off the gross carrying amount when the financial asset is 2 years past due based on historical experience of recoveries of similar assets. For corporate customers, the Group makes an assessment of the timing and the amount to be deducted, based on the individual's expectation for a reasonable recovery. The Group expects no significant recovery from the amount written off.

However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

**Non-Financial Assets**

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than contract assets and deferred tax assets) to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and is fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

If an asset or CGU's recoverable amount is lower than its book value, the carrying value of that asset or CGU is reduced to its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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**NOTE 2 BASIS OF PRESENTATION (cont'd)**

**c) Inventories**

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the amount obtained by deducting the estimated completion cost and the estimated sales costs required to realize the sale from the estimated sales price.

The cost of inventories includes all purchasing costs, conversion costs, and other costs incurred in bringing the inventories to their current position. Stocks are valued according to the average cost pricing method.

**Related parties**

The related party is the person or business associated with the reporting business. The entity reporting is the entity that prepares the consolidated financial statements.

a) Related Parties are considered related to the Company if a person or a close member of that person's family is related to a reporting entity;

if that person:

Has control or joint control over the reporting entity;

Has significant influence over the reporting entity; or

Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity

b) The entity and the reporting entity are members of the same group.

i) The entity and the company are members of the same group.

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.

One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

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.

The entity is controlled or jointly controlled by a person identified in (a).

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).

(viii) In the event that the business or another member of the group of which it is a part provides key management personnel services to the reporting enterprise or the parent company of the reporting enterprise.

**e) Recognition and measurement**

Property, plant and equipment are measured by deducting accumulated depreciation and depreciation provision, if any, from their cost values, except for land and parcels, underground and overland plants, buildings and plant, machinery and equipment.

Cost refers to the expenses directly related to the purchase of the relevant asset. The Group stopped using the cost method for lands and parcels, underground and overland plants, buildings and plants, machinery and equipment included in property, plant and equipment and chose the revaluation model as its accounting policy in accordance with TAS 16 Property, Plant and Equipment. The revalued amount is the value found by deducting the subsequent accumulated depreciation and subsequent accumulated impairment losses from its fair value at the date of revaluation. The increase arising from the revaluation of the mentioned lands, underground and overland plants, buildings and plant machinery and equipment is recorded after netting of the deferred tax effect on the revaluation reserve in equity. Decreases arising from the valuation made over the recorded amounts of the re-evaluated lands and parcels, underground overland plants, buildings and facility machinery and devices are also reflected as expense, if any, exceeding the amount of revaluation reserve arising from the previous valuation.

If the parts comprising the tangible fixed assets have different useful lives, they are accounted as separate parts (important parts) of the property, plant and equipment.

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**NOTE 2 BASIS OF PRESENTATION (cont'd)**

Gains or losses arising from the disposal of a tangible asset are determined by comparing the amount of disposal with the registered value of the asset and are accounted for under "income from investment activities" or "expenses from investment activities" in profit or loss.

**(i) Subsequent costs**

Costs arising from replacing any part of tangible fixed assets are capitalized if it is likely to increase the future economic benefit of the fixed asset and if its cost can be measured reliably. The registered values of the changed parts are excluded from the financial status table. The daily maintenance costs of property, plant and equipment are recorded in profit or loss on the date they occur.

**(ii) Depreciation**

Property, plant and equipment items are depreciated on the day they are already available or for assets built by the Group, on the day these assets are completed and are ready for use. Depreciation is calculated by straight-line method over their estimated useful life. Depreciation is usually recognized in profit or loss unless it is included in the book value of another asset. Leased assets are depreciated over the shorter of the lease term and the useful life of the leased asset, unless the Group will take ownership of the leased asset with reasonable certainty at the end of the lease. Land and parcels are not depreciated.

Depreciation expense of revalued lands, underground and overland plants, buildings and plant machinery and equipment for the period is recognized in profit or loss. When the re-evaluated lands and parcels, underground and overland plants, buildings and facility machinery and equipment are sold or withdrawn from service, the remaining balance in the revaluation reserve is directly transferred to previous years losses. On the other hand, some of the increase in value is transferred to previous year's profit / loss as the asset is used by the enterprise.

The estimated useful lives of significant tangible fixed asset items in current and comparative periods are as follows:

Buildings	10-50
Machinery, Plant and Devices	3-50
Inventory	5-15
Vehicles	5-8
Underground and Overland Plants	5
Special Costs	5

For the major maintenance related to the power plants, useful lives different from the useful life of the power plants have been determined. Therefore, the maintenances are recorded as separate parts of the power plants.

Depreciation methods and useful lives are reviewed as of each reporting date and adjusted when necessary.

The useful life of solar power plants of the Group has been corrected as 50 years as of 01.01.2020.

**(f) Intangible fixed assets**

**(i) Recognition and measurement**

Other intangible fixed assets that have been purchased by the Group and have a certain useful life are measured by subtracting the accumulated amortization and, if any, accumulated impairment losses from their costs. In case of impairment, the registered value of intangible fixed assets is reduced to the recoverable amount.

**(ii) Subsequent costs**

Subsequent costs are capitalized only if they have an increasing effect on the future economic benefits of the intangible assets they are related to. All other expenses are recognized in profit or loss on the date they occur.



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**NOTE 2 BASIS OF PRESENTATION (cont'd)**

**(iii) Redemption**

Redemption is calculated over the cost of intangible fixed asset items over their estimated useful lives on a straight-line method and accounted in profit or loss. The estimated useful lives of licenses are between 2 and 49 years. Amortization methods and useful lives are reviewed as of each reporting date and adjusted when necessary.

**g) Leasing Transactions**

**(i) As a lessee**

The Group distributes the lease component to each lease component based on the relative stand-alone price of the lease component and the total stand-alone price of the non-lease components.

The Group chose not to separate the non-lease components from the lease components, but instead account for each lease component and its associated non-lease components as a single lease component.

The Group has reflected the right to use and lease obligation in its consolidated financial statements at the date when the lease actually started. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

In the event that the lease transfers the property of the underlying asset to the lessee at the end of the lease period or if the cost of the right of use asset indicates that the lessee will use a purchase option, the right to use asset is depreciated from the date on which the lease actually begins to end the useful life of the underlying asset. In other cases, the right to use asset is depreciated based on the shorter of the useful life or rental period of the asset, starting from the date the lease actually begins. In addition, the value of the right of use asset is periodically reduced, if any, by deducting impairment losses and corrected in line with the re-measurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that were not paid at that date at the time the lease actually started. Rent payments are discounted using this rate if the implicit interest rate in the lease can be easily determined. In case this rate cannot be determined easily, the Group's alternative borrowing interest rate is used.

The Group determines the alternative borrowing interest rate by considering interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments (including essentially fixed payments);

variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date

- amounts expected to be payable under a residual value guarantee; and,
- In the event that it is reasonably certain that the purchase option will be used, the penalty for termination of the lease, if the usage price of this option and the duration of the lease indicate that the Group will use an option to terminate the lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in amount expected to be payable under a residual value guarantee, the Group considers to changes its assessment of whether it will exercise a purchase, extension or termination option.

In case of reassessment of the lease liability, it is reflected in the consolidated financial statements as a correction in the presence of the right to use according to the newly found debt amount. However, if the carrying amount of the right of use asset is zero and there is a further decrease in the measurement of the lease obligation, the remaining re-measurement amount is reflected in profit or loss.

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**NOTE 2 BASIS OF PRESENTATION (cont'd)**

**Short-term leases and low-value leases**

The Group prefers not to reflect the right of use assets and lease liabilities to its consolidated financial statements for short-term machine rentals with leases of 12 months or less and for leases of low-value conditions, including IT equipment. The Group has reflected the lease payments associated with these leases in the consolidated financial statements as expenses linear basis during the lease period.

**.h) Provisions**

In the event that there is an existing legal or implied obligation arising from past events and it is probable that the obligation will be fulfilled and the resources that bring economic benefits will emerge from the business and the amount of the obligations can be estimated reliably, a provision is made for these liabilities in the consolidated financial statements. Provisions are calculated according to the best estimate made by the Group management of the expenses to fulfill the obligation as of the reporting date and discounted to present value if the effect is material.

**ı) Employee Benefits**

**(i) Short term benefits to employees**

Short-term benefit obligations provided to employees are expensed as the relevant service is provided. As a result of the past services of its employees, a liability is recorded for the amounts expected to be paid in cases where the Group is legally or constructively obliged to pay and this liability can be estimated reliably. Of the labor contract according to the current Labor Law in Turkey it is obliged to pay for any reason claimed by the employee if the ending, but unused annual leave belonging fee gross salary at the date when the contract expires and contractual other interests him or rights to their owners over the total. Unused vacation provision is the total undiscounted liability amount corresponding to the leave days that all employees deserve but have not used yet as of the reporting date. Liabilities arising from unused leave rights are accrued in the period in which they are entitled.

**(ii) Other long-term employee benefits**

As per the existing labor law in Turkey, the Group employees' pension, the military or have completed one year of leaving employment for reasons such as death, employees are obliged to pay certain amounts. Provision for severance pay expresses the present value of the future estimated possible liability of the Group in case of retirement of employees on a 30-day basis. The provision for severance pay has been calculated as if all employees will be subject to such a payment, and it is reflected on an accrual basis in the consolidated financial statements. The provision for severance pay has been calculated according to the severance pay ceiling announced by the Government. As of 30 September 2020, the severance pay ceiling was calculated over 7.117.17 TL. (Ceiling valid as of 01.07.2020). All actuarial gains and losses are accounted for in other comprehensive income.

**j) Contingent liabilities and contingent assets**

It is defined as an existing asset or liability that will result in the exit or entry of resources that are arising from past events and that contain economic benefits. Contingent liabilities are disclosed in the notes to the consolidated financial statements, except in cases where the possibility of the outflow of resources embodying economic benefits is remote. If the situation requiring resource transfer is probable, contingent liabilities are reflected in the consolidated financial statements. If it becomes probable that the economic benefit will enter the business, an explanation is made in the footnotes of the consolidated financial statements regarding the contingent asset. If it is certain that the economic benefit will enter the business, the asset and the related income change are included in the consolidated financial statements at the date of their change.

