

Çalık Holding Anonim Şirketi and its Subsidiaries

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

7 April 2021

This report includes 4 pages of independent auditor's report and 147 pages of consolidated financial statements together with their explanatory notes.

Çalık Holding Anonim Şirketi and its Subsidiaries

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Independent auditor's report

To the Shareholders of Çalık Holding Anonim Şirketi

Report on the audit of the consolidated financial statements

Opinion

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

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

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



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Key audit matters	How key audit matter addressed in the auditor's response
Revenue recognition on construction contracts	
<p>Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and GAP İnşaat Yatırım ve Dış Ticaret Anonim Şirketi, the consolidated subsidiaries of the Group, and the subsidiaries operating in the construction sector, conduct mainly engineering, procurement and construction projects ("EPC") in Turkey and abroad. The revenue from the construction contracts of the companies in energy and construction sector amounting to USD 377.631 thousands constitutes a significant portion of the Group's total revenue.</p> <p>The EPC projects are complex and exposes the Group to various business and financial reporting risks. The timing of the recognition of revenue in respect of EPC contracts is calculated in accordance with IFRS 15 "Revenue from Contracts with Customers" using the input method cost incurred to measure the progress towards to completion of the project. The Group recognizes revenue in accordance with input method to compare proportion of contract costs incurred for performance obligation with estimated total contract costs of related performance obligation.</p> <p>The recognition of revenue and the estimation of the outcome of EPC contracts with project specific terms require significant management judgment, with respect to estimation the cost to complete and the amounts of variation orders to be recognized. The recognition of revenue forms the construction contracts has been identified as key audit matter due to base based on significant management estimation and judgement.</p> <p>We identified revenue from EPC contracts as a significant risk, requiring special audit consideration.</p>	<ul style="list-style-type: none">- We obtained an understanding of and tested that the key controls around the revenue recognition process are designed and implemented effectively, supporting the prevention, detection or correction of material errors in the reported contract revenue figures.- We inspected the terms and conditions of material EPC contracts in evaluating the judgements used and determining the timing of the revenue recognition.- We discussed on the status of projects under construction with finance and technical staff of the Group and evidenced our understanding with the supporting documents.- We recomputed contract revenues by using the percentage of completion method.- We tested the revenue recognised from the construction contracts to amounts invoiced to customers and the subsequent receipt of payment from those customers.- We tested by using sampling method the construction costs to invoices by suppliers and subcontractors and the subsequent receipt of payment to those parties by controlling the relevant reconciliations.- We performed an assesment of the historical level of accuracy and prudence in the contract cost budgets and forecasts and challenged management's current assumptions in respect of completion stages of the EPC projects or change in the cost budgets.- We tested revenue and contract accounting journal entries focusing on unusual or irregular items.- We performed detailed cut off test over revenue and revenue return accounts.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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

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

A handwritten signature in blue ink, 'Kaan Birdal', is written over a circular blue stamp. The stamp contains the text 'Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi' and 'A member firm of Ernst & Young Global Limited'.

Kaan Birdal, SMMM
Partner

April 7, 2021
İstanbul, Türkiye

Çalık Holding Anonim Şirketi and its Subsidiaries

As at 31 December 2020

Consolidated Statement of Financial Position

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

		Current Period	Previous Period
		Audited	Audited
Assets	Notes	31 December 2020	31 December 2019
Current assets			
Cash and cash equivalents	8	897.487	1.754.177
Financial investments	9	1.692.761	1.283.164
Financial assets related to concession agreements	10	60.150	48.974
Trade receivables	11	394.769	330.326
<i>Due from related parties</i>	7	76.624	46.927
<i>Due from third parties</i>		318.145	283.399
Receivables related to finance sector operations	12	648.345	644.707
<i>Due from related parties</i>	7	3.480	3.061
<i>Due from third parties</i>		644.865	641.646
Other receivables	13	228.612	229.296
<i>Due from related parties</i>	7	49.873	46.540
<i>Due from third parties</i>		178.739	182.756
Contract assets	22	71.291	101.621
<i>Contract assets arising from ongoing construction and contracting works</i>		71.291	101.621
Inventories	14	228.773	229.382
Derivatives	24	13.332	4.943
Prepayments	15	117.951	46.925
Current tax assets	28	2.413	8.156
Other current assets	21	710.822	631.920
Subtotal		5.066.706	5.313.591
Assets held for sale	5	60.678	55.607
Total current assets		5.127.384	5.369.198
Non- current assets			
Trade receivables	11	35.407	98.617
<i>Due from related parties</i>	7	1.846	2.280
<i>Due from third parties</i>		33.561	96.337
Receivables related to finance sector operations	12	1.964.341	1.478.473
<i>Due from related parties</i>	7	4	--
<i>Due from third parties</i>		1.964.337	1.478.473
Other receivables	13	326.000	327.171
<i>Due from related parties</i>	7	320.005	320.000
<i>Due from third parties</i>		5.995	7.171
Financial investments	9	1.609.150	1.165.032
Financial assets related to concession agreements	10	194.309	242.083
Investments in equity-accounted investees	16	222.015	199.546
Investment property	20	130.338	153.039
Property, plant and equipment	17	562.406	615.564
Intangible assets	18	128.008	146.034
<i>Goodwill</i>		3.532	7.802
<i>Other intangible assets</i>		124.476	138.232
Right of use assets	19	45.805	40.409
Prepayments	15	78.448	27.639
Deferred tax assets	28	51.349	53.061
Other non-current assets		532	1.518
Total non-current assets		5.348.108	4.548.186
Total assets		10.475.492	9.917.384

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

Çalık Holding Anonim Şirketi and its Subsidiaries
As at 31 December 2020
Consolidated Statement of Financial Position (*continued*)
(Amounts expressed in thousands of USD unless otherwise stated.)

Liabilities	Notes	Current Period	Previous Period
		Audited 31 December 2020	Audited 31 December 2019
Short term liabilities			
Short term loans and borrowings	23	1.663.719	2.163.347
Short term portion of long-term loans and borrowings	23	177.312	235.658
Derivatives	24	19.557	2.867
Trade payables	11	270.160	256.331
<i>Due to related parties</i>	7	12.695	3.756
<i>Due to third parties</i>		257.465	252.575
Payables related to finance sector operations	12	4.778.821	3.964.962
<i>Due to related parties</i>	7	30.286	932
<i>Due to third parties</i>		4.748.535	3.964.030
Payables related to employee benefits	25	7.763	9.415
Other payables	13	53.794	62.917
<i>Due to related parties</i>	7	23.798	27.819
<i>Due to third parties</i>		29.996	35.098
Contract liabilities	22	42.534	93.134
<i>Contract liabilities arising from ongoing construction and contracting works</i>		42.534	93.134
Deferred revenue	15	124.678	77.424
Current tax liabilities	28	7.767	4.082
Short term provisions	26	42.204	37.729
<i>Short term employee provisions</i>	26	18.208	17.913
<i>Other short-term provisions</i>	26	23.996	19.816
Other short-term liabilities	21	81.479	129.838
Subtotal		7.269.788	7.037.704
Liabilities held for sale	5	11.896	8.352
Total short-term liabilities		7.281.684	7.046.056
Long term liabilities			
Long term loans and borrowings	23	536.264	525.225
Trade payables	11	4.886	8.959
<i>Due to third parties</i>		4.886	8.959
Payables related to finance sector operations	12	500.758	448.111
<i>Due to third parties</i>		500.758	448.111
Other payables	13	52.554	48.254
<i>Due to third parties</i>		52.554	48.254
Contract liabilities	22	46.595	35.487
<i>Contract liabilities arising from ongoing construction and contracting works</i>		46.595	35.487
Deferred revenue	15	93.083	91.735
Long term provisions	26	13.103	12.112
<i>Long-term employee provisions</i>	26	11.849	11.208
<i>Other long-term provisions</i>	26	1.254	904
Deferred tax liabilities	28	52.753	63.399
Other long-term liabilities		385	2.721
Total long-term liabilities		1.300.381	1.236.003
Total liabilities		8.582.065	8.282.059

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

Çalık Holding Anonim Şirketi and its Subsidiaries
As at 31 December 2020
Consolidated Statement of Financial Position (*continued*)
(Amounts expressed in thousands of USD unless otherwise stated.)

		Current Period	Previous Period
		Audited	Audited
Equity	Notes	31 December 2020	31 December 2019
Equity attributable to the owners of the Company			
Share capital	29	210.761	210.761
Adjustment to share capital		3.388	3.388
Other comprehensive income that is or will not be reclassified to profit or loss		(2.604)	(1.551)
<i>Accumulated re-measurements loss of defined benefit plans</i>		(2.604)	(1.551)
Other comprehensive income that is or may be reclassified to profit or loss		(337.031)	(227.815)
<i>Translation differences</i>		(405.280)	(286.634)
<i>Fair value reserve of financial assets available-for-sale</i>		68.249	58.819
Restricted reserves	29	699.203	611.516
Retained earnings		842.023	638.147
Profit / (loss) for the year		359.209	293.470
Total equity attributable to the owners of the Company		1.774.949	1.527.916
Total non-controlling interests	29	118.478	107.409
Total equity		1.893.427	1.635.325
Total equity and liabilities		10.475.492	9.917.384

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

Çalık Holding Anonim Şirketi and its Subsidiaries
Consolidated Statement of Profit or Loss and Other Comprehensive
Income
For the Year Ended 31 December 2020
(Amounts expressed in thousands of USD unless otherwise stated.)

			Reclassified (Note 2.f)
		Current period	Current period
		Audited	Audited
Profit or loss	Notes	2020	2019
Continuing operations			
Revenue	30	1.375.664	1.367.991
Cost of sales (-)	30	(956.229)	(966.593)
Gross profit from non-finance sector operations	30	419.435	401.398
Revenue from finance sector operations	30	448.218	454.146
Cost of revenues from finance sector operations (-)	30	(165.913)	(209.854)
Gross profit from finance sector operations	30	282.305	244.292
Gross profit	30	701.740	645.690
General and administrative expenses (-)	31	(229.572)	(241.924)
Selling, marketing and distribution expenses (-)	31	(36.845)	(40.491)
Research and development expenses (-)	31	(9.611)	(16.105)
Other income from operating activities	32	83.486	78.065
Other expenses from operating activities (-)	32	(129.421)	(108.025)
Operating profit		379.777	317.210
Gain from investing activities	33	114.548	108.923
Loss from investing activities (-)	33	(37.269)	(3.074)
Share of profit of equity accounted investees	16	32.347	43.342
Operating profit before finance costs		489.403	466.401
Finance income	34	105.091	44.939
Finance costs (-)	34	(168.713)	(169.032)
Net finance costs		(63.622)	(124.093)
Profit before tax from continuing operations		425.781	342.308
Current tax expense (-)	28	(75.003)	(59.550)
Deferred tax benefit/(expense)	28	16.820	20.091
Total tax expense		(58.183)	(39.459)
Profit for the year from continuing operations		367.598	302.849

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

Çalık Holding Anonim Şirketi and its Subsidiaries
Consolidated Statement of Profit or Loss and Other Comprehensive
Income

For the Year Ended 31 December 2020 (continued)

(Amounts expressed in thousands of USD unless otherwise stated.)

		Current Period	Previous Period
		Audited	Audited
Other comprehensive income	Notes	2020	2019
Profit for the year from continuing operations		367.598	302.849
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences for foreign operations and reporting currency translation differences		(112.309)	(62.307)
Change in fair value of available-for-sale financial assets	9	12.090	49.657
Deferred tax benefit/(expense)	28	(2.660)	(10.925)
Total		(102.879)	(23.575)
Items that are or will not be reclassified to profit or loss			
Actuarial gains/loses	26	(1.350)	(1.988)
Deferred tax income / (expense)		297	437
Total		(1.053)	(1.551)
Total other comprehensive income/(loss)		(103.932)	(25.126)
Total comprehensive income		263.666	277.723
Net profit attributable to:			
Equity holders of the parent		359.209	293.470
Non-controlling interests		8.389	9.379
Net profit for the year		367.598	302.849
Total comprehensive income attributable to:			
Equity holders of the parent		248.940	258.325
Non-controlling interests		14.726	19.398
Total other comprehensive income		263.666	277.723

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

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

				Attributable to owners of the Company								
			Restricted reserves	Accumulated other comprehensive income/(expense) that will not be reclassified to profit or loss	Accumulated other comprehensive income/(expense) that may be reclassified to profit or loss		Retained earnings/(accumulated losses)					
	Paid-in capital	Adjustment to share capital	Legal reserves	Accumulated re-measurements loss of defined benefit plans	Fair value reserve of financial assets available-for-sale	Translation reserve	Retained earnings	Profit / (loss) for the year	Equity attributable to the owners of the Company	Non-controlling interests	Total equity	
Balances at 1 January 2019	210.761	3.388	537.963	--	20.087	(214.308)	715.812	(5.728)	1.267.975	102.048	1.370.023	
Profit for the period	--	--	--	--	--	--	--	293.470	293.470	9.379	302.849	
Other comprehensive income												
Net fair value change in financial assets available-for-sale	--	--	--	--	38.732	--	--	--	38.732	--	38.732	
Actuarial gains/losses	--	--	--	(1.551)	--	--	--	--	(1.551)	--	(1.551)	
Foreign currency translation differences for foreign operations and reporting currency translation differences	--	--	--	--	--	(72.326)	--	--	(72.326)	10.019	(62.307)	
Total other comprehensive income	--	--	--	(1.551)	38.732	(72.326)	--	--	(35.145)	10.019	(25.126)	
Total comprehensive income/(loss) for the period	--	--	--	(1.551)	38.732	(72.326)	--	293.470	258.325	19.398	277.723	
Change in non-controlling interest in consolidated subsidiaries without change in control	--	--	1.855	--	--	--	(1.202)	--	653	53	706	
Acquisition of control power in enterprises subject to common control	--	--	281	--	--	--	1.968	--	2.249	(2.249)	--	
Decrease due to other changes	--	--	--	--	--	--	(1.746)	--	(1.746)	--	(1.746)	
Contribution to capital increase resulting to set power of control in a subsidiary	--	--	--	--	--	--	--	--	--	3.055	3.055	
Disposal due to the sale of subsidiaries	--	--	--	--	--	--	--	--	--	(4.366)	(4.366)	
Increase due to subsidiary additions	--	--	--	--	--	--	460	--	460	--	460	
Dividends paid	--	--	--	--	--	--	--	--	--	(10.530)	(10.530)	
Transfers	--	--	71.417	--	--	--	(77.145)	5.728	--	--	--	
Total transactions with owners	--	--	73.553	--	--	--	(77.665)	5.728	1.616	(14.037)	(12.421)	
Balances at 31 December 2019	210.761	3.388	611.516	(1.551)	58.819	(286.634)	638.147	293.470	1.527.916	107.409	1.635.325	

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

Çalık Holding Anonim Şirketi and its Subsidiaries
Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2020
(Amounts expressed in thousands of USD unless otherwise stated.)

				Attributable to owners of the Company							Equity attributable to the owners of the Company	Non-controlling interests	Total equity
			Restricted reserves	Accumulated other comprehensive income/(expense) that will not be reclassified to profit or loss	Accumulated other comprehensive income/(expense) that may be reclassified to profit or loss		Retained earnings/(accumulated losses)						
	Paid-in capital	Adjustment to share capital	Legal reserves	Accumulated re-measurements loss of defined benefit plans	Fair value reserve of financial assets available-for-sale	Translation reserve	Retained earnings	Profit / (loss) for the year					
Balances at 1 January 2020	210.761	3.388	611.516	(1.551)	58.819	(286.634)	638.147	293.470	1.527.916	107.409	1.635.325		
Profit for the period	--	--	--	--	--	--	--	359.209	359.209	8.389	367.598		
Other comprehensive income													
Net fair value change in financial assets available-for-sale	--	--	--	--	9.430	--	--	--	9.430	--	9.430		
Actuarial gains/losses	--	--	--	(1.053)	--	--	--	--	(1.053)	--	(1.053)		
Foreign currency translation differences for foreign operations and reporting currency translation differences	--	--	--	--	--	(118.646)	--	--	(118.646)	6.337	(112.309)		
Total other comprehensive income	--	--	--	(1.053)	9.430	(118.646)	--	--	(110.269)	6.337	(103.932)		
Total comprehensive income/(loss) for the period	--	--	--	(1.053)	9.430	(118.646)	--	359.209	248.940	14.726	263.666		
Change in non-controlling interest in consolidated subsidiaries without change in control	--	--	(1.490)	--	--	--	901	--	(589)	2.553	1.964		
Dividends paid	--	--	--	--	--	--	--	--	--	(6.210)	(6.210)		
Decrease due to other changes	--	--	--	--	--	--	(1.318)	--	(1.318)	--	(1.318)		
Transfers	--	--	89.177	--	--	--	204.293	(293.470)	--	--	--		
Total transactions with owners	--	--	87.687	--	--	--	203.876	(293.470)	(1.907)	(3.657)	(5.564)		
Balances at 31 December 2020	210.761	3.388	699.203	(2.604)	68.249	(405.280)	842.023	359.209	1.774.949	118.478	1.893.427		

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

Çalık Holding Anonim Şirketi and its Subsidiaries
Consolidated Statement of Cash Flows
For the Year Ended 31 December 2020
(Amounts expressed in thousands of USD unless otherwise stated.)

		Current period	Previous period
		Audited	Audited
	Notes	2020	2019
A. CASH FLOWS (USED IN) / FROM OPERATING ACTIVITIES		677.752	916.523
Profit for the period		367.597	302.849
Adjustments to reconcile cash flow generated from operating activities:		69.180	19.860
Adjustments for depreciation and amortisation	17,18,19	75.052	80.293
(Gain)/loss on sale of derivative financial instruments	33	327	(27.474)
Adjustments for fair value (gains) / loss of financial investments		(94.593)	(52.227)
Adjustments for provision for doubtful receivables	11	9.196	4.493
Adjustments for dividend (income) expense		(31.970)	--
Adjustments for fair value (gain) / loss of investment property	20	31.351	(14.428)
Adjustments for inventory impairment, net	14	1.709	702
Adjustments for provision for employee benefits	26	7.393	6.696
Adjustments for provisions (cancellation) reserved for possible risks	12	45.334	41.783
Adjustment for non-cash items		--	9
Adjustments for other provisions, net	26	4.827	1.418
Adjustments for provision for litigation	26	2.971	4.780
Adjustments for share of (profit)/ loss of equity accounted investees	16	(32.347)	(43.342)
Adjustments for interest income and expenses		(69.188)	(46.340)
Adjustment for fair value (gain) / loss of other items	10	5.184	(10.457)
Rediscount interest (gain) / losses, net		920	1.555
Unrealized foreign currency (income) / loss		58.507	62.315
Adjustments for tax expense	28	58.183	39.459
Adjustment for business acquisition		(4.435)	(29.684)
Adjustments for the gains and losses on sales of property, plant and equipment, net	33	759	309
Changes in working capital		127.534	451.632
Adjustments for change in inventories		(1.077)	20.787
Adjustments for change in trade receivables		(15.892)	114.622
Adjustments for change in payables related to employee benefits		(1.652)	(1.106)
Adjustments for change in other receivables, other current assets and other non-current assets related with operating activities		(76.059)	40.145
Change in financial assets related to concession agreements		(37.588)	80.367
Changes in contract assets and liabilities		(9.163)	15.667
Adjustments for change in assets held for sale		(5.071)	5.819
Adjustments for change in liabilities held for sale		3.544	1.742
Adjustments for change in receivables from finance sector operations		(537.028)	(10.873)
Adjustments for change in payables from finance sector operations		866.507	328.109
Change in restricted cash and cash equivalents		55.989	(44.180)
Adjustments for change in trade payables		9.755	(184.493)
Adjustments for change in prepayments		(121.835)	58.210
Adjustments for change in deferred income		48.602	(23.430)
Adjustments for change in other payables and other liabilities related with operating activities		(51.498)	50.246

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

Çalık Holding Anonim Şirketi and its Subsidiaries
Consolidated Statement of Cash Flows (*continued*)
For the Year Ended 31 December 2020
(Amounts expressed in thousands of USD unless otherwise stated.)

		Current period	Previous period
	Notes	2020	2019
Cash flows from operating activities		113.441	142.182
Employee termination indemnity paid	26	(2.056)	(2.402)
Other inflows (outflows) of cash	12	9.146	26.522
Interest received including finance sector activities		372.806	411.364
Interest paid for finance sector activities		(198.401)	(231.745)
Collection from doubtful receivables	11	1.338	2.259
Taxes paid	28	(69.392)	(63.816)
B. CASH FLOWS USED IN INVESTING ACTIVITIES		(804.936)	(407.438)
Proceeds from sales of property and equipment and intangible assets		30.742	39.137
Cash inflows from sales of measured/held-to-maturity financial assets investments at amortised costs	9	23.357	129.343
Formation and capital contribution of share capital of equity accounted investees	16	(3.458)	(3.717)
Cash inflows from dividends and other financial instruments		35.186	--
Proceeds from formation and capital increase of subsidiaries without change in control		--	3.055
Acquisition of subsidiary		--	460
Proceeds from / (repayment of) derivative financial instruments		7.974	31.018
Other cash paid		--	(1.746)
Change in non-controlling interest in subsidiaries without change in control		1.964	706
Acquisition of investment property	20	(1.961)	(4.163)
Proceeds from available for sale financial investments / financial assets at FVTOCI	9	723.170	522.984
Acquisition of held to maturity financial investments / financial assets at amortised costs	9	(104.036)	(44.488)
Acquisition of available for sale financial investments / financial assets at FVTOCI	9	(1.438.764)	(942.389)
Acquisition of property, plant and equipment	17	(61.050)	(103.150)
Acquisition of intangible assets	18	(18.060)	(34.488)
C. CASH FLOWS FROM FINANCING ACTIVITIES		(673.517)	397.058
Proceeds from/ (payments of) the funding of related parties		(4.021)	(124.278)
Dividend payment		(6.210)	(10.530)
Proceeds from / (repayment of) loans and borrowings, net		(558.069)	665.144
Interest paid		(105.217)	(133.278)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		(800.701)	906.143
D. CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD		1.645.679	739.536
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)	8	844.978	1.645.679

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

Çalık Holding Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2020

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.).

Notes to Consolidated Financial Statements

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Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting entity

Çalık Holding Anonim Şirketi (“Çalık Holding” or “the Company”) was established in 1997 and the Company’s main operations are to manage and coordinate the activities of its subsidiaries operating in different industries, including textile, energy, telecommunication, construction, real estate, investment, marketing, banking and finance, and to make investments in these industries.

Çalık Holding was established at its registered office address, Büyükdere Caddesi No:163 Zincirlikuyu İstanbul/Türkiye, on 20 March 1997.

As at 31 December 2020, Çalık Holding has 110 (31 December 2019: 133) subsidiaries (“the Subsidiaries”), 9 (31 December 2019: 11) joint ventures (“the Joint Ventures”), and 19 (31 December 2019: 16) associates (“the Associates”) (referred to as “the Group” or “Çalık Group” herein and after). The consolidated financial statements of the Group as of and for the year ended 31 December, comprises Çalık Holding and its subsidiaries and the Group’s interest in associates and joint ventures and operations.

As at 31 December 2020, the number of employees of the Group is 9.270 (31 December 2019: 9.564). The fully consolidated companies have been included in the number of employees.

As explained in more detail in Note 6, the Group operates mainly under six segments:

- Energy
- Construction
- Textile
- Marketing
- Telecommunication
- Banking and finance

As 31 December 2020, ownership interests of the Group's Subsidiaries, Joint Ventures and Associates are as follows:

Company Name	Type of partnership	Country	Sector
CE SOLAIRE 1 SAS	Subsidiary	D.Congo	Energy
CE SOLAIRE 2 SAS	Subsidiary	D.Congo	Energy
Çalık-Biskon Adi Ortaklığı	Joint venture	Turkey	Energy
Denge-Çalık NTF Adi Ortaklığı	Joint venture	Turkey	Energy
HMC Digital	Joint venture	Turkey	Other
Lidya Eurasia	Subsidiary	Uzbekistan	Other

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting entity (*continued*)

1.1 Entities in energy segment

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

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

(**) The company was established in 2020.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting entity (*continued*)

1.1 Entities in energy segment (*continued*)

Adacami Enerji

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

Akılcı Bilişim

Akılcı Bilişim, was established on 2 May 2017 in Istanbul. As of the reporting date, the company is non-operating.

Ant Enerji

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

Atayurt İnşaat

Atayurt İnşaat was established in 2009 for the purpose of building and operating energy power plants and providing operational and maintenance services to power plants. Atayurt İnşaat has opened a branch in Tripoli, Libya in 2014.

CE Solaire 1 SAS (“CE Solaire 1”)

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

CE Solaire 2 SAS (“CE Solaire 1”)

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

Çalık-Biskon Adi Ortaklığı (“Çalık-Biskon”)

Çalık-Biskon Adi Ortaklığı was established on January 23, 2020 for the purpose of providing goods and supplies. Çalık-Biskon belongs to Çalık Enerji ve Biskon Yapı A.Ş. companies. As of the reporting date, the company is non-operating.

ÇEDAŞ

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

Çalık Enerji Dubai FZE (“Çalık Enerji Dubai”)

Çalık Enerji Dubai was incorporated in Jebel Ali Free Zone, Dubai and has a branch in Turkmenistan.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi (“Çalık Enerji”)

Çalık Enerji was established in 1998 to conduct the Group's activities in the energy sector and to engage in the operation, exploration and production of natural gas and petroleum resources, shipment and selling of these resources to the international areas. Çalık Enerji has five branches namely Çalık Enerji Turkmenistan, Çalık Enerji Georgia, Çalık Enerji Libya, Çalık Enerji Uzbekistan and Çalık Enerji Iraq.

Calik Enerji Swiss AG (“Çalık Swiss”)

Calik Swiss was established on in 2017 in Switzerland for the purpose of the acquisition management and use of concessions of other rights as well as construction and maintenance of power plants and to provide services in the development of other group companies operating in the energy sector, especially in the electricity sector and in funding sources.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting entity (*continued*)

1.1 Entities in energy segment (*continued*)

Çalık Georgia LLC (“Çalık Georgia”)

Çalık Georgia was established in 2015 in Tbilisi for the purpose of engineering, procurement, constructing (“EPC”) of the hydroelectric power plant and trading the electricity produced in Georgia. As of reporting date, Çalık Georgia is non-operating.

Çalık Limak Adi Ortaklığı

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

Çalık Rüzgar Enerjisi Elektrik Üretim Limited Şirketi (“Çalık Rüzgar”)

Çalık Rüzgar was established in 1994 for the purpose of building and operating of electricity power plants, production, selling and marketing of electricity.

ÇL Enerji Üretim ve İnşaat A.Ş. (“ÇL Enerji”)

ÇL Enerji was established by Çalık Enerji and Limak İnşaat on 03.10.2019 for the purpose of engaging in energy and contracting activities. As of the reporting date, the company is non-operating.

Demircili Rüzgar

Demircili Rüzgar was established in 2017 in Istanbul, for the purpose of establishing electric production facility, operating, renting it and producing electric energy and or selling it to customers.

Denge-Çalık NTF Adi Ortaklığı (“Denge-Çalık”)

Denge Çalık NTF Adi Ortaklığı was established on January 23, 2020 for the purpose of providing goods and supplies. Denge Çalık NTF belongs to Çalık Enerji ve Denge Reklam San. Ve Tic. Ltd companies. As of reporting date, Denge-Çalık is non-operating.

Doğu Aras Enerji Yatırımları Anonim Şirketi (“Doğu Aras”)

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

On 28 June 2013, Doğu Aras purchased all shares of Aras Elektrik Dağıtım Anonim Şirketi (“EDAŞ”) and Aras Elektrik Perakende Satış Anonim Şirketi (“EPAŞ”), which were previously state owned companies operating in electricity distribution and procurement in cities Kars, Ardahan, Iğdır, Erzurum, Ağrı, Bayburt and Erzurum, within the privatisation.

JSC Calik Georgia Wind (“JSC Georgia”)

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

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting entity (*continued*)

1.1 Entities in energy segment (*continued*)

Kızılırmak Enerji Elektrik Anonim Şirketi (“Kızılırmak”)

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

Kosova Çalık Limak Energy Sh.A. (“KÇLE”)

KÇLE was established as a joint venture with a joint agreement between Çalık Enerji, ÇEDAŞ and Limak Yatırım on 17 September 2012 with the participation these three companies by 25 percent, 25 percent and 50 percent, respectively, in the share capital of KÇLE.

In 2015, shares of KÇLE representing 25 percent of all shares, held by ÇEDAŞ have been transferred to Çalık Enerji. On May 8, 2013, KÇLE purchased all shares of state-owned enterprise namely Kompania Per Distribuim Dhe Fumizim Me Energji Elektrike SH.A (“KEDS”) which is operating in electricity distribution and procurement of electricity in Kosovo.

LC Electricity Supply and Trading d.o.o (“LC Electricity”)

LC Electricity was founded in Serbia in 2014 as a joint venture with a joint agreement between Türkmen Elektrik and Limak Yatırım with the participation of these two companies equally by 50 percent. The purpose of LC Electricity is trading electricity and sales/purchases of goods and services as part of this operation.

Momentum Enerji Elektrik Üretim Sanayi ve Ticaret Anonim Şirketi (“Momentum Enerji”)

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

Onyx Trading Innovation FZE (“Onyx”)

Onyx Trading was established in Dubai in 2016.

Saudi Jalik Energy Company (“Saudi Jalik”)

Saudi Jalik Energy Company was established in 2019 to operate building and construction projects. As of the reporting date, the Company is non-operating.

Taşkent Merkez Park

Taşkent Merkez Park was established in 2018 and its main activity is the construction of residential buildings.