**k) Income from Investment Activities And Expenses from Investment Activities**

Income from investment activities includes profits from sales of subsidiaries, and income from sales of fixed assets and scrap. Expenses from investment activities include fixed assets, expenses and losses from sales of subsidiaries.

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**NOTE 2 BASIS OF PRESENTATION (cont'd)**

**l) Finance Income and Finance Expense**

Finance income consists of interest income from bank deposits, which are part of the cycle used for financing, interest income from funds made, foreign exchange income on financial assets and liabilities (other than trade receivables and payables) and interest and late interest earnings including derivative instruments, which are recorded in profit or loss and received from related parties.

Finance expenses include interest expenses on bank loans, foreign exchange expenses on financial assets and liabilities (excluding trade receivables and payables), losses from derivative instruments recorded in profit or loss, and interest and interest expense paid to related parties. Borrowing costs that cannot be directly attributed to the acquisition, construction or production of an asset are recognized in consolidated profit or loss using the effective interest rate.

Foreign exchange assets and liabilities on financial assets and liabilities (excluding trade receivables and payables) are reported as gross in finance income or finance expenses. Exchange difference and rediscount income on trade receivables and payables are reported in other operating income, while exchange difference and rediscount expenses are reported as gross in other operating expenses.

**m) Earning/(Loss) Per Share**

Earnings / (loss) per share stated in the consolidated statement of profit or loss and other comprehensive income has been found by dividing the net profit / (loss) or total comprehensive income / (expense) of the parent company by the weighted average number of shares in the market during the relevant period.

**n) Tax**

Tax expense comprises current tax and deferred tax. Tax is recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity or other comprehensive income.

**(i) Current tax**

Current period tax is the tax liability or receivable calculated on the profit or loss subject to tax in the current year and in accordance with the tax rates valid as of the end of the reporting period and the current tax legislation and includes the correction records related to the tax liabilities in the previous years.

Current tax is calculated by taking into consideration the tax rates that are in force as of the end of the reporting period or close to the effective date

To net off current tax asset or liability can be applied only under some certain conditions. Tax legislation in Turkey does not permit a parent company and its subsidiary consolidated tax return to fill out. Therefore, the tax provision reflected in the consolidated financial statements is calculated separately for companies.

**(ii) Deferred tax**

Deferred tax is calculated over the temporary differences between the book values of assets and liabilities in the financial statements and the values used in the tax base. Deferred tax is not recognized for temporary differences that occur in the following situations.

- Temporary differences that arise on initial recognition of assets or liabilities resulting from a transaction that is not a business combination and affects neither accounting profit nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries that are unlikely to reverse in the foreseeable future and the Group can control the reversal time; and
- Taxable temporary differences arising during the initial recognition of goodwill.

For unused past year financial losses, tax advantages and deductible temporary differences, if it is probable that there will be a taxable profit sufficient to offset them in the future, a deferred tax asset is recognized. Taxable profit is determined according to the business plans of each subsidiary in the Group. Deferred tax assets are reviewed at each reporting date and if it is probable that it will gain taxable profit in the future, a deferred tax asset that has not been recognized beforehand is recognized, limited to these amounts.

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**NOTE 2 BASIS OF PRESENTATION (cont'd)**

The Group measures deferred tax liabilities and deferred tax assets consistently with the tax consequences of its expectations at the end of the reporting period regarding how its assets will recover their book values or how they will pay their debts.

The Company and its subsidiaries within the scope of consolidation have reflected their deferred tax assets and liabilities in their financial statements by netting, however, no netting has been made on a consolidated basis. Deferred tax is calculated over the tax rates expected to be valid in the period when assets are created or liabilities are fulfilled.

**(iii) Tax Risk**

When the amount of period tax expense and deferred tax expense are determined, the Group considers uncertain tax positions and whether there are any additional tax and interest obligations to be paid. In case new information arises that will change the professional opinion of the Group regarding the adequacy of the existing tax liability, this change in the tax liability will affect the tax expense for the period in which this situation is determined.

**o) Segment Reporting**

The operating segment is engaged in operating activities from which the Group can generate revenues and expenditures, the operating results are regularly reviewed by the authority to make decisions regarding the activities of the Group in order to make decisions regarding the resources to be allocated to the department and there are separate financial information about it.

It consists of energy contracting and energy-based sales of the Group in the period ending on September 30, 2020. For this reason, the Group management evaluates the decisions regarding the resources to be allocated and the performance evaluation as a single operating segment instead of separate segments.

Explanations regarding the activity segments for the periods ending on 30.09.2020 and 30.09.2019 are presented in Footnote 3.

**p) Capital**

Common stocks

Common stocks are classified as paid-in capital. Additional costs directly attributable to the issuance of common stocks are recognized as a decrease in equity after deducting any tax effect, if any.

**2.6 Important Accounting Valuation, Assumptions and Estimates**

While preparing the consolidated financial statements, the Group management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the amounts of reported assets, liabilities, income and expenses. Actual amounts may vary from estimated amounts.

Estimates and related assumptions are constantly reviewed. Changes to estimates are accounted prospectively.

**(i) Assumptions and Estimates**

Regarding the amounts recorded in the consolidated financial statements, the important evaluations regarding the application of accounting policies that have a significant impact and the uncertainties regarding the estimates and assumptions that may require significant corrections in the following periods are explained in the related footnotes.

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**NOTE 2 BASIS OF PRESENTATION (cont'd)**

**(ii) Measurement of fair values**

Various accounting policies and explanations of the Group require the determination of the fair values of both financial and non-financial assets and liabilities. If third-party information, such as tape prices or pricing services, is used to measure fair value, the group will consider the requirements of IFRS, including the level at which fair valuations should be classified in the fair valuation hierarchy. reviews compliance to support its result. In measuring the fair value of an asset or liability, the Group uses market-observable information. Fair valuations are classified into different levels in the fair valuation hierarchy based on the information used in the valuation techniques stated below.

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: Data excluding quoted prices in Level 1 and that can be observed directly (through prices) or indirectly (derived from prices) in terms of assets or liabilities;
- Level 3: Data not based on observable market data for assets or liabilities (non-observable data).

If the information used to measure the fair value of an asset or liability can be classified to a different level of the fair valuation hierarchy, this fair valuation is classified to the same level of the fair valuation hierarchy that includes the smallest information that is important to the whole measurement.

The Group recognized the transfers between levels in the fair valuation hierarchy at the end of the reporting period in which the change occurred.

**(iii) Determination of fair value**

Fair values are determined by the following methods for measurement and / or explanation purposes. If applicable, additional information about the assumptions used in determining fair values is presented in footnotes specific to the asset or liability.

**(iii) a. Trade Receivables and other receivables**

The fair values of trade and other receivables are estimated as the value to be found by discounting future cash flows with market interest rates at the measurement date. Short-term receivables without a certain interest rate are valued over the original invoice amount in case the discount effect is insignificant. These fair values are determined at initial recognition and at the end of each reporting period for disclosure purposes.

**(iii) b. Derivative Financial Instruments**

The fair values of derivative financial instruments are determined over their prices traded in active markets or, where appropriate, by using the discounted cash flow method. Discount factors are calculated by including an additional margin reflecting the characteristics of the financial instrument in the swap yield curves.

**Other Non-Derivative Financial Liabilities**

Fair values of other non-derivative financial liabilities are determined during initial recognition and at the end of each reporting period for disclosure purposes. Fair value is calculated by discounting the future principal and interest cash flows to the present value with the market interest rates at the measurement date.

**(iii) c. Property, plant and equipment**

The land and parcels, plant, machine and equipment and vehicles included in property, plant and equipment are indicated at their valued amounts in the financial statements, and the important assumptions used in the fair value calculation are specified in Footnote 12. Valuation of the related property, plant and equipment was made by Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş. that is an independent valuation company, as of 30 June 2020.

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**NOT.3 MERGERS**

	<b>31.12.2020</b>	<b>31.12.2019</b>
<b>COMPANY</b>	Companies purchased from ÖZYER GROUP (*)	Companies purchased from GİRİŞİM ELEKTRİK TAAHHÜT TİC.A.Ş (**)
<b>TRANSFERRED PRICE</b>	45.370.926	17.345.384
<b>WRITTEN DOWN VALUE</b>	123.025.610	98.181.176
<b>NEGATIVE GOODWILL</b>	(77.654.684)	(80.835.792)

(\*)Esenboğa Elektrik Üretim A.Ş. has signed a sales agreement with Özyer Group (Hasan Özyer and Ömer Özyer) to purchase 11 Solar Power plants developed and established under the Unlicensed Electricity Generation Regulation and Güneş 5 Enerji A.Ş. It acquired Maral Enerji A.Ş. on 30.12.2020 together with the companies (Hanel Global A.Ş., Kural Energy A.Ş. and Soral Enerji A.Ş.), which are subsidiaries of these companies. The purchase price was determined by deducting loans and other debts from the value determined by the valuation report. Company values of 26.400.000 USD were determined according to the valuation report, and the purchase price was reached to 13.625.000 USD by deducting 12.775.000 loans and other debts.

(\*\*) On 31.12.2019, 22 companies were purchased from Girişim Elektrik A.Ş. for 22.920.000 USD, but a contract was made that all debts of the purchased companies will be deducted from the purchase price. Negative goodwill amounting to 80.835.792 TL emerged on 31.12.2019 has been recognized as profit. In these companies, the resulting acquisition difference was added to the debt acquisition costs of 11.186.695 TL and the resulting acquisition difference was accounted as profit.

**NOT.4 JOINT VENTURES**

None (31.12.2019 None)

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**NOTE 5 SEGMENT REPORTING**

The Group management has determined the reportable parts of the Group as Energy Contracting and Electricity Generation according to their activity groups.