TCB İnşaat Yatırım Anonim Şirketi (“TCB İnşaat”)

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

Technological Energy N.V. (“Technological Energy”)

Technological Energy was established in The Netherlands in 2016.

Technovision Mühendislik Danışmanlık ve Dış Ticaret Limited Şirketi

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

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting entity (*continued*)

1.1 Entities in energy segment (*continued*)

Türkmen'in Altın Asrı Elektrik Enerjisi Toptan Satış Anonim Şirketi ("Türkmen Elektrik")

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

Uztur Investment and Development ("Uztur")

Uztur was established in Uzbekistan on 11.10.2019 for the purpose of carrying out real estate activities.

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

Workindo was established in 2019 in turkey for the purpose of the showing business activity in human resources, domestically and internationally to give workers supply employment services and carry out these services. As of the reporting date, the company is non-operating.

Yeşilçay Enerji Elektrik Üretim Sanayi ve Ticaret Anonim Şirketi ("Yeşilçay Enerji")

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

YEDAŞ

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

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

YEPAŞ

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

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting entity (*continued*)

1.2 Entities in construction segment

Company name	Type of partnership	Country
Çalık İnşaat Anonim Şirketi (“Çalık İnşaat”)	Subsidiary	Turkey
Gap Construction Co.	Subsidiary	Libya
Gap Construction Investment and Foreign Trade LLC-Qatar (“Gap İnşaat Katar”)	Subsidiary	Qatar
Gap İnşaat Construction and Investment Co. Ltd. (“Gap İnşaat Sudan”)	Subsidiary	Sudan
Gap İnşaat Dubai FZE	Subsidiary	UAE
Gap İnşaat Ukraine Ltd. (“Gap İnşaat Ukrayna”)	Subsidiary	Ukraine
Gap İnşaat Yatırım ve Dış Ticaret Anonim Lirketi (“Gap İnşaat”)	Subsidiary	Turkey
Innovative Construction Technologies Trading FZE (“Innovative Construction”)	Subsidiary	UAE
Kentsel Dönüşüm İnşaat Anonim Şirketi	Subsidiary	Turkey
White Construction N.V.	Subsidiary	The Netherlands

Gap İnşaat

Gap İnşaat was established in 1996 in Istanbul, Turkey in order to provide construction, contracting and decoration businesses both within Turkey and abroad. Gap İnşaat also operates in mining of all kinds of minerals, marble, lime, clay, coal and stone quarries and trading of stone cutter, spare parts and glazed ceramic tiles both within the country and abroad provided that the necessary permits are granted. Gap İnşaat has two branches in Turkmenistan and Qatar which are established to conduct several construction projects.

Gap İnşaat Sudan, Gap Libya, Kentsel Dönüşüm, Çalık İnşaat, Gap İnşaat Katar, Gap İnşaat Dubai FZE, Gap İnşaat Ukrayna, White Construction and Innovative Construction.

Subsidiaries of Gap İnşaat namely, Kentsel Dönüşüm, Gap Libya, Çalık İnşaat, Gap İnşaat Cons, Gap Qatar, Gap İnşaat Dubai FZE, Gap İnşaat Ukraine, White Construction and Innovative Construction were established for the purpose of engaging in construction projects in the countries where they operate.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting entity (*continued*)

1.3 Entities in textile segment

Company names	Type of partnership	Country
Balkan Dokuma TGPJ (“Balkan Dokuma”)	Associate	Turkmenistan
Calik Denim B.V. (“Calik Denim”)	Subsidiary	The Netherlands
Çalık Alexandria For Readymade Garments (“Çalık Alexandria”)	Subsidiary	Egypt
Çalık Denim Tekstil Sanayi ve Ticaret Anonim Şirketi (“Çalık Denim”)	Subsidiary	Turkey
Gap Türkmen-Türkmenbaşy Jeans Kompleksi (“TJK”)	Associate	Turkmenistan
Malatya Boya ve Emprime Anonim Şirketi (“Malatya Boya”)	Subsidiary	Turkey
Serdar Pamuk Egrigi Fabriği ÇJB (“Serdar Pamuk”)	Associate	Turkmenistan
Türkmenbaşy Tekstil Kompleksi (“TTK”)	Associate	Turkmenistan

Balkan Dokuma

Balkan Dokuma was established in 2000 in Turkmenistan for the purpose of manufacturing and marketing yarn.

Calik Denim

Calik Denim was established in 2017 in the Netherlands for the purpose of trading and marketing textile products and provide services in the development of other group companies operating in the textile sector.

Çalık Alexandria

Çalık Alexandria was established in 2006 in Egypt for the purpose of engaging in the business of manufacturing and marketing ready wear, yarn and textures.

Çalık Denim

Çalık Denim, formerly known as Gap Güneydoğu Tekstil Sanayi ve Ticaret Anonim Şirketi, was established in 1987, in Turkey and conducts its production operation in Malatya Industrial Area. Çalık Denim has a branch, namely Gap Güneydoğu Mersin Free Zone that is engaged in the importing and exporting of textile products.

TJK

TJK was established as a joint venture of Çalık Denim and the Ministry of Textiles Industry of Turkmenistan in 1995 within the frame of Turkmenistan regulations for the purpose of yarn and denim fabric production and marketing. TJK has a denim fabric and jean factory and makes domestic and foreign sales to USA and European countries.

Malatya Boya

Malatya Boya Emprime Factory was established in 1997 in Malatya, Turkey. The Company maintains fabric dyeing process since 2007. The company is acquired by Çalık Denim on 31 August 2017 which is a subsidiary of Çalık Group.

Serdar Pamuk and TTK

Serdar Pamuk and TTK were established in Turkmenistan for the purpose of producing denim fabric in textile industry.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting entity (*continued*)

1.4 Entities in marketing segment

Company name	Type of partnership	Country
Gap Pazarlama Anonim Şirketi	Subsidiary	Turkey
Gap Pazarlama FZE Jebel Ali Free Zone	Subsidiary	UAE
Gappa Textile Inc. ^(*)	Subsidiary	USA
Synchron Global Trading FZE	Subsidiary	UAE
Tura Moda Mağazacılık ve Elektronik Tic. A.Ş.	Subsidiary	Turkey

(*) As of the reporting date, the company is non-operating.

Gap Pazarlama

Gap Pazarlama was established in 1994 in order to supply goods used in the production and the domestic or foreign projects carried out mainly by the Group and other non-group companies. Gap Pazarlama has a branch in Mersin Free Zone, which is engaged in the importation and exportation of textile products.

Gap Pazarlama FZE

Gap Pazarlama FZE was established in 2004 in United Arab Emirates (“UAE”) for the purpose of importing and exporting of trading goods.

Gappa

Gappa Textile Inc. was established to operate in the international markets for selling of the home textiles and ready-to-wear garments. As of the reporting date, the company is non-operating.

Synchron

Synchron Global was established in 2017 in UAE for the purpose of importing and exporting of trading goods.

Tura Moda

On 2 January 2018, all shares of Tura Moda (named “Tura Madencilik Anonim Şirketi” before) belonging Çalık Holding were transferred to Gap Pazarlama at nominal values. The name of the company has been changed to “Tura Moda” on 4 May 2018.

1.5 Entities in telecommunication segment

Company name	Type of partnership	Country
Albtelecom Sh.a. (“Albtelecom”)	Subsidiary	Albania
Cetel Telekom İletişim Sanayi ve Ticaret Anonim Şirketi. (“Cetel Telekom”)	Subsidiary	Turkey

Albtelecom

Albtelecom was established in 1992 with a company name Albtelecom Telekom Shqiptar and transformed into a joint-stock company on 23 February 1999. Until 28 September 2007, Government of Albania as represented by the Ministry of Economy, Trade and Energy was the sole shareholder of the company. As of 28 September 2007, CT Telecom Sh.a, a former subsidiary of Cetel Telekom acquired 76 percent of the Albtelecom’s share capital. Albtelecom is the unique national operator providing wired telephone service in Albania. In 2013, CT Telecom Sh.a merged with Albtelecom under Albtelecom.

Albtelecom merged with its subsidiary Eagle Mobile Sh.a, which provides local, mobile and terrestrial communication services in Albania, on 1 February 2013.

Cetel Telekom

Cetel Telekom was established in 2007 in Istanbul. The principal activities are telecommunication, multimedia, internet and data transportation.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting entity (*continued*)

1.6 Entities in banking and finance segment

Company name	Type of partnership	Country
Aktif Yatırım Bankası Anonim Şirketi ("Aktifbank")	Subsidiary	Turkey
Aktif Yatırım Bankası Sukuk Varlık Kiralama Anonim Şirketi	Associate	Turkey
Akuamarin Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Albania Leasing Company ("Albania Leasing") ^(**)	Associate	Albania
Ametist Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Attivo Bilişim Anonim Şirketi	Subsidiary	Turkey
Aytaşı Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Banka Kombëtare Tregtare Kosovë JSC	Subsidiary	Kosovo
Banka Kombetare Tregtare Sh.a	Subsidiary	Albania
Cydev Investment Ltd.	Associate	TRNC
Çalık Finansal Hizmetler Anonim Şirketi ("Çalık Finansal Hizmetler")	Subsidiary	Turkey
Çiğdem Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Defne Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Deniz Güneş Enerjisi Üretimi Anonim Şirketi	Subsidiary	Turkey
Dome Zero Inc	Associate	USA
Duru Güneş Enerjisi Üretimi Anonim Şirketi	Subsidiary	Turkey
E-Kent Geçiş Sistemleri ve Biletleme Teknolojileri Anonim Şirketi	Subsidiary	Turkey
Eko Biokütle Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Emlak Girişim Danışmanlığı Anonim Şirketi	Subsidiary	Turkey
Emyap Development Limited	Associate	TRNC
E-post Elektronik Perakende Otomasyon Satış Ticaret Anonim Şirketi	Subsidiary	Turkey
Esen Güneş Enerjisi Üretim Anonim Şirketi	Subsidiary	Turkey
Euroasian Leasing Company ("ELC")	Associate	Tatarstan-Russia
Euro-Mediterranean Investment Company Limited ("Euro-Mediterranean")	Associate	TRNC
Gelincik Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Güneştaşı Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Haliç Finansal Kiralama Anonim Şirketi ("Haliç Leasing")	Associate	Turkey
Halk Yenilenebilir Enerji Anonim Şirketi	Associate	Turkey
HMC Digital ^(*)	Joint venture	Turkey
Idea Farm Ventures Limited	Associate	UAE
İnovaban İnovasyon ve Finansal Danışmanlık Anonim Şirketi	Subsidiary	Turkey
İpek Güneş Enerjisi Üretim Anonim Şirketi	Subsidiary	Turkey
Kaplan Gözü Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Kasımpa Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Kazakhstan İjara Company KIC Leasing ("Kazakhstan İjara")	Associate	Kazakhstan
Kıbrıs Besicilik ve Çiftçilik Teşebbüsleri Limited	Associate	TRNC
Kuvars Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Lapis Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Leylak Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Lilyum Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Martı Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Mehtap Güneş Enerjisi Üretim Anonim Şirketi	Subsidiary	Turkey
Mercan Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Mükafat Portföy Yönetimi Anonim Şirketi ("Mükafat Portföy")	Subsidiary	Turkey
Nilüfer Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
N-Kolay Ödeme Kuruluşu Anonim Şirketi	Subsidiary	Turkey
Oniki Teknoloji A.Ş. ^(**)	Subsidiary	Turkey
Oniks Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Opal Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Passo Spor Oyunları Kulübü Yazılım ve Pazarlama A.Ş.	Subsidiary	Turkey
Pavo Teknik Servis Elektrik ve Elektronik Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Turkey
Secom Aktif Elektronik Güvenlik Çözümleri A.Ş.	Associate	Turkey
Secom Aktif Güvenlik Yatırım Anonim Şirketi	Associate	Turkey
Seher Güneş Enerjisi Üretim Anonim Şirketi	Subsidiary	Turkey
Sigortayeri Sigorta ve Reasürans Brokerliği Anonim Şirketi ("Sigortayeri")	Subsidiary	Turkey
Silent Valley Partnership	Associate	TRNC
Tanyeri Güneş Enerjisi Üretim Anonim Şirketi	Subsidiary	Turkey
Turkuvaz Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Ufuk Güneş Enerjisi Üretim Anonim Şirketi	Subsidiary	Turkey
UPT Lithuania UAB ^(**)	Subsidiary	Lithuania
UPT Ödeme Hizmetleri Anonim Şirketi	Subsidiary	Turkey
Yakamoz Güneş Enerjisi Üretim Anonim Şirketi	Subsidiary	Turkey

^(*) The company was established in 2020.

^(**) As of the reporting date, the Company is non-operating.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

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(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting entity (*continued*)

1.6 Entities in banking and finance segment (*continued*)

Aktifbank

Aktifbank was founded as an investment and development bank in 1999 for the purpose of providing all kind of transactions related with investment, project finance and marketable securities and also to provide all kinds of investment banking services. However, Aktifbank is not authorised to accept deposits.

Name of Aktifbank was changed to “Aktif Yatırım Bankası Anonim Şirketi” from “Çalık Yatırım Bankası Anonim Şirketi” on 1 August 2008.

Aktif Yatırım Bankası Sukuk Varlık Kiralama Anonim Şirketi (“Aktif VKŞ”)

Aktif VKŞ was established in 2013 in Istanbul for the purpose of issuing rent certificate in accordance with the relevant regulations promulgated by Capital Market Board of Turkey.

Akuamarin Solar Enerji Üretim Anonim Şirketi (“Akuamarin”)

Akuamarin was established in Istanbul in 2018 to provide solar power generation service. The power plant operates in Doğalar Village in Kütahya.

Albania Leasing

Main activity of Albania Leasing is financial leasing. As of the reporting date, Albania Leasing is non-operating.

Ametist Solar Enerji Üretim Anonim Şirketi (“Ametist Solar”)

Ametist Solar was established in 2018 in Istanbul in order to provide solar energy production services. The power plant operates in Çifteler Village in Eskişehir.

Attivo Bilişim Anonim Şirketi (“Attivo”)

Attivo, was established in in 2018 in Istanbul for the purpose of trading crypto-currencies.

Aytaşı Solar Enerji Üretim Anonim Şirketi (“Aytaşı”)

Aytaşı, was established in 2018 in Istanbul in order to provide solar energy production services. The power plant operates in Doğalar Village in Kütahya.

BKT

BKT was founded in 1998 by obtaining banking license and engages in banking activities in Albania.

BKT Kosovo

BKT Kosovo was opened in 2007 as a branch of BKT in Pristina. As of January 1, 2019, it has been transformed into a separate subsidiary.

Cydev Investment Ltd. (“CYDEV Investment”)

Cydev Investment was established in TRNC in 2016 and invests in the construction sector.

Çalık Finansal Hizmetler

Çalık Finansal Hizmetler was established in 2003 as Aktifbank’s cooperation with Şekerbank T. Anonim Şirketi and Çalık Holding for their projects of investing in domestic and foreign banks. In 2008, Çalık Holding acquired shares held by Şekerbank T. Anonim Şirketi.