	January 1st – December 31th 2020			
	Energy Construction Business	Electricity	Elimination	Total
Revenue	164.478.338	60.618.092	(82.339.248)	142.757.181
Cost of Sales(-)	(127.580.425)	(22.742.718)	82.339.248	(67.983.894)
<b>Gross Profit (Loss)</b>	<b>36.897.913</b>	<b>37.875.374</b>	<b>-</b>	<b>74.773.287</b>
General Administration Expenses (-)	(8.471.542)	(2.569.993)	-	(11.041.535)
Other Real Operating Income	11.658.450	10.659.917	-	22.318.367
Other Real Operating Expense (-)	(139.990)	(443.048)	-	(583.038)
<b>OPERATING PROFIT/LOSS</b>	<b>39.944.831</b>	<b>45.522.250</b>	<b>-</b>	<b>85.467.081</b>
Income From Investing Activities	9.961.715	91.938.085	-	101.899.800
Expense From Investing Activities (-)	-	(15.193)	-	(15.193)
<b>OPERATING PROFIT/(LOSS) BEFORE FINANCE EXPENSES</b>	<b>49.906.546</b>	<b>137.445.142</b>	<b>-</b>	<b>187.351.688</b>
(Other) Finance Income	1.628.733	5.487.296	(698.045)	6.417.984
(Other) Finance Expense (-)	(4.130.588)	(97.730.715)	698.045	(101.163.258)
<b>PERIOD PROFIT/(LOSS) FROM CONTINUING OPERATIONS BEFORE TAX</b>	<b>47.404.691</b>	<b>45.201.723</b>	<b>-</b>	<b>92.606.414</b>

	January 1st -December 31th 2019			
	Energy Construction Business	Electricity	Elimination	Total
Revenue	45.473.922	23.976.759	(6.825.216)	62.625.465
Cost of Sales(-)	(30.285.189)	(21.023.629)	6.877.419	(44.431.399)
<b>Gross Profit (Loss)</b>	<b>15.188.733</b>	<b>2.953.130</b>	<b>52.203</b>	<b>18.194.066</b>
General Administration Expenses (-)	(6.590.881)	(690.591)	-	(7.281.473)
Other Operating Income	3.223.371	51.343	-	3.274.714
Other Operating Expense (-)	(5.970.234)	(253.241)	-	(6.223.475)
<b>OPERATING PROFIT/LOSS</b>	<b>5.850.989</b>	<b>2.060.641</b>	<b>52.203</b>	<b>7.963.832</b>
Income From Investing Activities	720.012	80.838.587	(52.203)	81.506.396
Expense From Investing Activities (-)	(159.994)	-	-	(159.994)
<b>OPERATING PROFIT/(LOSS) BEFORE FINANCE EXPENSES</b>	<b>6.411.007</b>	<b>82.899.228</b>	<b>-</b>	<b>89.310.234</b>
Finance Income	1.313.878	805.985	-	2.119.863
Finance Expense (-)	(4.633.489)	(22.532.511)	-	(27.166.000)
<b>PERIOD PROFIT/(LOSS) FROM CONTINUING OPERATIONS BEFORE TAX</b>	<b>3.091.396</b>	<b>61.172.702</b>	<b>-</b>	<b>64.264.096</b>

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**NOTE 6 CASH AND CASH EQUIVALENTS**

	<b>31.12.2020</b>	<b>31.12.2019</b>
<b>Cash</b>	<b>173.295</b>	<b>234.937</b>
TL	173.295	234.937
<b>Bank Accounts</b>	<b>217.531.377</b>	<b>26.653.800</b>
<b>Demand Deposit</b>	<b>202.952.983</b>	<b>26.653.800</b>
TL	106.029.613	11.240.130
EURO	81.542.910	15.374.127
USD	15.380.460	39.543
<b>Repo (overnight/breach maturity)</b>	<b>14.578.394</b>	<b>-</b>
TL	14.245.068	-
USD	15.906	-
EURO	317.420	-
<b>Total</b>	<b>217.704.672</b>	<b>26.888.737</b>

**NOTE 7 FINANCIAL INVESTMENTS**

<b>Long Term Financial Investments</b>	<b>Share Proportion %</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
*Margün 1 Enerji San. ve Tic. A.Ş.	100,00%	50.000	50.000
<b>Total</b>		<b>50.000</b>	<b>50.000</b>

\*Margün 1 Enerji San. ve Tic. A.Ş. is not included in the consolidation.

**NOTE 8 FINANCIAL LIABILITIES**

	<b>31.12.2020</b>	<b>31.12.2019</b>
<b>Short Term Liabilities</b>		
Bank Loans	-	6.000.088
Principal Installments and Interests of Long-Term Loans	91.976.734	45.494.461
Other Financial Liabilities	114.201	104.053
<b>Total</b>	<b>92.090.935</b>	<b>51.598.602</b>
	<b>31.12.2020</b>	<b>31.12.2019</b>
<b>Long Term Liabilities</b>		
Bank Loans	338.629.607	142.484.697
<b>Total</b>	<b>338.629.607</b>	<b>142.484.697</b>
<b>TOTAL</b>	<b>430.720.542</b>	<b>194.083.299</b>



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**NOTE 8 FINANCIAL LIABILITIES(cont'd)**

**Short Term Bank Loans(\*)**

		<u>Original Currency</u>	<u>-</u>	<u>Carrying Amount</u>	<u>-</u>	<u>Average Interest Rate</u>	<u>-</u>
		<u>31.12.2020</u>	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2019</u>
Bank Loans/TL	TL	10.889.175	14.707.078	10.889.175	14.707.078	%7,30 - %30,35	%7,30 - %30,35
Bank Loans/AVRO	EURO	4.620.583	2.483.241	41.621.752	16.515.042	%4,82 - %5,00	%5,94 - %6,7
Bank Loans/USD	USD	5.376.447	3.412.752	39.465.808	20.272.429	%8,40	%7,4 - %9,72
Bank Credit Cards	TL	114.200	104.053	114.200	104.053		
	<b>TOTAL</b>			<b>92.090.935</b>	<b>51.598.602</b>		

**Long Term Bank  
Loans(\*)**

		<u>Original Currency</u>	<u>-</u>	<u>Carrying Amount</u>	<u>-</u>	<u>Average Interest Rate</u>	<u>-</u>
		<u>31.12.2020</u>	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2019</u>
Bank Loans/TL	TL	28.905.675	3.811.622	28.905.675	3.811.622	%7,30 - %30,35	%7,30 - %30,35
Bank Loans/AVRO	EURO	21.452.272	9.407.483	193.239.917	62.565.400	%4,82 - %5,00	%6,50
Bank Loans/USD	USD	15.868.676	6.589.711	116.484.015	76.107.675	%8,40	%6,89
	<b>TOTAL</b>			<b>338.629.607</b>	<b>142.484.697</b>		

	<u>31.12.2020</u>	<u>31.12.2019</u>
Payable within 1 year	92.090.935	45.394.459
Payable within 1-2 years	86.489.718	37.046.212
Payable within 2-3 years	77.135.977	31.425.662
Payable within 3-4 years	67.134.387	27.301.324
Payable within 4-5 years	49.277.264	22.837.133
Payable within 5-6 years	30.371.286	20.171.802
Payable within 6-7 years	24.783.599	9.429.338
Payable within 7-8 years	3.437.376	477.369
<b>TOTAL</b>	<b>430.720.542</b>	<b>194.083.299</b>

**NOTE 9 DEFERRED INCOME**

<u>Short Term Prepaid Expenses</u>	<u>30.09.2020</u>	<u>31.12.2019</u>
Advances Taken (*)	13.214.787	199.518
	<b>13.214.787</b>	<b>199.518</b>

(\*) Received advances consists of Berteks Tekstil Tic. Ltd. Şti, Yonca İplik A.Ş.

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**NOTE 10 TRADE RECEIVABLES AND PAYABLES**

**Short Term Trade Receivables**

	<b><u>31.12.2020</u></b>	<b><u>31.12.2019</u></b>
Trade Receivables	13.359.755	11.099.550
Notes Receivables	619.950	-
Rediscount of Notes Receivables (-)	(85.213)	(67.928)
Doubtful Receivables	5.085.584	6.000.326
Provision for Doubtful Receivables (-)	(5.085.584)	(6.000.326)
Receivables Arising From Sales which are not invoiced	-	775.979
	<b>13.894.492</b>	<b>11.807.601</b>

**Short Term Trade Payables**

	<b><u>31.12.2020</u></b>	<b><u>31.12.2019</u></b>
Trade Payables	1.503.266	69.750.769
Payables to Related Parties	-	4.296.092
Notes Payable	1.568.427	13.184.998
Rediscount of Notes Payable (-)	(3.472)	-
Rediscount of Trade Payable (-)	(40.594)	(73.279)
Other Trade Payables	-	286.414
Other Miscellaneous Payables	17.411	17.195
	<b>3.045.038</b>	<b>87.462.189</b>

Average maturity of trade receivables is 15-20 days. Average term of trade payables is 30-60 days.