Çiğdem Solar Enerji Üretim Anonim Şirketi (“Çiğdem”)

Çiğdem, was established in 2017 in Istanbul in order to provide solar energy production services. The power plant operates in Karaalan Village in Eskişehir.

Defne Solar Enerji Üretim Anonim Şirketi (“Defne”)

Defne, was established in 2017 in Istanbul for the purpose of providing solar energy services. The power plant operates in Doğalar Village in Kütahya.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting Entity (*continued*)

1.6 Entities in banking and finance segment (*continued*)

Deniz Güneş Enerjisi Üretimi Anonim Şirketi (“Deniz Güneş Enerjisi”)

Deniz Güneş Enerjisi, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

Dome Zero Inc (“Dome Zero”)

Dome Zero was established in the United States on December 7, 2016 and operates in industrial production.

Duru Güneş Enerjisi Üretimi Anonim Şirketi (“Duru”)

Duru, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

E-Kent Geçiş Sistemleri ve Biletleme Teknolojileri Anonim Şirketi (“E-Kent”)

E-Kent was established in 2002 and its main activity is modernisation of public transportation and suggesting new electronic solutions about electronic ticket and prosecution system. E-Kent merged with Asset Aktif Sportif ve Sanatsal Etkinlik Hizmetleri Ticaret Anonim Şirketi under E-Kent on 29 December 2017.

Eko Biokütle Enerji Üretim Anonim Şirketi (“Eko Biokütle”)

Eko Biokütle, was established to operate in the field of bio energy in Istanbul in 2018. Feasibility and permit works are in progress for the establishment of the plant.

Emlak Girişim Danışmanlığı Anonim Şirketi (“Emlak Girişim”)

Emlak Girişim engages in real estate projects, structures and systems, and in this regard makes active counseling and guidance.

Emyap Development Limited (“Emyap Development”)

Emyap Development was established and operates in the construction sector in the TRNC in 2018.

E-Post Elektronik Perakende Otomasyon Satış ve Ticaret Anonim Şirketi (“E-Post”)

E-Post was established in order to provide personalized postcard design services via internet in Istanbul in 2009.

Esen Güneş Enerjisi Üretim Anonim Şirketi (“Esen”)

Esen, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

Euroasian Leasing Company (“ELC”)

Euroasian Leasing Company was established in Tatarstan-Russia to provide leasing solutions to the SME sector in accordance with the Islamic principles.

Euro-Mediterranean

Euro-Mediterranean was established in 2015 for the purpose of portfolio management in Northern Cyprus Turkish Republic.

Gelincik Solar Enerji Üretim Anonim Şirketi (“Gelincik”)

Gelincik was established in order to provide solar power production service in Istanbul in 2017. The power plant operates in Karaalan Village in Eskişehir.

Güneştaşı Solar Enerji Üretim Anonim Şirketi (“Güneştaşı”)

Güneştaşı was established in order to provide solar power production service in Istanbul in 2018. The power plant operates in Doğalar Village in Kütahya.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting Entity (*continued*)

1.6 Entities in banking and finance segment (*continued*)

Haliç Leasing

Haliç Leasing was established in 2004, in Turkey for the purpose of operating in financial leasing sector. 32 percent of the Haliç Leasing's shares were acquired by the Group on 11 October 2016.

Halk Yenilebilir Enerji Anonim Şirketi ("Halk Yenilenebilir")

The Company was established in 2017, in Ankara for the purpose of establishing and providing maintenance-repair services to power generation plants.

HMC Digital

HMC Digital is a joint venture signed between Kırmızı Elmas Enerji Ve Alt Yapı Yat. A.Ş. (Mitsubishi Corp.), Emlak Girişim and Hitachi Europe Ltd.. It was established in Istanbul on August 13, 2020 and operates in the field of biometric recognition and identity verification technologies, crypto signing and cyber security solutions.

Idea Farm Ventures Limited ("Idea Farm")

Idea Farm was founded in 2016 in the UAE and operates in investment activities.

İnovaban İnovasyon ve Finansal Danışmanlık Anonim Şirketi ("İnovaban İnovasyon")

İnovaban İnovasyon, was established in 2018 in Istanbul for the purpose of providing financial consulting and developing projects in R&D fields.

İpek Güneş Enerjisi Üretim Anonim Şirketi ("İpek")

İpek, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

Kaplan Gözü Solar Enerji Üretim Anonim Şirketi ("Kaplan Gözü")

Kaplangözü was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Doğalar Village in Kütahya.

Kasımpatı Solar Enerji Üretim Anonim Şirketi ("Kasımpatı")

Kasımpatı was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Akkaynak Village in Ankara.

Kazakhstan İjara

Kazakhstan İjara Company KIC Leasing was established in 2013, in Kazakhstan for the purpose of operating in financial leasing sector.

Kıbrıs Besicilik ve Çiftçilik Teşebbüsleri Limited ("Kıbrıs Besicilik")

Kıbrıs Besicilik was established and operates in livestock and agriculture in TRNC in 2018.

Kuvars Solar Enerji Üretim Anonim Şirketi ("Kuvars")

Kuvars was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Değişören in Eskişehir.

Lapis Solar Enerji Üretim Anonim Şirketi ("Lapis")

Lapis was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Çifteler in Eskişehir.

Leylak Solar Enerji Üretim Anonim Şirketi ("Leylak")

Leylak, established in 2017 in Istanbul for the purpose of providing solar energy services. The power plant operates in Karaalan in Eskişehir.

Lilyum Solar Enerji Üretim Anonim Şirketi ("Lilyum")

Lilyum, established in 2017 in Istanbul for the purpose of providing solar energy services. The power plant operates in Karaalan in Eskişehir.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting Entity (*continued*)

1.6 Entities in banking and finance segment (*continued*)

Martı Solar Enerji Üretim Anonim Şirketi (“Martı”)

Martı, was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Akkaynak Village in Ankara.

Mehtap Güneş Enerjisi Üretim Anonim Şirketi (“Mehtap”)

Mehtap, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

Mercan Solar Enerji Üretim Anonim Şirketi (“Mercan”)

Mercan, was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Akkaynak Village in Ankara.

Mükafat Portföy

Mükafat Portföy is established to operate in the field of portfolio management in 2016.

Nilüfer Solar Enerji Üretim Anonim Şirketi (“Nilüfer”)

Nilüfer, was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Akkaynak Village in Ankara.

N-Kolay Ödeme Sistemleri Anonim Şirketi (“N-Kolay”)

N-Kolay was established in 2014 in Istanbul for the purpose of providing bill payment point service to its customers.

Oniki Teknoloji A.Ş. (“Oniki Teknoloji”)

E-Post Dış Ticaret, was established in order to provide intermediary services in domestic and foreign trade in Istanbul in 2018. The Company's title was changed to “Oniki Teknoloji A.Ş.” in 2019. As of the reporting date, the company is non-operating.

Oniks Solar Enerji Üretim Anonim Şirketi (“Oniks”)

Oniks, established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Çifteler in Eskişehir.

Opal Solar Enerji Üretim Anonim Şirketi (“Opal”)

Opal, established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Çifteler in Eskişehir.

Passo Spor Oyunları Kulübü Yazılım ve Pazarlama A.Ş. (“Passo Spor”)

Passo Spor was established in 2019 within the body of E-Kent Geçiş Sistemleri ve Biletleme Teknolojileri Anonim Şirketi in order to engage in software development and marketing activities.

Pavo Teknik Servis Elektrik ve Elektronik Sanayi ve Ticaret Anonim Şirketi (“Pavo”)

Pavo operates in the area of new generation payment recorders import, manufacture, sales and technical services.

Secom Aktif Elektronik Güvenlik Çözümleri A.Ş. (“Secom Aktif Güvenlik”)

Secom Aktif Güvenlik, whose previous title was Kent Güvenlik Sistemleri Elektronik İnşaat Sanayi ve Ticaret A.Ş. has been purchased by Secom Aktif Güvenlik Yatırım A.Ş. on March 31, 2019.

Secom Aktif Güvenlik Yatırım Anonim Şirketi (“Secom Aktif Yatırım”)

Secom Aktif Yatırım was established on February 28, 2019 in order to engage in electronic security solutions.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting Entity (*continued*)

1.6 Entities in banking and finance segment (*continued*)

Seher Güneş Enerjisi Üretim Anonim Şirketi (“Seher”)

Seher, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

Sigortayeri

Sigortayeri provides insurance products through the virtual and physical multi-channel structure that are shaped according to the needs of potential policyholders in order to operate insurance brokerage.

Silent Valley Partnership (“Silent Valley”)

Silent Valley was established and operates in the construction sector in the TRNC in 2016.

Tanyeri Güneş Enerjisi Üretim Anonim Şirketi (“Tanyeri”)

Tanyeri, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

Turkuvaz Solar Enerji Üretim Anonim Şirketi (“Turkuvaz”)

Turkuvaz, was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Doğalar in Kütahya.

Ufuk Güneş Enerjisi Üretim Anonim Şirketi (“Ufuk”)

Ufuk, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

UPT Lithuania UAB

UPT Lithuania UAB was established by UPT Ödeme Hizmetleri A.Ş. in Lithuania on December 4, 2019 and provides payment services. As of the reporting date, the company is non-operating.

UPT Ödeme Hizmetleri Anonim Şirketi (“UPT”)

UPT was established for the purpose of electronic money transfer and payment services.

Yakamoz Güneş Enerjisi Üretim Anonim Şirketi (“Yakamoz”)

Yakamoz, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting entity (*continued*)

1.7 Entities in other segments

Company name	Type of partnership	Country
Amethyst Holding N.V.	Subsidiary	The Netherlands
Artmin Madencilik Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Turkey
Başak Yönetim Sistemleri Anonim Şirketi	Subsidiary	Turkey
Çalık Dijital ve Bilişim Hizmetleri Anonim Şirketi	Subsidiary	Turkey
Çalık Hava Taşımacılık Turizm Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Turkey
Çalık Pamuk Doğal ve Sentetik Elyaf Ticaret Anonim Şirketi	Subsidiary	Turkey
Çalık Tarım Ürünleri Lisanlı Depoculuk Anonim Şirketi	Subsidiary	Turkey
Irmak Yönetim Sistemleri Anonim Şirketi	Subsidiary	Turkey
İkideniz Petrol ve Gaz Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Turkey
Kartaltepe Madencilik Sanayi ve Ticaret Anonim Şirketi	Joint venture	Turkey
Lidya Aurasia (*)	Subsidiary	Uzbekistan
Lidya Madencilik Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Turkey
Nouvelle Frontiere SARL	Subsidiary	D.Congo
Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi (**)	Subsidiary	Turkey
Polimetal Mineral Madencilik Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Turkey
Tunçpınar Madencilik Sanayi ve Ticaret Anonim Şirketi	Joint venture	Turkey

(*) The company joined the Group in 2020.

(**) In 2020, the shareholder structure of the company changed and changed from a joint ventures to a subsidiary.

Amethyst Holding N.V. (“Amethyst”)

Amethyst was established in 2017 in the Netherlands for purpose of carrying out holding activities.

Artmin Madencilik Sanayi ve Ticaret Anonim Şirketi (“Artmin Madencilik”)

Artmin Madencilik (formerly known as AMG mineral Madencilik Anonim Şirketi) was established by AMG Mineral Inc in 2011 in Ankara for prospection and buying business licence, buying and selling mine site, managing and participating the mine tender. In 2015, the Group started to control the Artmin Madencilik by acquiring shares by 70 percent.

Başak Yönetim Sistemleri Anonim Şirketi (“Başak Yönetim”)

Başak Yönetim was established in 2008 for the purpose of building and operating of electricity production facility and producing, selling and marketing of electricity with the name “Başak Enerji Elektrik Üretim Sanayi ve Ticaret Anonim Şirketi”. The former name of company, was changed on 11 April 2013 as “Başak Yönetim Sistemleri Anonim Şirketi”.

Çalık Dijital ve Bilişim Hizmetleri Anonim Şirketi (“Çalık Dijital”)

Çalık Dijital (formerly known as Dore Altın ve Madencilik Anonim Şirketi) was established in 2010 in Istanbul for the purpose of mining, operating, purchasing and renting underground and surface mine and natural resources in accordance with existing regulations, to purchase prospecting license, to demand operating right and to take over mining rights. The former name of company, was changed on 8 December 2017 as Çalık Dijital ve Bilişim Hizmetleri Anonim Şirketi (“Çalık Dijital”).

Çalık Hava Taşımacılık Turizm Sanayi ve Ticaret Anonim Şirketi (“Çalık Hava”)

Çalık Hava was established in 2010 in Istanbul for the purpose of providing every kind of air transportation activities, scheduled or unscheduled domestic and abroad air transportation, arranging passenger and freight cargo transportation.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

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(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting entity (*continued*)

1.7 Entities in other segments (*continued*)

Çalık Pamuk Doğal ve Sentetik Elyaf Ticaret Anonim Şirketi (“Çalık Pamuk”)

Çalık Pamuk started its operations under Çalık Holding in 2011. Çalık Pamuk beside trading cotton also provides consultancy services in all cotton related subjects. Çalık Pamuk procures cotton from both abroad and within Turkey mainly from USA and also from India, Central Asia, Africa, Greece and Turkish Southeast and provides services to cotton using textile companies both foreign and local companies.

Çalık Tarım Ürünleri ve Lisanslı Depoculuk Anonim Şirketi (“Çalık Tarım”)

Çalık Tarım was established in 2017 in order to provide licensed warehousing services for the conservation of agricultural products under the license and for the purpose of commercial storage.

Irmak Yönetim Sistemleri Anonim Şirketi (“Irmak Yönetim”)

Irmak Yönetim, formerly known as “Irmak Enerji Elektrik Üretim Madencilik Sanayi ve Ticaret Anonim Şirketi”, was established in 2008 for the purpose of building and operating electricity production facility and producing, selling and marketing of electricity. The name was changed on 11 April 2013 as “Irmak Yönetim Sistemleri Anonim Şirketi”.

İkideniz Petrol ve Gaz Sanayi ve Ticaret Anonim Şirketi (“İkideniz Petrol”)

İkideniz Petrol was established in 2008 for the purpose of importing, exporting, distributing, operating and production all kinds of crude oil.

Kartaltepe Madencilik Sanayi ve Ticaret Anonim Şirketi (“Kartaltepe”)

Kartaltepe was established in 2011 as a wholly owned subsidiary of YAMAS. Kartaltepe is registered in Ankara, Turkey and is engaged in the operation of mining in Erzincan region. As at reporting date, Kartaltepe is a joint venture of Lidya Madencilik Sanayi ve Ticaret Anonim Şirketi (“Lidya Maden”) and YAMAS with an ownership structure of 50 percent and 50 percent, respectively.

Lidya Aurasia

Lidya Aurasia was established by Lidya Maden in Uzbekistan on December 12, 2019.

Lidya Madencilik Sanayi ve Ticaret Anonim Şirketi (“Lidya Maden”)

Lidya Maden was established in 2006 in Istanbul to explore all kind of metal and mineral products and to participate in mining companies.