**NOTE 11 OTHER RECEIVABLES AND PAYABLES**

**Other Current Receivables**

	<b><u>31.12.2020</u></b>	<b><u>31.12.2019</u></b>
Other Receivables from Related Parties	-	75
Other Trade Receivables	120.365	4.096.464
Other Miscellaneous Receivables	141.286	26.988
	<b>261.651</b>	<b>4.123.527</b>

**Other Long Term Receivables**

	<b><u>31.12.2020</u></b>	<b><u>31.12.2019</u></b>
Deposits and Guarantees Given	24.528	244.668
	<b>24.528</b>	<b>244.668</b>

**Other Short Term Payables**

	<b><u>31.12.2020</u></b>	<b><u>31.12.2019</u></b>
Payables to Shareholders	11.971.889	11.500.000
	<b>11.971.889</b>	<b>11.500.000</b>

**NOTE 12 CURRENT PERIOD TAX ASSETS**

	<b><u>31.12.2020</u></b>	<b><u>31.12.2019</u></b>
Prepaid expenses	328.311	3.965
	<b>328.311</b>	<b>3.965</b>

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**NOTE 13 INVENTORIES**

	<b><u>31.12.2020</u></b>	<b><u>31.12.2019</u></b>
Trade Goods	22.117.000	181.961
Raw Materials	7.061	-
<b>Total</b>	<b>22.124.061</b>	<b>181.961</b>

**NOTE 14 PREPAID EXPENSES**

<b><u>Short-Term Prepaid Expenses</u></b>	<b><u>31.12.2020</u></b>	<b><u>31.12.2019</u></b>
Advances given	6.736.712	280.057
Prepaid expenses	196.735	253.299
	<b>6.933.447</b>	<b>533.356</b>

<b><u>Long-Term Prepaid Expenses</u></b>	<b><u>31.12.2020</u></b>	<b><u>31.12.2019</u></b>
Advances given	3.100.000	8.698
Prepaid expenses	-	5.831
	<b>3.100.000</b>	<b>14.529</b>

**NOTE 15 PROVISIONS**

<b><u>Short-Term Provisions</u></b>	<b><u>31.12.2020</u></b>	<b><u>31.12.2019</u></b>
Short-Term Provisions for Employee Benefits	497.959	300.449
	<b>497.959</b>	<b>300.449</b>

<b><u>Long-Term Provisions</u></b>	<b><u>31.12.2020</u></b>	<b><u>31.12.2019</u></b>
Long-Term Provisions for Employee Benefits	193.653	10.543
	<b>193.653</b>	<b>10.543</b>

**NOTE 16 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD**

None (31.12.2019 none).

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**NOTE 17 INVESTMENT PROPERTY**

	<u>01.01.2020</u>	<u>Addition</u>	<u>Disposal</u>	<u>Transfer</u>	<u>Revaluation</u> <u>Increase/Decrease</u>	<u>31.12.2020</u>
Land and Parcels	5.080.000	-	-	-	2.211.000	7.291.000
Buildings	19.329.420	3.982.000	-	-	8.685.446	31.996.866
	<b>24.409.420</b>	<b>3.982.000</b>	<b>-</b>	<b>-</b>	<b>10.896.446</b>	<b>39.287.866</b>

	<u>01.01.2019</u>	<u>Addition</u>	<u>Disposal</u>	<u>Transfer</u>	<u>Change in Consolidation</u> <u>(*)</u>	<u>31.12.2019</u>
Land and Parcels	-	5.080.000	-	-	-	5.080.000
Buildings	-	19.329.420	-	-	-	19.329.420
	<b>-</b>	<b>24.409.420</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24.409.420</b>

**NOTE 18 PROPERTY, PLANT AND EQUIPMENT**

<u>Costs</u>	<u>1.01.2020</u>	<u>Addition</u>	<u>Disposal</u>	<u>Transfer</u>	<u>Revaluation</u>	<u>Change in</u> <u>Consolidation</u>	<u>31.12.2020</u>
Land and Parcels	32.582.561	10.639.149	-	1.194.360	21.343.156	4.324.613	70.083.839
Buildings	7.000.000	-	-	-	750.000	-	7.750.000
Machinery, Plant and Devices	461.553.017	-	(17.609)	(6.534.756)	436.466.312	39.750.226	931.217.190
Vehicles	3.620.000	996.943	-	1.156.247	5.426.810	-	11.200.000
Inventories	852.185	106.367	-	(11.893)	-	1.186.310	2.132.969
Ongoing Investments	-	784.406	-	-	-	-	784.406
	<b>505.607.763</b>	<b>12.526.865</b>	<b>(17.609)</b>	<b>(4.196.042)</b>	<b>463.986.278</b>	<b>45.261.149</b>	<b>1.023.168.404</b>

<u>Accumulated Depreciation</u>	<u>1.01.2020</u>	<u>Addition</u>	<u>Disposal</u>	<u>Transfer</u>	<u>Revaluation</u>	<u>Change in</u> <u>Consolidation</u>	<u>31.12.2020</u>
Underground and Overland Plants	146.114	36.579	-	-	-	-	182.693
Buildings	8.493.748	6.879.545	-	-	1.873.230	2.720.375	19.966.898
Machinery, Plant and Devices	760.542	275.803	-	(315.901)	-	-	720.444
Vehicles	119.920	111.778	-	-	-	65.482	297.179
	<b>9.520.324</b>	<b>7.303.705</b>	<b>-</b>	<b>(315.901)</b>	<b>1.873.230</b>	<b>2.785.857</b>	<b>21.167.214</b>
<b>Net Book Value</b>	<b>496.087.439</b>	<b>5.223.160</b>	<b>(17.609)</b>	<b>(3.880.141)</b>	<b>462.113.048</b>	<b>42.475.292</b>	<b>1.002.001.189</b>

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**NOTE 18 PROPERTY, PLANT AND EQUIPMENT(cont'd)**

<u>Costs</u>	<u>1.01.2019</u>	<u>Addition</u>	<u>Disposal</u>	<u>Transfer</u>	<u>Revaluation</u>	<u>Acquisition</u>	<u>31.12.2019</u>
Land and Parcels	15.690.000	-	-	-	-	17.976.561	33.666.561
Buildings	7.185.788	10.179.661	-	(10.150.000)	(185.788)	-	7.029.661
Machinery, Plant and Devices	200.767.145	-	-	-	(2.233.853)	262.204.480	460.737.772
Vehicles	5.016.853	1.348.191	(615.000)	-	(781.853)	-	4.968.191
Inventories	669.577	143.507	(1.163)	-	-	26.633	811.921
Ongoing Investments	2.454	-	-	-	-	15.017	17.471
	<b>229.331.817</b>	<b>11.671.359</b>	<b>(616.163)</b>	<b>(10.150.000)</b>	<b>(3.201.494)</b>	<b>280.222.691</b>	<b>507.231.576</b>

<u>Accumulated Depreciation</u>	<u>1.01.2019</u>	<u>Addition</u>	<u>Disposal</u>	<u>Transfer</u>	<u>Revaluation</u>	<u>Acquisition</u>	<u>31.12.2019</u>
Buildings	185.787	146.114	-	-	(185.787)	-	146.114
Machinery, Plant and Devices	2.124.519	8.265.176	-	-	(2.119.234)	-	8.270.461
Vehicles	781.853	989.114	(107.026)	-	(674.826)	-	989.115
Inventories	283.155	120.026	(1.164)	-	-	-	402.017
	<b>3.375.314</b>	<b>9.520.430</b>	<b>(108.190)</b>	<b>-</b>	<b>(2.979.847)</b>	<b>-</b>	<b>9.807.706</b>
<b>Net Book Value</b>	<b>225.956.502</b>	<b>2.150.929</b>	<b>(507.973)</b>	<b>(10.150.000)</b>	<b>(221.647)</b>	<b>280.222.691</b>	<b>497.423.870</b>

The purchased Solar Power Plants are determined its fair value with the valuation report on 12.12.2020 by Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.

As being valid from the presentation of the consolidated financial statements dated September 30, 2020, the Lands and Parcels, Buildings, Vehicles and Electricity Generation Plants under the Group's property, plant and equipment item were reported at revalued amounts. The valuation studies regarding the mentioned power plants were carried out by Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş. The Group reflected the increase in value resulting from the revaluation of its plants in its consolidated financial statements.

There is a mortgage of TRY 770.829.447 (31.12.2019 478.324.839 TL) on the properties of the Group as of 30.09.2020. High mortgage amounts are due to banks' pricing policies.

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**NOTE 19 INTANGIBLE ASSETS**

<u>Costs</u>	<u>1.01.2020</u>	<u>Addition</u>	<u>Disposal</u>	<u>Transfer</u>	<u>31.12.2020</u>
Rights	1.300	7.468	-	-	8.768
Other Intangible Assets	228.185	12.067	-	-	240.252
	<b>229.845</b>	<b>19.535</b>	<b>-</b>	<b>-</b>	<b>249.020</b>

<u>Accumulated Depreciation</u>	<u>1.01.2020</u>	<u>Addition</u>	<u>Disposal</u>	<u>Transfer</u>	<u>31.12.2020</u>
Rights	(1.300)	-	-	-	1.300
Other Intangible Fixed Assets	(23.616)	(36.438)	-	-	60.054
	<b>(24.916)</b>	<b>(36.438)</b>	<b>-</b>	<b>-</b>	<b>61.354</b>
<b>Net Book Value</b>	<b>204.261</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>187.666</b>

<b>31.12.2019</b>					
<u>Costs</u>	<u>01.01.2019</u>	<u>Addition</u>	<u>Disposal</u>	<u>Transfer</u>	<u>31.12.2019</u>
Rights	-	-	-	-	-
Other Intangible Assets	20.711	207.474	-	-	228.185
	<b>20.711</b>	<b>207.474</b>	<b>-</b>	<b>-</b>	<b>228.185</b>

<u>Accumulated Depreciation</u>	<u>01.01.2019</u>	<u>Addition</u>	<u>Disposal</u>	<u>Transfer</u>	<u>31.12.2019</u>
Other Intangible Assets (*)	(12.877)	(11.047)	-	-	(23.924)
	<b>(12.877)</b>	<b>(11.047)</b>	<b>-</b>	<b>-</b>	<b>(23.924)</b>
<b>Net Book Value</b>	<b>7.384</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>204.261</b>

**NOTE 20 GOODWILL**

	<b>31.12.2020</b>	<b>31.12.2019</b>
Esenboğa Elektrik Üretim A.Ş. (Margün8)*	79.243	79.243
	<b>79.243</b>	<b>79.243</b>

**NOTE 21 PAYABLES RELATED TO CURRENT PERIOD TAX**

None (31.12.2019 none).

**NATUREL YENİLENEBİLİR ENERJİ TİCARET A.Ş.**  
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**NOTE 22-23 COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES**

<b>GPM's Given by the Company</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
A. Total Amount of GPMs given for companies' own legal entity	392.309.993	18.590.839
B. Total Amount of GPMs given in favor of partnerships included in scope of full consolidation	520.413.694	461.708.900
C. Total GPM given for execution of ordinary commercial activities to collect third parties debt	-	-
D. Total other GPMs given	-	-
i.Total amount of GPM given on behalf of main shareholder	-	-
ii.Total amount of GPM given on behalf of group companies which are not in scope of B and C.	-	-
iii.Total amount of GPM given on behalf of third parties which are not in scope of C.	-	-
<b>Total</b>	<b>790.201.187</b>	<b>480.299.739</b>

\* The ratio of the other CPM's given by the company to the company's equity is 0% as of 31.12.2020. (0% as of 31.12.2019)

**NOTE 24 EMPLOYEE BENEFITS**

<b>Short-Term Payables</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Payables to Employees	235.292	152.314
Taxes Payables	132.895	80.519
Social Security Withholdings Payable	129.772	67.616
Overdue, Deferred Social Security Tax and Other Liabilities	113.820	21.128
	<b>611.779</b>	<b>321.577</b>

<b>Long-Term Payables</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Provisions for Employee Termination Benefits	193.653	10.543
	<b>193.653</b>	<b>10.543</b>

	<b>31.12.2020</b>	<b>31.12.2019</b>
Discount Rate	2,62%	0,61%
Prediction of the Probability of Retirement	98,57%	100,00%

**NATUREL YENİLENEBİLİR ENERJİ TİCARET A.Ş.**  
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**NOTE 24 EMPLOYEE BENEFITS (cont'd)**

Movement Table of Provisions for Employee Termination Benefits:

	<b><u>31.12.2020</u></b>	<b><u>31.12.2019</u></b>
Opening Balance	10.543	238.196
Service Expense	109.869	9.293
Interest Expense	33.889	1.107
Payments	(66.368)	(65.952)
Actuarial Difference	105.720	(172.101)
<b>Closing Balance</b>	<b>193.653</b>	<b>10.543</b>

**Retirement Plans**

None (31.12.2019 none).

**NOTE 25 OTHER ASSETS AND LIABILITIES**

<b>Other Current Assets</b>	<b><u>31.12.2020</u></b>	<b><u>31.12.2019</u></b>
Income Accruals (*)	27.870.490	-
Deferred VAT	12.447.599	195.643
Job Advances	684.280	917.070
Job Advances to Related Parties	591.164	-
Deposits and Guarantees Given	2.087	-
Advances to Employees	43.797	33.832
	<b>41.639.417</b>	<b>1.146.545</b>
<b>Other Current Liabilities</b>	<b><u>31.12.2020</u></b>	<b><u>31.12.2019</u></b>
Expense Accruals	1.413.600	343.723
Other Taxes	186.654	-
Other Liabilities Payable	12.545	828
Deposits and Guarantees Received	9.050	18.878
	<b>1.621.849</b>	<b>363.429</b>

(\*) 27.870.490 TL of the related amount is the income accrual booked within the scope of TFRS 15 Revenue from Customer Contracts Standard for Esenboğa Elektrik Üretim A.Ş. The remaining accrual amount is comprised of income accruals arising from electricity revenue.



**NATUREL YENİLENEBİLİR ENERJİ TİCARET A.Ş.**  
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**NOT.26 EQUITY**

<b>A-Paid Capital</b>	<b>%</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Yusuf ŞENEL	63,64%	21.000.000	21.000.000
Publicly Held	36,36%	12.000.000	12.000.000
<b>CAPITAL</b>		<b>33.000.000</b>	<b>33.000.000</b>
<b>B-Capital Advance</b>		<b>-</b>	<b>-</b>
<b>C- Share Premium</b>		<b>31.12.2020</b>	<b>31.12.2019</b>
Share Premium		148.055.990	37.015.413
		<b>148.055.900</b>	<b>37.015.413</b>
<b>D- Increase in Revaluation of Property, Plant and Equipment</b>		<b>31.12.2020</b>	<b>31.12.2019</b>
Naturel Group Revaluation		300.043.943	104.513.886
Naturel Group Revaluation Deferred Tax Effect		(56.130.186)	(22.993.052)
<b>Naturel Revaluation</b>		<b>243.913.757</b>	<b>81.520.834</b>
<b>E- Gain/Losses on Remeasurement of Defined Benefit Plans</b>		<b>31.12.2020</b>	<b>31.12.2019</b>
Gain/Losses on Remeasurement of Defined Benefit Plans		105.720	213.536
Tax Effect of Gain/Losses on Remeasurement of Defined Benefit Plans		(25.415)	(46.978)
		<b>80.305</b>	<b>166.558</b>

Legal reserves are divided into the first and the second degree legal reserves according to Turkish Commercial Code(TCC). The First degree reserve fund is allocated at the rate of 5% of the net profit in the legal financial statements until its total reaches 20% of the revalued paid capital. The second degree legal reserves are separated as 10% over the sum of the dividend distributions exceeding 5% of the revalued capital. Within the framework of TCC provisions, legal reserves can only be used to offset losses and cannot be used for other purposes unless they exceed 50% of the paid-in capital.

Capital of the company increased from 25.000.000 TL to 33.000.000, which is published in the Turkish Trade Registry Gazette dated June 17,2019 and numbered 9870. The sum of 8,000.00 TL of the increased capital and 4.000.000 TL of share owned by Yusuf Şenel who is the partner of company has been offered to public.

**NATUREL YENİLENEBİLİR ENERJİ TİCARET A.Ş.**  
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**NOT.26 EQUITY (cont'd)**

**F- Reserves on Retained Earnings**

	<b>31.12.2020</b>	<b>31.12.2019</b>
First Degree Legal Reserve Fund	1.052.573	1.013.087
Second Degree Legal Reserve Fund	-	-
<b>Total</b>	<b>1.052.573</b>	<b>1.013.087</b>

**NOTE 27 – SALES AND COST OF SALES**

	<b>01 January-31 December 2020</b>	<b>01 January-31 December 2019</b>
Sales Revenue	142.757.181	62.625.465
Cost of Sales	(67.983.894)	(44.431.399)
<b>Gross Profit and Loss</b>	<b>74.773.287</b>	<b>18.194.066</b>

**NOTE 28 RESEARCH AND DEVELOPMENT, MARKETING, SALES, DISTRIBUTION AND  
GENERAL ADMINISTRATION EXPENSE**

	<b>01 January-31 December 2020</b>	<b>01 January-31 December 2019</b>
General Administration Expense	(11.041.535)	(7.281.473)
<b>TOTAL</b>	<b>(11.041.535)</b>	<b>(7.281.473)</b>

**NOTE 29 EXPENSES BY NATURE**

	<b>01 January-31 December 2020</b>	<b>01 January-31 December 2019</b>
Municipality, Tax, Duty and Charge Expenses	968.625	248.712
Amortization Expenses	1.404.602	1.265.643
Accommodation, Travel and Transportation Expenses	389.687	211.057
Consultancy Fee	1.207.136	522.937
Employee Expenses	3.317.036	2.145.272
Vehicle Expenses	465.692	-
Electricity, Water and Natural Gas Expenses	611.794	-
Advertisement Expenses	991.808	-
Communication Expenses	25.783	-
Rent Expense	369.815	-
Insurance Expense	268.390	-
Expense of Banking	227.351	-
Other Expenses	793.816	2.887.852
<b>Total</b>	<b>11.041.535</b>	<b>7.281.473</b>

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**NOTE 30 OTHER OPERATING INCOME AND EXPENSE**

	<b>01 January-31 December 2020</b>	<b>01 January-31 December 2019</b>
Foreign Exchange Gains	20.777.870	3.116.297
Previous Period's Income and Gains	124.662	-
Rediscount Interest Income	107.604	-
Other Extraordinary Incomes and Gains	324.522	-
Other Incomes and Gains	983.709	158.417
<b>Incomes and Gains From Other Activities</b>	<b>22.318.367</b>	<b>3.274.714</b>
	<b>01 January-31 December 2020</b>	<b>01 January-31 December 2019</b>
Provision Expenses	(51.253)	(3.486.552)
Exchange Difference Expenses	-	(2.307.714)
Rediscount Interest Expenses	(148.868)	(192.073)
Other Expenses and Losses	(351.337)	(237.136)
Other Extraordinary Expense and Losses	(31.580)	-
<b>Expenses and Losses From Other Activities</b>	<b>(583.038)</b>	<b>(6.223.475)</b>

**NOTE 31 FINANCE INCOME**

	<b>01 January-31 December 2020</b>	<b>01 January-31 December 2019</b>
Rediscount Interest Income	-	564.971
Marketable Securities Sales Profit	-	695.743
Interest Income	6.417.984	859.149
<b>Total Finance Income</b>	<b>6.417.984</b>	<b>2.119.863</b>

**NOTE 32 FINANCE EXPENSE**

	<b>01 January-31 December 2020</b>	<b>01 January-31 December 2019</b>
Foreign Exchange Losses	(13.125.466)	(350.922)
Foreign Exchange Losses from Bank Loans	(67.516.038)	-
Finance Expenses	(20.521.754)	(26.815.080)
<b>Total Finance Expense</b>	<b>(101.163.258)</b>	<b>(27.166.002)</b>

**NOTE 33 INCOME AND EXPENSE FROM INVESTING ACTIVITIES**

	<b>01 January-31 December 2020</b>	<b>01 January-31 December 2019</b>
Rent income	550.310	206.909
Fixed Asset Sales Profits	-	463.697
Increase in Revaluation of Investment Properties	9.296.446	-
Fixed Asset Valuation Differences (*)	91.938.085	80.835.790
Other Income	114.959	-
<b>Total Income From Investment Activities</b>	<b>101.899.800</b>	<b>81.506.396</b>

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**NOTE 33 INCOME AND EXPENSE FROM INVESTING ACTIVITIES (cont'd)**