Nouvelle Frontier SARL (“Nouvelle Frontiere”)

Nouvelle Frontiere was registered in 2019 with the purpose of conducting geological research studies directly or indirectly, operating various mines and producing concentrates. The head office of the company is in Democratic Republic of Congo.

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi (“Polimetal”)

Polimetal was incorporated in 2011 as a wholly owned subsidiary of Yeni Anadolu Mineral Madencilik Sanayi ve Ticaret Ltd. Şti. (“YAMAS”). Polimetal is registered in Ankara, Turkey and is engaged in the development and operation of mining assets. On 03.01.2020 Alacer Gold Madencilik A.Ş. left the partnership by transferring its shares to Lidya Maden and Lidya Maden's share in the company increased from 50% to 100%.

Polimetal Mineral Madencilik Sanayi ve Ticaret Anonim Şirketi (“Polimetal Mineral”)

Polimetal Mineral was established on 15 November 2016 to explore, develop and operate all kinds of mines.

Tunçpınar Madencilik Sanayi ve Ticaret Anonim Şirketi (“Tunçpınar”)

Tunçpınar was established in 2011 as a wholly owned subsidiary of YAMAS. Tunçpınar is registered in Ankara, Turkey and is engaged in the operation of mining in Tunceli region. As at reporting date, Tunçpınar is a joint venture of Lidya Maden and YAMAS with an ownership structure of 50 percent and 50 percent, respectively.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

2 Basis of preparation

(a) *Statement of compliance*

Çalık Holding entities operating in Turkey maintain their books of account and prepare their statutory financial statements in Turkish Lira (“TL”) in accordance with the Accounting Practice Regulations as promulgated by the Banking Regulatory and Supervision Agency (“BRSA”) (applicable to the financial institutions), Turkish Uniform Chart of Accounts, Turkish Commercial Code and Tax Legislation.

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

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

Going concern

Consolidated financial statements have been prepared on the basis of going concern, assuming that the Company and its subsidiaries included in consolidation will benefit from its assets and fulfill its obligations in the natural flow of its activities in the next year.

b) *Significant changes regarding the current period*

The consolidated financial statements were approved by the Group management on 7 April 2021. Çalık Holding’s General Assembly and the other regulatory bodies have the power to amend the consolidated financial statements which after their issue.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

2 Basis of preparation (*continued*)

c) *Basis of Measurements*

The consolidated financial statements have been prepared on the historical cost basis and for the Turkish entities as adjusted for the effects of inflation that lasted by 31 December 2004, except for the following:

- derivative financial instruments are measured at fair value,
- non-derivative financial assets at fair value OCI are measured at fair value
- assets and liabilities held for sale are measured at the lower of their carrying amount and fair value less costs to sell,
- non-derivative financial assets at fair value through profit or loss are measured at fair value,
- investment property is measured at fair value.

The methods used to measure the fair values are discussed further in Note 36.

(d) *Functional and presentation currency*

Çalık Holding determined its functional currency is Turkish Lira (“TL”) as at 30 June 2018 and earlier. As of 1 July 2018, The Group’s subsidiaries mainly operating in Energy and Construction sectors that are comprised significant part of Group’s revenue has almost completed their projects in Turkey and focused on foreign projects. In addition, the main operation of the Company concentrated abroad where potential dividend income also can be obtained. In accordance with IAS 21 “The Effects of Changes in Foreign Exchange Rates” The Group management decided to change functional currency from TL to USD and it will be appropriate to apply as at 1 July 2018. The Company changed its functional currency into USD in accordance with IAS 21 “The Effects of Changes in Foreign Exchange Rates” due to intensification of the activities of the Group companies abroad and the changes in the dividend policies as of 1 July 2018.

The accompanying consolidated financial statements are presented in United States Dollar (“USD”) except as otherwise indicated, financial information presented in USD has been rounded to the nearest thousand.

Financial statements prepared in US Dollars which is the current currency, have been translated into the reporting currency “TL” as described below;

As of 31 December 2020, balance sheet accounts have been issued by T.C. The Central Bank (TCMB), has been converted into TL with the US Dollar buying rate of 1 USD = 7,3405 TL (31 December 2019: 1 USD = 5,9402 TL).

Profit or loss and other comprehensive income statements for the period ended 31 December 2020 have been converted to TL with an annual average of 1 USD = 7,0034 (31 December 2019: 1 USD = 5,6712 TL)

The translation differences resulting from the above translations are shown in the “foreign currency translation differences” account under the Comprehensive Income and Reclassified to Profit or Loss account group.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

2 Basis of preparation (*continued*)

e) Use of estimates and judgements

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

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

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

- Note 3 (e) and (f) – Useful lives of property and equipment and intangible assets including goodwill
- Note 9 – Financial investments
- Note 11– Trade receivables and payables
- Note 15 – Prepayments and deferred revenue
- Note 20 – Investment property
- Note 24 – Derivatives
- Note 26 – Provisions
- Note 28 – Taxation
- Note 36 – Financial instruments – Fair values and risk management (*including fair value explanations*)

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

2 Basis of preparation (*continued*)

f) *Comperative information and adjustment of prior period financial statements*

Significant changes or material errors in accounting policies are adjusted retrospectively by rearranging the financial statements of the previous period. The effect of changes in accounting estimates affecting the current period has been recognized in the current period; The effects of changes in accounting estimates that affect current and future periods are recognized in the current and future periods.

The financial statements of the Group are prepared comparatively with the previous period in order to allow the determination of financial status and performance changes. Comparative information is reclassified when necessary and important differences are explained in order to comply with the presentation of the current period financial statements. The Group has made some classifications in the financial statements of the previous period in the current period. The nature and amounts of the classifications are described below.

In the consolidated financial statements for the year ended December 31, 2019, the following classifications have been made in order to comply with the presentation of the current period;

	<i>31 December 2019</i>		
	<i>Previously reported</i>	<i>Revised</i>	<i>Reclassification</i>
Revenue	1.343.095	1.367.991	24.896
Cost of sales	(961.341)	(966.593)	(5.252)
General and administrative expenses	(206.981)	(241.924)	(34.943)
Sales, marketing and distribution expenses	(55.790)	(40.491)	15.299
Other income from operating activities	73.601	78.065	4.465
Gains /(loss) from investing activities	113.388	108.923	(4.465)
Finance income	40.239	44.939	4.700
Finance expenses	(164.333)	(169.032)	(4.700)
Total			--

g) *The new standards, amendments and interpretations*

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

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

2 Basis of preparation (*continued*)

g) *The new standards, amendments and interpretations (continued)*

i) The new standards, amendments and interpretations which are effective as at January 1, 2020 are as follows:

Definition of a Business (Amendments to IFRS 3)

In May 2019, the POA issued amendments to the definition of a business in TFRS 3 Business Combinations standards. The amendments are intended to assist entities to remove the assessment regarding the definition of business.

The amendments:

- clarify the minimum requirements for a business;
- remove the assessment of whether market participants are capable of replacing any missing elements;
- add guidance to help entities assess whether an acquired process is substantive;
- narrow the definitions of a business and of outputs; and
- introduce an optional fair value concentration test.

The amendments to TFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively.

Amendments to TFRS 9, TAS 39 and TFRS 7- Interest Rate Benchmark Reform

The amendments issued to TFRS 9 and TAS 39 which are effective for periods beginning on or after January 1, 2020 provide reliefs which enable hedge accounting to continue. For these reliefs, it is assumed that the benchmark on which the cash flows of hedged risk or item are based and/or, the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform. in connection with interest rate benchmark reform.

Reliefs used as a result of amendments in TFRS 9 and TAS 39 is aimed to be disclosed in financial statements based on the amendments made in TFRS 7.

Definition of Material (Amendments to TAS 1 and TAS 8)

In June 2019, the POA issued amendments to TAS 1 Presentation of Financial Statements and TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments to TAS 1 and TAS 8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively and earlier application is permitted.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

2 Basis of preparation (*continued*)

g) The new standards, amendments and interpretations (*continued*)

i) The new standards, amendments and interpretations which are effective as at January 1, 2020 are as follows (*continued*)

In June 5, 2020, the POA issued amendments to TFRS 16 Leases to provide relief to lessees from applying TFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. A lessee that makes this election accounts for any change in lease payments related rent concession the same way it would account for the change under the standard, if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021
- There is no substantive change to other terms and conditions of the lease.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 June 2020. Early application of the amendments is permitted.

ii) Standards issued but not yet effective and not early adopted

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

TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group will wait until the final amendment to assess the impacts of the changes.

TFRS 17 - The new Standard for insurance contracts

The POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted. The standard is not applicable for The Group and will not have an impact on the financial position or performance of the Group.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

2 Basis of preparation (*continued*)

g) *The new standards, amendments and interpretations (continued)*

ii) Standards issued but not yet effective and not early adopted (*continued*)

Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities

On March 12, 2020, the POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted.

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

Amendments to TFRS 3 – Reference to the Conceptual Framework

In July 2020, the POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to TFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in TFRS standards (March 2018).

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

Amendments to TAS 16 – Proceeds before intended use

In July 2020, the POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to TAS 16 which are effective for periods beginning on or after 1 January 2022. Amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment.

There is no transition relief for the first time adopters.

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

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

2 Basis of preparation (*continued*)

g) The new standards, amendments and interpretations (*continued*)

ii) Standards issued but not yet effective and not early adopted (*continued*)

Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to TAS 37 which are effective for periods beginning on or after 1 January 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a “directly related cost approach”. Amendments must be applied retrospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

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

Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16

In December 2020, the POA issued Interest Rate Benchmark Reform – Phase 2, Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR, amending the followings. The amendments are effective for periods beginning on or after 1 January 2021. Earlier application is permitted and must be disclosed.

Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

The practical expedient is required for entities applying TFRS 4 Insurance Contracts that are using the exemption from TFRS 9 Financial Instruments (and, therefore, apply TAS 39 Financial Instruments: Classification and Measurement) and for TFRS 16 Leases, to lease modifications required by IBOR reform.

Relief from discontinuing hedging relationships

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.
- For the TAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.
- The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

2 Basis of preparation (*continued*)

g) *The new standards, amendments and interpretations (continued)*

ii) Standards issued but not yet effective and not early adopted (*continued*)

Relief from discontinuing hedging relationships (*continued*)

- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

Additional disclosures

Amendments need additional TFRS 7 Financial Instruments disclosures such as; How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and If IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes.

The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

Annual Improvements – 2018–2020 Cycle

In July 2020, the POA issued Annual Improvements to TFRS Standards 2018–2020 Cycle, amending the followings:

- *TFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter:* The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- *TFRS 9 Financial Instruments – Fees in the “10 per cent test” for derecognition of financial liabilities:* The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.
- *TAS 41 Agriculture – Taxation in fair value measurements:* The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

Improvements are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted for all.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

2 Basis of preparation (*continued*)

h) Significant changes regarding the current period

Due to the Covid 19 epidemic that affected the whole world, the economic slowdown has been occurred both in the sector which the Group operates and in the general economic activities in the second quarter of the year. The necessary actions were taken by the Group management to minimize the possible effects of Covid 19 on the Group's activities and financial status of the Group. In the meantime, various actions were taken by the Group regarding operations and the cash management strategy has been reviewed by assessing the payment and collection terms for a stronger liquidity position.

Since the possible overall impacts and duration of Covid 19 pandemic on the World and Turkey is still unknown as of reporting the reporting date, it will only be possible to do mid and long term assessment once the impacts become more clear. In preparation of the consolidated financial statements as of 31 December 2020, the Group has assessed the possible impacts of Covid 19 pandemic on the consolidated financial statements and reviewed the critical estimates and assumptions. Within this scope, the Group has assessed the possible impairment in the consolidated financial statements and no significant impact has been identified.

3 Significant accounting policies

a) Basis of consolidation

The accompanying consolidated financial statements include the accounts of the parent company, Çalık Holding, its subsidiaries, joint arrangements and associates on the basis set out in sections below. The financial statements of the entities included in the consolidation have been prepared as at the date of the consolidated financial statements.

i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards are required to be exchanged for awards held by the acquiree's employees, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

ii) Non-controlling interests

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (*continued*)

a) *Basis of consolidation (continued)*

iii) *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

iv) *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

v) *Acquisitions from entities under common control*

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder’s consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group equity and any gain/loss arising is recognised directly in equity.

vi) *Associates (Equity-accounted investees)*

The Group’s interests in equity-accounted investees comprise interests in associates and a joint venture. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group’s share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

vii) *Joint arrangements*

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements’ returns. They are classified and accounted for as follows:

- Joint operation – when the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement, it accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.
- Joint venture (equity-accounted investees) – when the Group has rights only to the net assets of the arrangements, it accounts for its interest using the equity method.

The accompanying consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of joint ventures, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group’s share of losses exceeds its interest in an joint venture, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (*continued*)

a) *Basis of consolidation (continued)*

viii) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

In consolidation of operating results and financial positions of subsidiaries whose functional currency is other than USD, main consolidation transactions are made such as elimination of related party balances and transactions. But, a monetary asset (or liability) of related parties regardless of short-term or long-term (except for monetary items which are part of net investment of the Group in its subsidiaries whose functional currency is different than USD) can not be eliminated with related party liability (or related party asset) without presenting results of fluctuation of foreign currencies in consolidated financial statements. Because, a monetary item provides obligation of translation of any currency to other currency and makes the Group exposed to gain or losses arising from fluctuation of foreign currencies. Correspondingly, these kind of foreign exchange differences are recognized in profit or loss of consolidated financial statements of the Group.

b) *Foreign currency*

i) *Foreign currency transactions*

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an investment in equity securities designated as at FVOCI (2019: available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss))
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective
- qualifying cash flow hedges to the extent that the hedges are effective.

The following significant foreign exchange rates are applied as at 31 December 2020 and 31 December 2019 are as follows:

<u>End of month</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
EUR / TL	9,0079	6,6506
USD / TL	7,3405	5,9402
EUR / USD	1,2272	1,1196
 <u>Cumulative average</u>		
EUR / TL	8,0140	6,3481
USD / TL	7,0034	5,6712
EUR / USD	1,1443	1,1194

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (*continued*)

b) *Foreign currency (continued)*

ii) *Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into euro at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve. Any loss is recognised in profit or loss. However, to the extent that an amount is included in the revaluation surplus for that property, the loss is recognised in other comprehensive income and reduces the revaluation surplus within equity.

c) *Financial instruments*

i) *Financial assets*

Initial Recognition and measurement

At initial recognition Group classifies its financial assets in three categories as; financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent measurement and classification

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 assets measured at amortized cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes cash and cash equivalents, trade receivables and other receivables.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (*continued*)

c) *Financial instruments (continued)*

Subsequent measurement and classification (*continued*)

b. Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income when they are not held for trading. The classification is determined on an instrument-by-instrument basis.