(\*) Esenboğa Elektrik Üretim A.Ş. has signed a sales agreement with Özyer Group (Hasan Özyer and Ömer Özyer) to purchase 11 solar power plants that were developed and established under the Unlicensed Electricity Generation Regulation. The acquisition completed with Güneş 5 Enerji A.Ş., Hanel Global A.Ş. together with the subsidiaries of these companies (Maral Energy A.Ş., Kural Energy A.Ş. and Soral Enerji A.Ş.) on 30.12.2020. The purchase price was determined by deducting loans and other debts from the value determined by the valuation report. Company values of 26.400.000 USD were determined according to the valuation report, and the purchase price was reached to 13.625.000 USD by deducting 12.775.000 loans and other debts. Net identifiable assets of the purchased companies were determined as 123.025.610 TL and the difference between the transfer price of the related companies which is 77.654.684 TL, was recognized as profit in the negative goodwill fixed asset valuation differences. The acquisition cost has increased as a result of the debts of 22 companies that were purchased from Girişim Elektrik A.Ş. on 31.12.2019 with a fixed asset valuation difference of 11.186.695 TL. This resulting difference has been recognized as profit in fixed asset valuation differences

	01 January-31 December 2020	01 January-31 December 2019
Loss on sale of property, plant and equipment	(15.193)	(159.994)
<b>Total Expenses From Investment Activities</b>	<b>(15.193)</b>	<b>(159.994)</b>

**NOTE 34 DEFERRED TAX ASSETS AND LIABILITIES**

While the corporate tax rate was 20% in 2017, it is 22% in 2018. With revenues through a permanent establishment or permanent representative institutions in Turkey dividends paid to companies resident in Turkey (dividends) are not subject to withholding tax. Dividend payments other than these are subject to 15% withholding tax. Addition of profit to capital is not considered as profit distribution and withholding tax is not applied.

The temporary tax paid within the year belongs to that year and is set off the corporate tax to be calculated over the corporate tax declaration to be given in the following year. 50% of the earnings arising from the sale of real estates and subsidiaries interests, founding shares, usufruct shares and pre-emptive rights that are in the assets of the institutions for at least two full years are exempted from corporate tax. In order to benefit from the exemption, the income in question must be kept in a passive fund account and not withdrawn from the business for 5 years and the sales price must be collected until the end of the second calendar year following the year in which the sale was made.

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

The main components of tax expenses as of 31 December 2020 and 31 December 2019 are as follows:

The tax income / expense in the income statement is summarized below.

	<b>31.12.2020</b>	<b>31.12.2019</b>
Deferred Tax Income	8.451.774	3.809.874
Deferred Tax Expense	-	-
<b>Total Tax Income / Expense</b>	<b>8.451.774</b>	<b>3.809.874</b>

## NOTE 34 DEFERRED TAX ASSETS AND LIABILITIES (cont'd)

The breakdown of accumulated temporary differences and deferred tax assets and liabilities as of balance sheet dates using the current tax rates is as follows:

	Accumulated Temporary Difference		Accumulated Temporary Difference	
	<u>31.12.2020</u>	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2019</u>
Rediscount Interest Expense(Deferred Finance Expense)	(101.793)	(67.928)	20.359	14.944
Advances	(783.323)	-	152.533	-
Adjustments Related to Fixed Assets(*)	787.318.436	294.316.556	(154.040.449)	(64.729.623)
Loan Discounts	(3.079.797)	371.266	(615.959)	81.679
Provisions for Employee Termination Benefits	193.654	10.543	41.355	2.319
Rediscount Interest Income (Deferred Finance Income)	(41.305)	(73.279)	(8.261)	(16.121)
Unused Vacation	113.820	-	22.764	-
Provision for Doubtful Receivables	-	(965.995)	-	212.519
Other	-	21.128	-	4.648
Financial Losses	52.266.379	26.267.567	10.453.276	5.253.515
<b>Total</b>	<b>835.886.071</b>	<b>319.879.858</b>	<b>(143.974.382)</b>	<b>(59.176.120)</b>

	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
<b>Financial Loss</b>	2.911	17.662	6.842.913	8.419.038	36.983.853	<b>52.266.380</b>
<b>Financial Loss Tax Effect</b>	582	3.532	1.368.582	1.683.807	7.396.770	<b>10.453.276</b>

The Group has recognized tax assets for deductible financial losses amounting to 52.266.380 TL in the financial statements for the period ending on 31.12.2020. (2015-2016-2017-2018-2019 Financial losses)

	<u>31.12.2020</u>	<u>31.12.2019</u>
Beginning of Period	(59.176.120)	(28.286.477)
Deferred Tax Income/(Expense)	8.451.774	3.808.874
Other Comprehensive Income Tax Effect	(93.250.036)	(34.698.517)
<b>Total</b>	<b>(143.974.382)</b>	<b>(59.176.120)</b>

(\*) Lands and plots included under tangible fixed asset items are included in the subparagraph (e) of the first paragraph of Article 5 of the Corporate Tax Law No. 5520 regulating exceptions; 75% of the earnings arising from the sale of founding shares, usufruct shares and pre-emptive rights and 50% of the gains arising from the sale of immovables in their assets for at least two full years that this exception will be applied in the period of sale and that the part of the sales earning benefiting from the exception must be kept in a special fund account until the end of the fifth year following the year in which the sale is made and the sales price must be collected until the end of the second calendar year following the year of sale Taxes that are not accrued on time due to the exception corresponding to the sales price will be deemed to have been lost, the same increase due to the exemption applied to the part of the exempted income transferred to another account in any way other than adding to the capital or withdrawn from the business within five years. It has been stipulated that taxes that are not accrued immediately will be deemed to have been lost, and that the gains obtained from the sale of the values they hold for this purpose by institutions dealing with the trade and leasing of securities or immovables are excluded from the scope of exemption.

The exemption to be applied by corporate taxpayers on capital gains obtained from the sales of their real estates held for at least two years was reduced from 75% to 50% with the regulation published in the Official Gazette dated 5 December 2017. Accordingly, the corporate tax and deferred tax calculations calculated for the earnings from the sale of immovable properties will be calculated as 20% of the remaining 50%

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**NOTE 35 EARNING PER SHARE**

Earnings / loss per share is determined by dividing the gain and loss by the weighted average number of shares available in the relevant year.

	<b>31.12.2020</b>	<b>31.12.2019</b>
Net Period Profit/Loss	100.871.534	67.771.333
Net Profit for the Period of Non-Controlling Shares	22.852.669	-
Net Profit of the Parent Share	78.018.864	67.771.333
Number of Shares with a Nominal Value of 1 TL	33.000.000	33.000.000
Earnings/Losses Per Share	<b>2,36</b>	<b>2,05</b>

**NOTE 36 RELATED PARTY DISCLOSURES**

Salary and similar benefits paid to senior executives.

	1 January- 31 December 2020	1 January- 31 December 2019
Salary and other short-term benefits	1.182.443	719.585
	<b>1.182.443</b>	<b>719.585</b>

	1 January - 31 December 2020							
	Receivables				Receivables			
	Short Term		Long Term		Short Term		Long Term	
	Trade	Other	Trade	Other	Trade	Other	Trade	Other
<b>Balances with Related Parties</b>								
<b>Partners</b>								
YUSUF ŞENEL (*)	-	-	-	-	-	11.971.889	-	-
CEM GÖÇMEN (**)	-	39.684	-	-	-	-	-	-
HERMES ULUSLARARASI TİC. VE LOJ. A.Ş. (***)	4.986.126	-	-	-	-	-	-	-
WE DATA BİLİŞİM SAN.VE TİC.A.Ş. (****)	551.480	-	-	-	-	-	-	-
	<b>5.537.606</b>	<b>39.684</b>	-	-	-	<b>11.971.889</b>	-	-

(\*)It is the short-term loan given by Yusuf Şenel to the company. Interest is not charged.

(\*\*) It is followed in personnel advances in Note 25.

(\*\*\*) It is followed in prepaid expenses in Note 14.

(\*\*\*\*) The related parties in Note 25 are followed up in business advances.

Business transactions with related parties	Stock Purchases	Sales of Goods	Interest Expense	Rent Income	Rent Expense	Sales of Fixed Asset	Others	Stock Purchases
HERMES ULUSLARARASI TİCARET VE LOJİSTİK A.Ş. (*)	51.291.480	-	-	-	-	-	-	-
	<b>51.291.480</b>	-	-	-	-	-	-	-

(\*) Stocks purchased within the scope of EPC services.

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**NOTE 36 RELATED PARTY DISCLOSURES (cont'd)**

Balances with Related Parties	Receivables				Payables			
	Short Term		Long Term		Short Term		Long Term	
	Trade	Other	Trade	Other	Trade	Other	Trade	Other
<b><u>Partners</u></b>								
YUSUF ŞENEL (*)	-	-	-	-	-	11.500.000	-	-
<b><u>Related Parties</u></b>								
MARGÜN 1 ENERJİ ÜRT. SAN VE TİC. A.Ş. (**)	-	75	-	-	-	-	-	-
HERMES ULUSLARARASI TİCARET VE LOJİSTİK A.Ş.	-	-	-	-	4.296.092	-	-	-
	-	75	-	-	4.296.092	11.500.000	-	-

(\*)It is the short-term loan given by Yusuf Şenel to the company. Interest is not charged.  
Margün 1 Enerji A.Ş. is not included in the consolidation.

Business transactions with related parties	1 January - 31 December 2019					
	Stock Purchases	Sales of Goods	Interest Income	Interest Expense	Sales of Fixed Asset	Others
HERMES ULUSLARARASI TİCARET VE LOJİSTİK A.Ş.	-	4.296.092	-	-	-	-
YUSUF ŞENEL	-	-	-	-	-	11.500.000
	-	4.296.092	-	-	-	11.500.000

**NATUREL YENİLENEBİLİR ENERJİ TİCARET A.Ş.****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER,2020 NATUREL YENİLENEBİLİR ENERJİ TİCARET A.Ş.**

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

**NOTE 37 THE NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

Net book value of financial assets and liabilities denominated in foreign currency as of 31 Decemeber 2020 and 31 December 2019 are as follows:

**STATEMENT OF FOREIGN EXCHANGE POSITION**

	<b>31.12.2020</b>			<b>31.12.2019</b>		
	<b>For TL (Functional Currency)</b>	<b>USD</b>	<b>EURO</b>	<b>For TL (Functional Currency)</b>	<b>USD</b>	<b>EURO</b>
	6.598.425	892.293	5.389	4.975.416	-	-
1.Trade Receivables	96.972.832	2.095.238	9.057.909	15.413.670	6.657	2.311.690
2. Financial Assets	96.972.832	2.095.238	9.057.909	15.413.670	6.657	2.311.690
2a.Monetary Financial Assets (Including Cash,Bank accounts)	-	-	-	-	-	-
3.Others	103.571.257	2.987.531	9.063.298	458,787	61,436	14.111
4.Current Assets (1+2+3)	103.571.257	2.987.531	9.063.298	20,847,872	68.093	2.325.801
9.Total Assets (4+8)	6.002.212	602.933	205.000	11,699,029	1.935.879	30.000
10.Commercial Liabilities	81.170.329	5.387.723	4.620.583	37,702,040	3.412.752	-
11.Financial Liabilities	87.172.541	5.990.656	4.825.583	49,401,068	5.348.632	30.000
13.Short Term Liabilities (10+11+12)	309.723.937	15.868.676	21.452.272	142,490,144	12.812.307	-
15.Financial Liabilities	309.723.937	15.868.676	21.452.272	142,490,144	12.812.307	-
17. Long Term Liabilities (14+15+16)	396.896.478	21.859.332	26.277.855	191,891,212	18.160.939	30.000
18.Total Liabilities(13+17)	(293.325.221)	(18.871.801)	(17.214.557)	(171.043.340)	(18.092.846)	2.295.801
20.Net Foreign Currency Asset/ (Liability) Position (9-18+19)	(293.325.221)	(18.871.801)	(17.214.557)	(171.502.126)	(18.154.282)	2.281.690



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**NOTE 38 FINANCIAL INSTRUMENTS**

**A-CAPITAL RISK MANAGEMENT**

In capital management, while trying to ensure the continuity of its activities, the company aims to increase its profit and market value by keeping the balance of debt and equity efficiently.

The capital structure of the company consists of debts including the credits disclosed in Note 4 and equity items including paid capital, share premiums, growth funds, capital reserves, restricted profit reserves and previous year profit / loss as explained in Note 10.

The risks associated with each capital class together with the capital cost of the Company are evaluated by the Company's senior management. During these examinations, the senior management evaluates the risks associated with each capital class together with the capital cost and submits those who are subject to the decision of the Board of Directors to the Board of Directors. Based on the evaluations of the senior management and the Board of Directors, the Company optimizes its capital diversification by acquiring new debt, repaying existing debt and / or capital increase. The general strategy of the company does not differ from the previous period.

The company monitors its capital adequacy by using the net debt / equity ratio. This ratio is found by dividing net debt by total capital.

Net debt is calculated by subtracting cash and cash equivalents from the total debt amount (including short and long-term loans, trade and other debts shown in the balance sheet).

	<b>31.12.2020</b>	<b>31.12.2019</b>
Total Payables	445.737.470	293.045.487
Minus:Cash and Cash Equivalences	<b>217.704.672</b>	<b>26.888.737</b>
Net Payable	228.032.798	266.156.750
Total Equity	742.262.624	213.742.617
<b>Net Ratio Of Payable/Equity</b>	<b>0.31</b>	<b>1.25</b>

**B-IMPORTANT ACCOUNTING POLICIES**

The important accounting policies related financial instruments of the company are explained in the 'Financial Instruments' section in the footnote number 2 of 'Important Accounting Policies'.

**C- GOALS IN FINANCIAL RISK MANAGEMENT**

Currently, there is no defined risk management model and active application across the company. There are foreign exchange risk, interest rate risk and liquidity risk among the important financial risks of the company. Although there is no complete risk management model, the Company management manages risk with its decisions and practices. It is aimed to establish an institutional risk management model, and it is still in progress.

**D-MARKET RISK**

The Company is exposed to financial risks related to changes in foreign exchange and interest rates due to its activities. The Company management monitors the distribution of income and expenses in terms of foreign currency and the distribution of debts in terms of foreign currency, with variable and fixed interest rates.

Changes in market conditions that cause market risk include changes in the benchmark interest rate, the price of another company's financial instrument, commodity price, exchange rate or price or rate index.

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**NOTE 38 FINANCIAL INSTRUMENTS(cont'd)**

**Interest Rate Risk Management:**

The company borrows at fixed and variable interest rates, mainly with fixed interest rates. Interest rates regarding the liabilities of the company are explained in footnote 6.

**Statement of Interest Position**

	<u>31.12.2020</u>	<u>31.12.2019</u>
<b>Fixed Rate Financial Instruments</b>	<b>430.606.341</b>	<b>187.979.158</b>
Financial Liabilities	430.606.341	187.979.158
<b>Variable Rate Financial Instruments</b>	<b>-</b>	<b>6.000.088</b>
Financial Assets	-	-
Financial Liabilities	-	6.000.088
<b>Total Assets</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>430.606.341</b>	<b>193.979.246</b>

As of December 31, 2020 and December 31, 2019, if the base score had changed by 100 points in variable rate loans, that is, if the interest rates had changed by 1% and all other variables remained constant, net interest expense / income would have occurred due to the change in interest on fixed rate financial instruments. The sensitivity of the company to the interest rate is as follows.

**Interest Rate Risk:**

The interest position table of the Group as of December 31, 2020 and December 31, 2019 is given below:.

	<u>31.12.2020</u>	<u>31.12.2019</u>
<b>Fixed Rate Financial Instruments</b>		
Financial Payables	430.606.341	187.979.158
<b>Variable Rate Financial Instruments</b>		
Cash and Cash Equivalents	217.704.672	26.888.737
Trade Receivables	13.894.492	-
Trade Payables	-	87.462.189
Financial Payables	-	6.000.088

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**NOTE 38 FINANCIAL INSTRUMENTS(cont'd)**

**Currency Risk Management**

There is a natural balance between the company's income and expenses in terms of exchange rate risk, and this balance is tried to be preserved by taking into account forecasts and market conditions.

As of December 31, 2020 and December 31, 2019, if TL changed by 10% against USD, Euro and other foreign currencies at the same time and all other variables remained constant, as a result of the net exchange difference / loss arising from assets and liabilities in these currencies, the period net profit / loss before tax;

The foreign currency risk sensitivity analysis of the company's foreign currency position is as follows:

***Exchange Rate Sensitivity Analysis Table***  
***Current Period***

	<b>31.12.2020</b>		<b>31.12.2019</b>	
	<b>Profit/Loss</b>		<b>Profit/Loss</b>	
<b>LIABILITIES MEASURED OVER</b>	Appreciation	Depreciation of	Appreciation of	Depreciation of
<b>PRINCIPAL</b>	of Foreign	Foreign	Foreign	Foreign
<b>In case 10% appreciation in USD against TL</b>	Currency	Currency	Currency	Currency
<b>:</b>				
1-USD net asset / liability	(13.852.845)	13.852.845	(10.290.049)	10.290.049
2-Part of hedged from US Dollar risk (-)	-	-	-	-
<b>3-USD Net Effect (1+2)</b>	<b>(13.852.845)</b>	<b>13.852.845</b>	<b>(10.290.049)</b>	<b>10.290.049</b>
<b>In case 10% appreciation in EURO against TL:</b>				
4-EURO net asset/liability	(15.506.700)	15.506.700	(6.860.163)	6.860.163
5-Part of hedged from EURO risk (-)	-	-	-	-
<b>6- EURO Net Effect (4+5)</b>	<b>(15.506.700)</b>	<b>15.506.700</b>	<b>(6.860.163)</b>	<b>6.860.163</b>
<b>7- TL effect (not affected by exchange rate)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL (3+6+7)</b>	<b>(29.359.545)</b>	<b>29.359.546</b>	<b>(17.150.212)</b>	<b>17.150.213</b>

**Credit and Collection Risk Management**

The company's credit and collection risk is mainly related to its receivables. The amount shown in the balance sheet is the net amount after deducting the doubtful receivables estimated by the Company management based on previous experiences and current economic conditions. The credit risk of the company is distributed due to the large number of customers working. On the other hand, it is seen that a significant portion of the receivables are from related parties.