The accounting policies below apply to gains and losses from subsequent measurements:

Debt instruments measured at fair value through other comprehensive income	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.
Equity instruments measured at fair value through other comprehensive income	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (*continued*)

c) *Financial instruments (continued)*

a. *Financial assets at fair value through profit or loss*

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The contractual rights to receive cash flows from the asset have expired, or
- The Group has transferred its contractual rights to receive cash flows from the asset, or retains the contractual rights to receive the cash flows of the financial asset but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group transfers a financial asset, it evaluates the extent to which it retains the risks and rewards of ownership of the financial asset. When the Group has transferred its contractual rights to receive cash flows from an asset and neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement.

Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

ECLs are recognised in two stages:

- 12-month ECL: For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months,
- Lifetime ECL: For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure.

For trade receivables, other receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The expected credit losses were calculated based on a provision matrix that is based on the Group's historical credit loss experience, considering for forward-looking factors.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (*continued*)

c) *Financial instruments (continued)*

ii) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, borrowings and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- ***Financial liabilities at fair value through profit or loss***

This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by TFRS 9. Gains and losses are recognised in the statement of profit or loss.

- ***Financial liabilities at amortised cost***

After initial recognition, borrowings and trade and other payables are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

iii) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedging activities

Derivative financial instruments are initially recognised at the acquisition cost reflecting the fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The derivative instruments of the Group mainly consist of foreign exchange forward contracts and currency/interest rate swap instruments. These derivative transactions, even though providing effective economic hedges under the Group risk management position, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading in the consolidated financial statements. The fair value changes for these derivatives are recognised in the consolidated income statement.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (*continued*)

c) *Financial instruments (continued)*

Service concession arrangements

Service concession arrangements are defined within scope of TFRIC 12 as those whereby a government or other body grants contracts for the supply of public services – operations such as roads, energy distribution, prisons or hospitals –to private operators. The Group’s electricity distribution and meter reading service businesses are in the scope of service concession agreements.

Considering the Group’s terms in the service concession arrangements, a financial asset model where the Group recognises a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor has been applied, since the right to receive cash for the distribution and meter reading services are constituted through actual billing to subscribers where the distribution and meter reading service components of the billing are already specified or determinable through the regulated tariffs by EMRA.

The Group has measured the financial asset at fair value, with the effective interest method which is calculated by discounting estimated future cash receipts with regards to the compensation of TOR and the initial and annual capital expenditures made by the Group, through the expected life of the arrangement and set “Financial Asset Related to Concession Agreements” on the balance sheet and recognizes the revenue on an effective interest method as “Finance Income from Service Concession Arrangements”

Security deposit

According to the Article 26 of Electricity Market Customer Services Regulation, legal entities which have retail electricity sale licenses, can demand security deposits from their subscribers in order to deduct customers’ debts in case of possible inability to pay energy consumption fee due to address change and/or cease of retail sale agreements or termination of retail sale agreements.

Security deposits received from current subscribers are recognised in the “payables to third parties” item at the adjusted values based on inflation applicable to reporting dates using Consumer Price Index (“CPI”) rates. Security deposits valuation expenses and realised security deposit expenses are recognised as finance cost in profit or loss.

Income and expenses arising from the repurchase and resale agreements over investments are recognised on an accruals basis over the period of the transaction and are included in “interest income” or “interest expense” presented under “revenue from finance sector operations” and “cost of revenue from finance sector operations”, respectively.

d) *Repurchase transactions*

The Group enters into purchases/sales of investments under agreements to resell/repurchase substantially identical investments at a certain date in the future at a fixed price. Investments purchased subject to commitments to resell them at future dates are not recognised. The amounts paid are recognised as “Receivables related to finance sector operations” in the accompanying consolidated financial statements. The receivables are shown as collateralized by the underlying security.

Investments sold under repurchase agreements continue to be recognised in the consolidated statement of financial position and are measured in accordance with the accounting policy for either assets held for trading, held to maturity or available-for-sale as appropriate. The proceeds from the sale of the investments are reported as funds from repo transactions presented under “Payables related to finance sector operations”.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (*continued*)

(e) *Property, plant and equipment*

i) *Recognition and measurement*

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- cost of materials and direct labor;
- any other costs directly attributable to bringing the asset to a working condition for its intended use;
- when the Group has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the asset) is recognised in “Gain from investing activities” or “Loss from investing activities” under profit or loss.

ii) *Reclassification to investment property*

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve. Any loss is recognised in profit or loss. However, to the extent that an amount is included in the revaluation surplus for that property, the loss is recognised in other comprehensive income and reduces the revaluation surplus within equity.

iii) *Subsequent costs*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

iv) *Depreciation*

Items of property, plant and equipment are depreciated from the date that they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (*continued*)

(e) *Property, plant and equipment (continued)*

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

<u>Description</u>	<u>Year</u>
Buildings	50
Machinery and equipments	1-40
Vehicles	5-10
Furniture and fixtures	3-15
Other tangible assets	5-15
Leasehold improvements	2-50

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

f) *Intangible assets and goodwill*

i) *Goodwill*

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses (see accounting policy 3(j) ii). In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee.

ii) *Other intangible assets*

Other intangible assets of the Group mainly consist of licences for oil exploration, hydroelectric power generation, wind power generation and liquefied natural gas import, electricity distribution rights and computer software acquired by the Group, which have finite useful lives, and are measured at cost less accumulated amortisation and any accumulated impairment losses, if any.

iii) *Subsequent expenditures*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated and brands, is recognised in profit or loss as incurred.

iv) *Amortisation*

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

Amortisation of service concession rights acquired by the Group is recognised in profit or loss on a straight-line basis over their respective concession periods.

Amortisation of electricity distribution rights is based on the fair value of the asset which is acquired through business combination under scope of IFRS 3 "Business Combinations". The remaining amortisation period for electricity distribution rights are 26 years which is the service concession period of YEDAŞ as it was acquired by ÇEDAŞ. Licences and other intangible assets including computer software are amortised between 10 and 50 years and 2 and 10 years, respectively.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (*continued*)

g) *Investment property*

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Rental income from other property is recognised as other income.

h) *Inventories*

Inventories are measured at the lower of cost and net realisable value. The cost of trading goods and finished goods are based on the weighted average method and includes expenditure and other costs incurred in bringing them to their existing location and condition.

Cost of trading properties are determined on cost or deemed cost method by the entities operating in construction business. Trading properties comprised lands that are held for construction projects to sell and cost of buildings that are held for trading purposes.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

i) *Construction contracts in progress / deferred revenue*

Construction contracts in progress represent the gross unbilled amount expected to be collected from customers for contract work performed to date. Construction contracts in progress is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditures related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction contracts in progress is presented as "Due from customers for contract work" within trade receivables in the consolidated statement of financial position for all contracts in which the sum of costs incurred and recognised expected losses plus recognised profits exceed progress billings. If the sum of progress billings and recognised expected losses exceed cost incurred plus recognised profits, then the difference is presented as "Due to customers for contract work" within deferred income in the consolidated statement of financial position.

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

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

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (*continued*)

i) *Construction contracts in progress / deferred revenue (continued)*

Contract assets

It is used to monitor the assets defined as contract assets in IFRS 15. According to IFRS 15, contract assets are the right to receive the fee, in exchange for the goods or services that the business transfers to the customer, which is bound to another condition (for example, the future performance of the business), except that time has passed.

The total amount of the contract assets is shown separately in the statement of financial position. In addition, the companies divide the contract assets into sub-items according to the type of contract they are born (in the form of contract assets arising from ongoing construction and contracting works, contract assets arising from sales of goods and services, other contract assets).

Contract Liabilities

It is used for monitoring the obligations defined as contractual obligation in IFRS 15. According to IFRS 15, the contractual obligation is the obligation of the business to transfer the goods or services to the customer in exchange for the amount collected (or entitled to be collected) from the customer.

Before a good or service is transferred to the customer, the contractual obligation arises if the customer has the right to pay the price or the entity has unconditional right to receive the price (in other words, a receivable).

The total amount of contractual obligations is shown separately in the statement of financial position. In addition, the companies divide their contractual obligations into sub-items according to the type of contract they are born (in the form of contractual obligations arising from ongoing construction and contracting works, contractual obligations from sales of goods and services, other contractual obligations).

j) *Impairment*

i) *Non-derivative financial assets*

Policy applicable from 1 January 2018

Financial instruments and contract assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

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

- debt securities that are determined to have low credit risk at the reporting date; and
 - other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.
- Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs

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.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (*continued*)

j) *Impairment (continued)*

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

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 Group expects to receive).

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 borrower or issuer;
- a breach of contract such as a default or being more than 730 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

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

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

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. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 730 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of 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.

k) *Assets held for sale or distribution*

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (*continued*)

k) *Assets held for sale or distribution (continued)*

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment

losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

l) *Employee benefits*

i) *Reserve for employee severance indemnity*

Reserve for employee severance indemnity represents the present value of the estimated future probable obligation of the Group arising from the retirement of the employees of the Group's entities operating in Turkey and calculated in accordance with the Turkish Labour Law. It is computed and reflected in the consolidated financial statements on an accrual basis as it is earned by serving employees. The computation of the liabilities is based upon the retirement pay ceiling announced by the Government. The ceiling amounts applicable for each year of employment were USD 0,97 and USD 1,07 (equivalent to TL 7,11 and TL 6,38 respectively) at 31 December 2020 and 2019, respectively.

IFRSs require actuarial valuation methods to be developed to estimate the entity's obligation under defined benefit plans. The total liability for employee severance benefit was calculated by an independent actuary based on past service cost methodology using the observable statistical market data such as mortality, inflation and interest rates or retirement pay ceilings applicable to the relevant periods and assumptions derived from the specific historic date of the Group such as retention and employee turnover rates or salary increase rates.

Income ceiling calculation for the Group's entities holding electricity distribution and retail sale license per the service concession agreement is updated yearly in accordance with EMRA decision No. 2991 dated 28 December 2010 to compensate the expenditures (such as employee benefit costs) relevant to the operations performed under these licenses as they incurred. Accordingly, the employee severance indemnity amounting to USD 2.267 (31 December 2019: USD 1.941) had no effect on the Group's consolidated financial statements since the same amount will be compensated by the Government as a adjusting item in the following income ceiling calculation.

Actuarial gains/losses are comprised of adjustment of difference between actuarial assumptions and results and change in actuarial assumptions. Because of the adoption of IAS 19 (2011), all actuarial differences have to be recognised in other comprehensive income. However due to insignificance of the balances, the Group has recognised any actuarial differences on reserve for employee severance indemnity profit or loss.

Reserve for employee severance indemnity is not subject to any statutory funding.

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due. The Group's banking subsidiary in Albania makes compulsory social security contributions that provide pension benefits for employees upon retirement. The local authorities are responsible for providing the legally set minimum threshold for pensions in Albania under a defined contribution pension plan.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (*continued*)

l) Employee benefits (continued)

ii) Defined benefit plans

The Group's banking subsidiary in Albania created a fully employer sponsored pension plan fund-Staff Support Program during 2002. The amount charged to this fund (SSP) was decided as 5 percent of yearly budgeted personnel salary expenses.

The amount due to employees based on the above plan would be grossed up by the interest that will accrue from the date the employees leave the Group's banking subsidiary in Albania until their retirement. It would be paid to employees only when they reach the Albanian statutory retirement age, in monthly instalments equal to a minimum of 75 percent of their state monthly pension until the accumulated fund for the employee is consumed.

Based on the Board of Directors resolution effective on 30 September 2010, the Group's banking subsidiary in Albania stopped the investment in this fund (SSP), by transforming it into the Staff Retention Credit Program (SRCP). The demographic changes in labour force during the last ten years and the employees' average age at 31, where 80 percent of employees are below the age of 40, has resulted in SSP not being attractive for most employees of the Group's banking subsidiary in Albania, as it can only be enjoyed at retirement. In contrast, SRCP will be more readily beneficial for all staff of the Group's banking subsidiary in Albania, as it will provide consumer and home loans with preferential terms. The entire due amount calculated for eligible employees in Staff Support Program has been frozen on the same date. The frozen amount due to change of SSP into SRCP on 30 September 2010 and the corresponding annual interest that will be gained by the investment in AAA sovereign bonds in the future until retirement age, is recorded as a liability by the Group's banking subsidiary in Albania.

iii) Vacation pay liability

Short-term employee benefit obligations are consisting of reserve for the vacation pay liability due to the earned and unused vacation rights of its employees of the Group's Turkish entities, and measured on an undiscounted basis and are recognised in profit or loss as the related service is provided.

m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

i) Provisions for EMRA regulations

In case of incompliance with the Electricity Market Act numbered 6446 which is effective after the publication on the Official Gazette dated 30 March 2013, numbered 28603 as well as with the regulations and communiqués promulgated by EMRA, EMRA sends a letter notifying the reason and related penalty fee with payment maturity to the Group. Although these penalties generally are paid in advance, some payments could be delayed until the final confirmation is reached in case of disagreement with EMRA. Based on the final conclusions of the legal department of the Group and assumption/analysis made by the Group management, required provision is made on the consolidated statement of the financial position when the notification is received.

ii) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (*continued*)

n) Revenue

General model for revenue recognition

IFRS 15 requires revenue recognition for all contracts with customers to follow the five-step approach to revenue recognition.

Step 1: Identifying the contract

A contract exists only if it is legally enforceable, the collection of the consideration is probable, the rights to goods and services and payment terms can be identified, the contract has commercial substance; and the contract is approved, and the parties are committed to their obligations.

If either contract were negotiated as a single commercial package, or consideration in one contract depends on the other contract or goods or services (or some of the goods or services) are a single performance obligation the Group accounts the contracts as a single contract.

Step 2: Identifying the performance obligations

The Group defines ‘performance obligation’ as a unit of account for revenue recognition. The Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation either a good or service that is distinct; or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. A contract may contain promises to deliver a series of distinct goods or services that are substantially the same. At contract inception, an entity determines whether the series of goods or services is a single performance obligation.

Step 3: Determining the transaction price

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.

Significant financing component

The Group revises the promised amount of consideration for the effect of a significant financing component to the amount that reflects what the cash selling price of the promised good or service. As a practical expedient, the Group does not adjust the transaction price for the effects of a significant financing component if, at contract inception, the entity expects the period between customer payment and the transfer of goods or services to be one year or less. In cases where advance for the services are received and the payment scheme is broadly aligned with the Group’s performance throughout the period, the Group concludes that the period between performance and payment is never more than 12 months, therefore the expedient is applied.

Variable consideration

The Group identifies items such as price concessions, incentives, performance bonuses, completion bonuses, price adjustment clauses, penalties.

Step 4: Allocating the transaction price to performance obligations

If distinct goods or services are delivered under a single arrangement, then the consideration is allocated based on relative stand-alone selling prices of the distinct goods or services (performance obligations). If directly observable stand-alone selling prices are not available, the total consideration in the service contracts is allocated based on their expected cost plus a margin.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (*continued*)

n) *Revenue (continued)*

Step 5: Recognition of revenue

The Group recognises revenue over-time if any of the following conditions is met:

- Customer simultaneously receives and consumes the benefits as the entity performs, or
- The customer controls the asset as the entity creates or enhances it, or

- Group's performance does not create an asset for which the entity has an use; and alternative there is a right to payment for performance to date.

For each performance obligation that is satisfied over time, an entity selects a single measure of progress, which depicts the transfer of control of the goods or services to the customer. The Group uses a method that measures the work performed reliably. The Group uses cost incurred to measure the progress towards to completion of the project where the input method is used and uses units transferred to measure the progress towards to completion of the project where the output method is used. If a performance obligation is not satisfied over time, then the Group recognises revenue at the point in time at which it transfers control of the good or service to the customer.

The Group recognises a provision in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits.

Rental income

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from investment property is recognised as other income from operating activities.

Sale of trading properties

Revenue from the sale of trading properties during ordinary activities is measured at the fair value of the consideration received or receivable, net of discounts. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable that discounts will be granted, and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sale is recognised.

Transfers of risks and rewards vary depending on the terms of the sale contract. For the sale of trading properties, transfer occurs when the property has been delivered to and registered in the name of the buyer officially.

i) *Energy business*

The Group recognizes revenue when the goods or services is transferred to the customer and when performance obligation is fulfilled. Goods is counted to be transferred when the control belongs to the customer.

The entity recognizes revenue based on the following main principles:

- Identification of customer contracts
- Identification of performance obligations
- Determination of transaction price in the contract
- Allocation of price to performance obligations
- Recognition of revenue when the performance obligations are fulfilled

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (*continued*)

n) *Revenue (continued)*

The Group recognizes revenue from its customers only when all of the following criteria are met:

- The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
- The entity can identify each party's rights regarding the goods or services to be transferred,
- The entity can identify the payment terms for the goods or services to be transferred;
- The contract has commercial substance,
- It is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

At the contract inception date, the Group evaluates the goods and services committed to be provided to the customer based on the contract and identifies each commitment as a separate performance obligation. In addition to that, the Group determines whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time.

When another party is involved in providing goods or services to a customer, the group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself or to arrange for the other party to provide those goods or services. The Group is a principal if it controls a promised good or service before the group transfers the good or service to a customer. When a group that is a principal satisfies a performance obligation, it recognizes as revenue the gross amount of consideration which it expects to be entitled to in exchange for those goods or services. The Group is an agent if its performance obligation is to arrange for the provision of goods or services by another party and in such a position, the Group does not recognize the revenue of the consideration at gross amount.

The Group determines the transaction price in accordance with contract terms and customs of trade. Transaction price is the amount of consideration which is expected to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Group allocates the transaction price to each performance obligation (or distinct goods or services), by reference to the consideration is considered to be deserved in return of the goods and services transferred to the customer. In this allocation, the Group allocates the transaction price determined in the contract to the standalone independent sales prices of these goods and services, where the Group identifies the prices of goods and services committed to be provided in the contract at the date of the inception of the contract and allocates the transaction price on these independent relative prices proportionally.

If the aggregate independent sales prices of the goods and services undertaken in the contract exceeds the transaction price in the contract, the customer has received discount on the purchase of goods or services. The Group allocates the discount to the all performance obligations retained in the contract proportionally except for the circumstances where there are observable inputs indicating that, the discount is provided for some but not all of the performance obligations.

Distribution part of the revenue is composed of distribution, meter reading services, transmission and theft and loss components. Distribution and meter reading service components are considered within the content of service concession arrangements due to the regulations of Energy Market Regulatory Authority ("EMRA"). Additionally, according to the Electricity Market Law, the Electricity Market Tariffs Communiqué and other related regulations, the Group's distribution, transmission and meter reading services are subject to revenue caps which cover operating expenses and investment requirements related to distribution and meter reading services. Moreover, transmission revenue is a complete pass-through of transmission costs as charged by Türkiye Elektrik İletim A.Ş. ("TEİAŞ"). These regulations guarantee revenue to the Group during the transition period regardless of the consumption level. The underbillings or overbillings made by the Group are adjusted by EMRA in the tariffs to be effective in two years.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (*continued*)

n) Revenue (continued)

i) Energy business (continued)

Revenue, (excluding the distribution business) is recognized upon delivery of electricity or upon fulfilment of services. Delivery is deemed complete when the risk and rewards associated with ownership has been transferred to the buyer as contractually agreed, compensation has been contractually established and collection of the resulting receivable is probable. The Group recognizes retail revenue only from illumination customers due to the regulations of the EMRA announced after the legal unbundling. Revenue from the sale and delivery of electricity is measured at the fair value of the consideration received or receivable. The estimated value of the electricity supplied but not invoiced to the customers is considered for the measurement of revenue.

Distribution of electricity revenue

Invoices of the subscribers other than residential and commercial companies are issued monthly at the end of each month by the retail companies whereas the invoices of the residential subscribers are issued continuously during each month due to the high number of subscribers in this group. Commercial group subscribers are also issued continuously during the month due to the high number of customers in this group although the subscribers with high consumption level are billed at the end of the month. As a result, the estimated value of the electricity distributed including the theft and loss, but not invoiced to subscribers by the retail companies is considered for the measured revenue.

Due to the fact that the electricity could not be stored, the purchase and sales realizes simultaneously and accordingly revenue and cost of revenue are recognized at the transaction time. Monthly invoicing is made at the month ends and the Group management monitors closely at period ends and the delays of 5-10 days in electricity usage count do not have a significant impact on the accompanying financial statements. Revenue from the sale of electricity to subscribers is stated, net of returns. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the subscribers. Transfer of risk and rewards depends on the consumption of electricity by subscribers.

Service Concession Arrangements

Service concession arrangements are defined within scope of TFRIC 12 as those whereby a government or other body grants contracts for the supply of public services – operations such as roads, energy distribution, prisons or hospitals – to private operators. The Group’s electricity distribution and meter reading service businesses are in the scope of service concession agreements.

Considering the Group’s terms in the service concession arrangements, a financial asset model where the Group recognises a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor has been applied, since the right to receive cash for the distribution and meter reading services are constituted through actual billing to subscribers where the distribution and meter reading service components of the billing are already specified or determinable through the regulated tariffs by EMRA.

The Group has measured the financial asset at fair value, with the effective interest method which is calculated by discounting estimated future cash receipts with regards to the compensation of TOR and the initial and annual capital expenditures made by the Group, through the expected life of the arrangement and set “Financial Asset Related to Concession Agreements” on the balance sheet and recognizes the revenue on an effective interest method as “Finance Income from Service Concession Arrangements”.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (*continued*)

n) Revenue (continued)

i) Energy business (continued)

Investment Income

Under the terms of contractual agreements covered by IFRS Comment 12, the Company acts as a service provider. It builds or renovates the infrastructure used to deliver a public service (construction or renovation services) and operates and maintains the infrastructure for a specified period (Operating services). The Company recognizes its revenue by IFRS 15, "Revenue from Contracts with Customers", for the services it performs. The company calculates the profit margin between the construction phase and active concession contracts by considering the difference between the cost of a base price and the actual cost by EMRA.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Interest income related to service concession arrangements are recognized in accordance with Service Concession Arrangements ("TFRIC 12"). Interest income on receivable from concession arrangement is recognised on a time-proportion basis using the effective interest method.

Electricity retail revenue

Invoices of the subscribers other than residential and commercial companies are issued monthly at the end of each month by the retail companies whereas the invoices of the residential subscribers are issued continuously during each month due to the high number of subscribers in this group. Commercial group subscribers are also issued continuously during the month due to the high number of customers in this group although the subscribers with high consumption level are billed at the end of the month. As a result, the estimated value of the electricity distributed including the theft and loss, but not invoiced to subscribers by the retail companies is considered for the measured revenue.

In accordance with the relevant provisions of EMRA's regulation, electricity retail sale service is defined in Electricity Market Law and Electricity Market License Communiqué promulgated by EMRA as other services such as invoicing or collection provided to the customers excluding the sale of electricity and/or capacity, the services provided by companies holding retail sale licenses to consumers. Electricity retail sale service fee included in the invoices issued by the Group contains invoicing costs, consumer services costs, capital expenditures relevant to the electricity retail sale services. Electricity retail sale service fee is applied to all customers who purchase energy from the Group.

ii) Banking and finance business

Interest income / expense

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees and commissions paid or received transaction costs, and discounts or premiums that are integral part of the effective interest rate. Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in "Revenue from finance sector operations" item in profit or loss.

Interest income and expense presented in profit or loss include the interest income on financial assets and liabilities at amortised cost on an effective interest rate basis.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (*continued*)

n) Revenue (continued)

ii) Banking and finance business (continued)

Fees and commission

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income are recognised as the related services are provided. Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

Net trading income

Net trading income comprises gains less loss related to trading assets and liabilities, and includes all realised and unrealised fair value changes and foreign exchange differences.

iii) Telecommunication business

Revenues are recognised to the extent that it is probable that economic benefits will flow to the Group and their amount can be measured reliably. Revenues are stated net of discounts, allowances, and returns.

Services rendered

Revenues from services rendered are recognized in the profit or loss according to the stage of completion of the service and only when the outcome of the service rendered can be estimated reliably.

Monthly subscription fee

Revenue related to the monthly service fees is recognised in the month that the telecommunication service is provided.

Usage charges and value-added services fees

Call fees consist of fees based on airtime and traffic generated by the caller, the destination of the call and the service utilised. Usage charges are based on traffic, usage of airtime or volume of data transmitted for value added services, such as short message services, internet usage and data services. Revenues from usage charges and value-added services are recognised in the period when the services are provided. Unbilled revenues from the billing cycle dating to the end of each month are estimated based on traffic and are accrued at the end of the month.

Revenue from the sale of internet services through contracts for leased lines is recognized in the profit or loss over the course of the contract. Revenue from the sale of prepaid access internet cards and access mobile cards is recognized in profit or loss at the time of usage.

Traffic revenues from interconnection and roaming are reported gross of the amounts due to other telecom operators.

Revenues from prepaid airtime are recorded on the basis of the airtime used at the predefined prices per minute. Deferred revenues for unused airtime are recorded as “Deferred revenue” in the consolidated statement of financial position.

Sales of goods

Revenue from the sale of modems and mobile phones is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer (i.e. upon delivery of goods), recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (*continued*)

n) Revenue (*continued*)

iv) Other businesses

Revenue from the sale of goods during ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and allowances and trade discounts. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable that discounts will be granted, and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sale is recognised.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale. Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

v) Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

o) Research and development costs

Expenditure on research activities is recognised in profit or loss when incurred.

p) Dividend income

Dividend income is recognised on the date that the Group's right to receive payment is established. Dividend payables are recognised after the dividend distribution approval in the General Assembly.

r) Right-of-use assets and leases liabilities

i) Right-of-use asset

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- a) the amount of the initial measurement of the lease liability,
- b) any lease payments made at or before the commencement date, less any lease incentives received,
- c) any initial direct costs incurred by the Group.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are subject to impairment.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (*continued*)

r) *Right-of-use assets and leases liabilities (*continued*)*

ii) *Lease liabilities (*continued*)*

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

s) *Finance income and finance cost*

Finance income comprises foreign currency gains (excluding those on trade receivables and payables), and gains on derivative instruments used for economic hedge for the foreign currency risk of the borrowings or interest rate risk exposures originating from the borrowings that are recognised in profit or loss (excluding other trading derivatives held by the banking subsidiaries of the Group). Interest income obtained from related parties for the funds provided is recognised as it accrues, using the effective interest method.

Finance cost comprises interest expense on borrowings and due to related parties for the funds received, foreign currency losses (excluding those on trade receivables and payables), and losses on derivative instruments used for economic hedge for the foreign currency or interest rate risk exposures originating from the borrowings that are recognised in profit or loss (excluding other trading derivatives held by the banking subsidiaries of the Group).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either other income or expense depending on whether foreign currency movements are in a net gain or net loss position by each entity of the Group.

t) *Other income and expenses from operating activities*

Except for banking and finance operations, other income from operating activities comprises interest income on time deposits that is recognised as it accrues in profit or loss, using the effective interest method, recoveries reversal from provision for doubtful receivables and inventories, rediscount gains on payables, foreign currency gains (excluding those on borrowings), change of fair value on service concession agreement and other operating income.

Except for banking and finance operations, other expenses from operating activities comprise commission expenses for letter of credits, provision expense for doubtful receivables and inventories, donations, rediscount losses on payables, foreign currency losses (excluding those on borrowings) and other operating expenses. Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position by each entity of the Group.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (*continued*)

u) *Income and losses from investing activities*

Income from investing activities comprises gain on sale of property, plant and equipment and intangible assets, fair value gain of financial assets at fair value through profit or loss from the operations other than those held by finance sector entities of the Group, available for sale financial assets and financial assets at fair value through profit or loss, gain on derivative instruments (including other trading derivatives held by the finance sector entities of the Group), fair value gains on investment property and other income from investing activities.

Losses from investing activities comprises gain on sale of property, plant and equipment and intangible assets, fair value loss on investment property, fair value loss of financial assets at fair value through profit from the operations other than those held by finance sector entities of the Group or loss on derivative financial instruments (including other trading derivatives held by the finance sector entities of the Group) and other losses from investing activities.

v) *Income tax*

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

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group can control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

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3 Significant accounting policies (*continued*)

v) *Income tax (continued)*

Deferred tax (continued)

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Transfer pricing in Turkey

Transfer pricing is disclosed in the 13th clause of the Corporate Tax Law under the heading “veiled shifting of profit” via transfer pricing. The application details are stated in the “general communiqué regarding veiled shifting of profits via transfer pricing” published on 18 November 2007.

If the taxpayer involves in transactions with related parties relating to trading of products or goods not performed within the framework of the principals regarding to pricing according to peers, then it will be considered that the related profits are shifted in a veiled way via transfer pricing. Such veiled shifting of profits via transfer pricing will not be deducted from tax assessment for the purposes of corporate tax.

The provisions concerning to the “thin capitalisation” are stated in the Article 12 of new corporate tax law issued by Ministry of Finance of Turkey. According to the Article 12, if the borrowings obtained directly or indirectly from the shareholders of the companies or persons related to shareholders exceeds three times of the shareholders' equity of the company operating in Turkey at any time during the related year, the exceeding portion of the borrowing will be treated as thin capital.

The financial borrowings were regarded as thin capitalisation provided with:

- The borrowings obtained directly or indirectly from the shareholders of the companies or persons related to shareholders
- Used for/in the entity
- Borrowings exceeds three times of the shareholders' equity of the company at any time during the related year.

w) *Segment reporting*

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the CEO (“Chief Executive Officer”) and BOD members to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

x) *De-merger/ Spin off*

Economically a de-merger represents a division of an entity into separate parts. The result of a de-merger is that the same shareholders own the same group of businesses; the shareholders structure and their ownership interests are identical both before and after the de-merger. In the absence of further guidance in IFRS, the Group has accounted the de-merger by recognising the book values.

y) *Contingent assets and liabilities*

If the inflows of the economic benefits to the Group are probable, contingent assets are disclosed in the notes to the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the consolidated financial statements in the period in which the change occurs.