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**NOTE 38 FINANCIAL INSTRUMENTS(cont'd)**

Credit risks exposed by types of financial instruments:

<b>31.12.2020</b>				
	<b>Trade Receivables Related Party</b>	<b>Trade Receivables Other Party</b>	<b>Other Receivables Related Party</b>	<b>Other Receivables Other Party</b>
<b>The maximum credit risk exposed as of the reporting date (A+B+C+D+E) (1)</b>	-	<b>13.894.492</b>	-	<b>261.651</b>
<b>A.Net book value of financial assets that are neither due nor impaired. (2)</b>		13.894.492	-	261.651
-Overdue (gross book value)	-	5.085.584	-	-
-Impairment (-)	-	(5.085.584)	-	-

  

<b>31.12.2019</b>				
	<b>Trade Receivables Related Party</b>	<b>Trade Receivables Other Party</b>	<b>Other Receivables Related Party</b>	<b>Other Receivables Other Party</b>
<b>The maximum credit risk exposed as of the reporting date (A+B+C+D+E) (1)</b>	-	<b>11.807.601</b>	<b>75</b>	<b>4.123.453</b>
- The part of the maximum risk under guarantee	-	-	-	-
<b>A.Net book value of financial assets that are neither due nor impaired. (2)</b>	-	11.807.601	75	4.123.453
-Overdue (gross book value)	-	6.300.326	-	-
-Impairment (-)	-	(6.300.326)	-	-

**Aging analysis for financial assets that are overdue but not impaired as of December 31st, 2020 are as follows:**

<b>31.12.2020</b>		<b>Receivables</b>
	<b>Trade Receivables</b>	<b>Provisions for Doubtful Receivables</b>
Past due 1-30 days	-	-
Past due 1-3 months	-	-
Past due 3-12 months	-	-
Past due 1-5 years	5.085.584	(5.085.584)
More than 5 years past due	-	-
The part secured with collateral, etc	-	-

**Aging analysis for financial assets that are overdue but not impaired as of December 31st, 2019 are as follows:**

<b>31.12.2019</b>		<b>Receivables</b>
	<b>Trade Receivables</b>	<b>Provisions for Doubtful Receivables</b>
Past due 1-30 days	-	-
Past due 1-3 months	-	-
Past due 3-12 months	-	-
Past due 1-5 years	6.000.326	(6.000.326)
More than 5 years past due	-	-
The part secured with collateral, etc	-	-

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**NOTE 38 FINANCIAL INSTRUMENTS(cont'd)**

**31.12.2020**

**As Per the Terms of Agreement**

Terms	Book Value	Cash Outflows Total (=I+II+III+IV)	Less Than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More Than 5 Years (IV)
<b>Non-Derivative Financial Liabilities</b>						
Bank loans with certain maturities	430.720.542	430.720.542	-	92.090.935	280.037.347	58.592.259
Bank loans with uncertain terms	-	-	-	-	-	-
Financial lease obligations	-	-	-	-	-	-
Trade Payables	3.045.038	3.045.038	3.045.038	-	-	-
Other Payables	11.971.889	11.971.889	11.971.889	-	-	-

**31.12.2020**

**Expected**

Terms	Book Value	Cash Outflows Total (=I+II+III+IV)	Less Than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More Than 5 Years (IV)
<b>Non-Derivative Financial Liabilities</b>						
Bank loans with certain maturities	430.720.542	430.720.542	-	92.090.935	280.037.347	58.592.259
Bank loans with uncertain terms	-	-	-	-	-	-
Financial lease obligations	-	-	-	-	-	-
Trade Payables	3.045.038	3.045.038	3.045.038	-	-	-
Other Payables	11.971.889	11.971.889	11.971.889	-	-	-

**31.12.2019**

**As Per the Terms of Agreement**

Terms	Book Value	Cash Outflows Total (=I+II+III+IV)	Less Than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More Than 5 Years (IV)
<b>Non-Derivative Financial Liabilities</b>						
Bank loans with certain maturities	187.979.158	187.979.158	-	39.290.318	118.610.331	30.078.509
Bank loans with uncertain terms	12.000.176	12.000.176	6.000.088	6.000.088	-	-
Financial lease obligations	-	-	-	-	-	-
Trade Payables	87.462.189	87.462.189	4.296.042	83.166.147	-	-
Other Payables	11.500.000	11.500.000	11.500.000	-	-	-

**31.12.2019**

**Expected**

Terms	Book Value	Cash Outflows Total (=I+II+III+IV)	Less Than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More Than 5 Years (IV)
<b>Non-Derivative Financial Liabilities</b>						
Bank loans with certain maturities	187.979.158	187.979.158	-	-	118.434.617	32.904.299
Bank loans with uncertain terms	12.000.176	12.000.176	-	4.385.067	-	-
Financial lease obligations	-	-	-	-	-	-
Trade Payables	87.462.189	87.462.189	4.705.546	1.277.836	-	-
Other Payables	11.500.000	11.500.000	231.697	-	-	-

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**NOTE 38 FINANCIAL INSTRUMENTS(cont'd)**

**Fair value of financial instruments**

Fair value is the amount at which a financial instrument can be exchanged in a current transaction between voluntary parties other than a forced sale or liquidation, and is best determined by a quoted market price, if any.

The Group has determined the estimated fair values of financial instruments using currently available market information and appropriate valuation methods. However, evaluating market information and estimating fair values requires interpretation and judgement. As a result, the estimates presented here may not always be an indicator of the values that the Group can achieve in a current market transaction.

The methods and assumptions used to estimate the fair value of financial instruments are as follows:

**Monetary Assets**

Balances in foreign currency are converted into Turkish Lira by using the effective foreign Exchange at the end of the period. These balances are predicted to be close to fair value.

It is predicted that the registered values of trade receivables reflect the fair value together with the related provisions for doubtful receivables.

It is predicted that the registered values of trade receivables reflect the fair value together with the related provisions for doubtful receivables.

**Monetary Liabilities**

It is assumed that the book values of bank loans and other monetary debts approach their fair values due to their short term nature.

Since long-term foreign currency loans have variable interest rates, their fair values are close to their book values. The fair values determined to be disclosed in the related notes for long-term bank loans are the discounted value of the cash flows stipulated by the contract with the current market interest rate.

**Fair value estimation:**

Fair value calculations are explained based on the stages specified in the calculation hierarchy below:

Level 1: Tape prices in active markets for certain assets and liabilities.

Level 2: Direct or indirect observable inputs for assets or liabilities other than tape prices within Level 1.

Level 3: Inputs for assets and liabilities that cannot be determined on the basis of observable market data.

The "Benchmarking" and "Cost Approach" method was used in determining the fair value of the facilities in the Lands and Lands, Buildings and Vehicles belonging to Naturel Renewable Energy (Level 2), and in determining the fair values of the facilities other than those belonging to Natural Renewable Energy, Income Capitalization INA analysis " was used (Level 3).

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**NOTE 39. - OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR REQUIRE DISCLOSURE FOR THE FINANCIAL STATEMENTS TO BE CLEAR, UNDERSTANDABLE AND INTERPRETABLE**

None. (31.12.2019 None)

**NOTE 40 SUBSEQUENT EVENTS**

The Group has started a more effecient configuration in order to expedite its operational activities and to centralize the management of power generation plants. As stated in the PDP statement of our company dated 03.02.2021, Kural Enerji A.Ş., Maral Enerji A.Ş., Soral Enerji A.Ş., Güneş 5 Enerji A.Ş. and Hanel Global Gayrimenkul Pazarlama A.Ş. marged with Margün Enerji Üretim Sanayi ve Ticaret A.Ş. After the merger, its share capital in cash is TRY 310,000,000 and registered on 05.02.2021.

Also, Anatolia Yenilenebilir Enerji A.Ş., Energes 9 Enerji Sanayi ve Ticaret A.Ş. and Berrak Ges 1 Enerji Sanayi ve Ticaret A.Ş. merged under the title of Anatolia Yenilenebilir Enerji A.Ş. After the merger, its share capital in cash is TRY 17.000.000 and registered on 05.02.2021.

Snl Enerji Ürt. San. Ve Tic. A.Ş., Ysf Enerji Ürt. San. Ve Tic. A.Ş., Margün 13 Enerji Ürt. San. Ve Tic. A.Ş., Margün 1 Enerji San. ve Tic. A.Ş., Saf Akçe Enerji Ürt. San. ve Tic. A.Ş. ve Ulus Enerji Ürt. San. ve Tic. A.Ş. marged under the tittle of Agah Enerji Üretim Sanayi ve Ticaret A.Ş. After the merger, its share capital in cash is TRY 77.000.000 and registered on 12.02.2021.

Also Ased Danışmanlık İnşaat Enerji Üretim ve Tic. A.Ş., Bozok Güneş Enerjisi San. ve Tic. A.Ş., Çapanoğlu Güneş Enerjisi San. ve Tic. A.Ş., Desti Güneş Enerjisi San. ve Tic. A.Ş., Sorgun Güneş Enerjisi San. ve Tic. A.Ş., Yozgat Güneş Enerjisi San. ve Tic. A.Ş., Ramges Elektrik Üretim A.Ş., Serra Güneş Enerjisi Üretim A.Ş., Güllges Enerji Tarım İnşaat San. ve Tic. Ltd. Şti., Gül2ges Enerji Tarım İnşaat San. ve Tic. Ltd. Şti., Gül3ges Enerji Tarım İnşaat San. ve Tic. Ltd. Şti., Gül5ges Enerji Tarım İnşaat San. ve Tic. Ltd. Şti., Gül6ges Enerji Tarım İnşaat San. ve Tic. Ltd. Şti., Gül7ges Enerji Tarım İnşaat San. ve Tic. Ltd. Şti., Gül8ges Enerji Tarım İnşaat San. ve Tic. Ltd. Şti., Sarıges Enerji İnşaat Akaryakıt San. ve Tic. Ltd. Şti., Maviges Enerji Tekstil İthalat İhracat San. ve Tic. Ltd. Şti., Er2ges Enerji Tarım İnşaat San. ve Tic. A.Ş., Er3ges Enerji Tarım İnşaat San. ve Tic. A.Ş., Er4ges Enerji Tarım İnşaat San. ve Tic. A.Ş. ve Er5ges Enerji Tarım İnşaat San. ve Tic. A.Ş. , which are also a subsidiaries of our 100% subsidiary Margün Enerji Üretim Sanayi ve Ticaret A.Ş., merged under the title of Bosphorus Yenilenebilir Enerji A.Ş. After the merger, its share capital in cash is TRY 115.000.000 and registered on 12.02.2021.

Company Name	Share capital in cash
Margün Enerji Üretim Sanayi ve Ticaret A.Ş	310.000.000 TL
Bosphorus Yenilenebilir Enerji A.Ş.	115.000.000 TL
Agah Enerji Üretim Sanayi ve Ticaret A.Ş.	77.000.000 TL
Angora Elektrik Üretim A.Ş.	70.000.000 TL
Anatolia Yenilenebilir Enerji A.Ş.	17.000.000 TL

These transactions will not have an impact on the consolidated financial statements of the Group, since there is no change in the common control over its subsidiaries.

**NOTE 41 OTHER ISSUES**

None.