Contingent liabilities are assessed continuously to determine whether an outflow of resources embodying economic benefits has become probable. Unless the possibility of any outflow in settlement is remote, contingent liabilities are disclosed in the notes to the financial statements.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (*continued*)

z) Subsequent events

Subsequent events represent the events after reporting date comprising any event between the reporting date and the date of authorisation for the consolidated financial statements' issue to the benefit or loss of the entity. Conditions of subsequent events are as follows:

- to have new evidences of subsequent events as of reporting date (adjusting events); and
- to have evidences of related subsequent events occurred after reporting date (non-adjusting).

The Group adjusts its consolidated financial statements according to the new condition if adjusting subsequent events arise after the reporting date. If it is not necessary to adjust the consolidated financial statements according to subsequent events, these subsequent events must be disclosed in the notes to the consolidated financial statements.

aa) Statement of cash flows

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities reflect cash flows mainly generated from main operations of the Group. The Group presents the cash flows from operating activities by using the indirect method such as adjusting the accruals for cash inflows and outflows from gross profit/loss, other non-cash transactions, prior and future transactions or deferrals.

Cash flows from investment activities reflect cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Group.

Cash flows relating to financing activities reflect sources of financial activities and payment schedules of the Group.

Cash and cash equivalents comprise cash on hand and demand deposits, investment funds, reverse repo receivables and other bank deposits whose maturities are three months or less from date of acquisition. Any restricted cash and cash equivalents that are not ready for the Group's use as at the reporting date, are excluded from the sum of the cash and cash equivalent in the consolidated statement of cash flows.

ab) Related parties

Parties are considered related to the Group if:

(a) Directly, or indirectly through one or more intermediaries, the party:

- (i) controls, is controlled by, or is under common control with the Group (this includes parent, subsidiaries and fellow subsidiaries);
- (ii) has an interest in the Group that gives it significant influence over the Group; or
- (iii) has joint control over the Group;

(b) the party is an associate of the Group;

(c) the party is a joint venture/operation in which the Group is a venturer;

(d) the party is member of the key management personnel of the Group and its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled or significantly influenced by, or for which significant voting power in such entity resides with directly or indirectly, any individual referred to in (d) or (e);

(g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

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

Several transactions are entered into with related parties in the normal course of business.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

4 Acquisition and disposals of subsidiary and non-controlling interest

4.1 Acquisitions of non-controlling interests without change in control during 2020

Çalık Solar

On 31.01.2020, Çalık Solar merged with Momentum Enerji Elektrik Üretim San. ve Tic. A.Ş., one of the group companies, based on the 31.12.2019 balance sheets with the facilitated merger method.

Çalık Yenilenebilir Enerji

On 31.01.2020, Çalık Yenilenebilir Enerji merged with Momentum Enerji Elektrik Üretim San. ve Tic. A.Ş., one of the group companies, based on the 31.12.2019 balance sheets with the facilitated merger method.

Çalık NTF

On 27.10.2020, Çalık NTF merged under Çalık Enerji Sanayi ve Ticaret A.Ş..

Çedaş Elektrik Dağıtım Yatırımları

On 13.04.2020, Çedaş Elektrik Dağıtım Yatırımları merged with Çalık Enerji San. Ve Tic. A.Ş., one of the group companies, based on the 31.12.2019 balance sheets with the facilitated merger method.

Gap Elektrik Dağıtım

As a result of the share transfer agreement signed on June 15, 2020, Çalık Holding A.Ş., Ahmet Çalık and Çalık Denim Tekstil San. ve Tic. A.Ş. left the partnership by transferring all the shares, corresponding to 99.98% of the company shares, to TCB İnşaat Yatırım A.Ş., one of the group companies. On 28.10.2020, Gap Elektrik Dağıtım merged under TCB İnşaat Yatırım A.Ş.

Gapyapı İnşaat

In 2020, Gap İnşaat A.Ş. took over 50,000 shares of Gapyapı İnşaat A.Ş. ("Gapyapı") free of charge, which is owned by its main shareholder, corresponding to 100% of its 50 TL paid-in capital.

Petrotrans Enerji

On 30.04.2020, Petrotrans Enerji merged with Çalık Holding A.Ş., based on the 31.12.2019 balance sheets with the facilitated merger method.

Sembol Enerji

On 31.01.2020, Sembol Enerji merged with Momentum Enerji Elektrik Üretim San. Ve Tic A.Ş., one of the group companies, based on the 31.12.2019 balance sheets with the facilitated merger method.

Çalık Güneş Enerji

On 31.01.2020, Çalık Güneş Enerji merged with Momentum Enerji Elektrik Üretim San. Ve Tic A.Ş., one of the group companies, based on the 31.12.2019 balance sheets with the facilitated merger method.

Olimpos Solar

On 26.08.2020, Olimpos Solar merged with Momentum Enerji Elektrik Üretim San. Ve Tic A.Ş., one of the group companies, based on the 30.06.2020 balance sheets with the facilitated merger method.

Pasifik Solar

On 26.08.2020, Pasifik Solar merged with Momentum Enerji Elektrik Üretim San. Ve Tic A.Ş., one of the group companies, based on the 30.06.2020 balance sheets with the facilitated merger method.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

4 Acquisition and disposals of subsidiary and non-controlling interest (*continued*)

4.2 Acquisitions of non-controlling interests with change in control during 2020

Akyarlar Enerji

On 13 July 2020, all of the shares of the company were sold to Best Brands Grup Enerji Yatırım A.Ş..

Albatros, Çöl Yıldızı, Deniz Yıldızı

On 31 October, all of the shares of Albatros, Çöl Yıldızı and Deniz Yıldız were sold to Yaprak Yenilenebilir Enerji Girişim Sermayesi Yatırım Fonu.

Energy Sabz Arman Pars, Enerji Sabz Pouya Pars

On April 26, 2020, Energy Sabz Arman Pars and Enerji Sabz Pouya Pars were liquidated.

Gök Safir Solar, Kızılyıldızı Solar, Kuzey Yıldızı Solar, Olivin Solar, Sedef Solar, Seher Yıldızı, Yakut Solar, Zirkon Solar

On April 16, 2020, all of shares of Gök Safir Solar, Kızılyıldızı Solar, Kuzey Yıldızı Solar, Olivin Solar, Sedef Solar, Seher Yıldızı, Yakut Solar and Zirkon Solar were sold to Vonsteel Group A.Ş..

Hamerz Green Energy, Mayestan Clean Energy

On May 2, 2020, companies Hamerz Green Energy and Mayestan Clean Energy were liquidated.

Kadıkalesi İnşaat, Yalıkavak Enerji

On July 13, 2020, all shares of Kadıkalesi İnşaat and Yalıkavak Enerji company shares were sold to Best Brands Grup Enerji Yatırım A.Ş.

Kamelya Solar

On February 3, 2020, all the shares of the Kamelya Solar company were sold to real persons.

Kırlangıç Solar

On January 31, 2020, all the shares of the Kırlangıç Solar company were sold to real persons.

Olimpos Solar

On June 18, 2020, all of the preferred shares, corresponding to 26,58% of Olimpos Solar company shares, were sold to Momentum Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş..

Pasifik Solar

On June 18, 2020, all of the preferred shares, corresponding to 26,87% of Pasifik Solar company shares, were sold to Momentum Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş..

Polimetal Madencilik

On January 3, 2020, Polimetal Madencilik Sanayi ve Ticaret A.Ş. shareholder Alacer Gold Madencilik A.Ş. transferred its shares to Lidya Madencilik San. ve Tic. A.Ş., and left the partnership.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

4 Acquisition and disposals of subsidiary and non-controlling interest (*continued*)

4.3 Acquisitions of non-controlling interests without change in control during 2019

Çalık Gaz ve Petrol

On May 20, 2019, one of the Group's companies, Çalık Gaz ve Petrol A.Ş., merged under Çalık Holding with the facilitated merger method as of 31 December 2018.

Çalık Emlak ve Gayrimenkul

On 31 May 2019, 109.530.252 shares, corresponding to 100% of Çalık Emlak ve Gayrimenkul Yatırımları A.Ş.'s 109.530 TL paid-in capital, were merged with Gap İnşaat A.Ş. company by taking over together with their assets and liabilities according to the facilitated merger methods. As a result of this transaction, Çalık Holding A.Ş.'s share in Gap İnşaat A.Ş., which was 99.46, decreased to 98.90.

Çalık Güneş Enerji

In General Assembly Meetings of Çalık Gaz ve Petrol A.Ş. held on 20 May 2019, Çalık Gaz ve Petrol A.Ş. decided to merged with Çalık Holding A.Ş. As a result of this transaction Çalık Holding A.Ş.'s ownership interest increased to 0,25 % from 99,75% in Çalık Güneş Enerji Üretim A.Ş.. As a result of the general assembly held on 2 December 2020, Çalık Holding A.Ş. has transferred its shares corresponding to 99,75% to Momentum Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.

Çalık Enerji Elektrik

Çalık Enerji Elektrik Üretim ve Madencilik A.Ş., one of the Group companies, merged with Çalık Enerji on 31 October 2019, based on its balance sheets dated 31 October 2019, with a facilitated merger method.

Doğu Akdeniz

On 11 October 2019, Doğu Akdeniz Petrokimya ve Rafineri Sanayi ve Ticaret A.Ş., one of the Group companies, merged within Çalık Holding on the basis of its balance sheets dated 11 October 2019, with a facilitated merger method.

Çalık Solar Enerji

As a result of the general assembly held by Çalık Gaz ve Petrol A.Ş. on May 20, 2019, it was decided to merge Çalık Gaz ve Petrol A.Ş. with Çalık Holding A.Ş.. As a result of this transaction, Çalık Holding A.Ş. increased its share in Çalık Solar Enerji A.Ş. from 1,00% to 97,50%.

Olimpos Solar

As a result of the general assembly held by Olimpos Solar Enerji Üretim A.Ş. on December 3, 2019, Emlak Girişim Danışmanlığı A.Ş. transferred all shares corresponding to 73,42% of the company's shares to Momentum Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.

Pasifik Solar

As a result of the general assembly held by Pasifik Solar Enerji Üretim A.Ş. on December 3, 2019, Emlak Girişim Danışmanlığı A.Ş. transferred all shares corresponding to 73,13% of the company's shares to Momentum Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

4 Acquisition and disposals of subsidiary and non-controlling interest (*continued*)

4.4 Acquisitions of non-controlling interests with change in control during 2019

Çalık Petrol

On September 2, 2019, all shares corresponding to 80% of the company's shares were sold to third parties and the company was out of the group.

Aktif Halk Enerji

On June 21, 2019, all shares corresponding to 50% of the company's shares were sold to Halk Enerji Yatırımları Üretim İnşaat Taahhüt Ticaret ve Sanayi Anonim Şirketi.

IFM

On January 3, 2019, all shares corresponding to 5% of the company's shares were sold to Akdeniz İnşaat ve Eğitim Hizmetleri Anonim Şirketi.

Kumtaşı Solar

On December 25, 2019, all of the company's shares were sold to Mükafat Portföy Yönetimi Anonim Şirketi Yaprak Yenilenebilir Enerji Girişim Sermayesi Yatırım Fonu.

Synergy Marketing, Granite Holding, TAPCO

Synergy Marketing, Granite Holding and TAPCO companies were liquidated on 30 November, 31 October and 12 November respectively.

5 Discontinued operation and disposal group held for sale

The Group reclassified assets and liabilities of Çalık Alexandria operating in textile sector as “Assets held for sale” as the Group plans to dispose its production and retail facilities of this subsidiary. All assets and liabilities of this subsidiary except the cash and cash equivalents have been classified as “Assets held for sale” and “Liabilities held for sale” in the consolidated financial statements, respectively. In addition, properties acquired as a result of legal proceedings of uncollectable loans and receivables of banking sector operations have been re-presented under “Assets held for sale”.

As at 31 December 2020, assets and liabilities including those of discontinued operations are USD 60.678 and USD 11.896 (31 December 2019: USD 55.607 and USD 8.352), respectively, and details are as follows:

Assets held for sale	31 December 2020	31 December 2019
Property, plant and equipment (*)	53.602	50.926
Inventories	4.884	4.177
Intangible assets	26	30
Other assets	2.166	474
	60.678	55.607
Liabilities held for sale	31 December 2020	31 December 2019
Trade payables	11.805	8.352
Other liabilities	91	--
	11.896	8.352

(*) Property, plant and equipment consists of properties classified as held for sale of the subsidiaries in textile sector amounting to USD 9.584 (31 December 2019: USD 9.059), land and buildings with a carrying value of USD 1.067 (31 December 2019: USD 679) obtained against the doubtful receivables in marketing sector and properties amounting to USD 42.951 (31 December 2019: USD 41.188) which were acquired as a result of legal proceedings of uncollectable loans and receivables of banking sector operations.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (*continued*)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

6 Operating segments

The Group has six reportable segments, as described below, which are largely organised and managed separately according to the nature of products and services provided, distribution channels and profile of customers.

Assets, liabilities, profit and measurement of financial results of the segments are dependent to accounting policies of the Group. Segment operating profit, assets and liabilities consist of items directly belonging to these segment or items that can be distributed fairly.

The Group's main reportable operating segments are as follows:

Energy: Entities in energy segment operate in sale of electricity, operation of natural gas and crude oil resources, exploration-production of these resources and sale and transportation of these resources to international markets.

Construction: Entities in construction segment are operating in construction, contracting and decoration businesses both within Turkey and abroad. In addition, these entities are managing mining of all kinds of minerals, marble, lime, clay, coal and stone if the necessary permits are granted and trading of marble, store cutting machines with its spare parts, ceramic floor and wall tiles both within the country and abroad. These entities are also providing services for land development and project development services for urban renewal, office residential and housing markets.

Textile: Entities in textile segment mainly deal with production and trading activities of yarn, texture and ready wear besides providing consulting services related to importation and exportation of cotton.

Marketing: Entities in marketing segment mainly import and export textile and textile supply products.

Telecommunication: Entities in telecommunication segment mainly provides telecommunication, communication, press and internet services.

Banking and finance: Entities in banking and finance segment mainly provides commercial and investment banking, financial leasing, insurance, project financing, other financial services, trading of marketable securities and credit financial services.

Other: Entities in other segment mainly engage in mining, aviation, cotton trade, digital service and other services.

Çalık Holding Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2020

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.).

6 Operating segments (continued)

The following information was prepared according to the accounting policies applied for subsidiaries, associates, joint ventures and joint operations.

	2020								
	Energy	Construction	Textile	Marketing	Tele-communication	Banking and finance	Others	Eliminations	Total
Revenue	795.707	260.785	163.209	44.981	66.178	552.452	23.976	(83.406)	1.823.882
Gross profit	312.859	6.262	44.502	4.519	23.879	334.027	14.785	(39.093)	701.740
Other income/(costs), net	(95.797)	(22.198)	(13.726)	(8.116)	(20.700)	(154.451)	(31.968)	24.993	(321.963)
Results from operating activities	217.062	(15.936)	30.776	(3.597)	3.179	179.576	(17.183)	(14.100)	379.777
Gain /(loss) from investing activities	3.702	(36.092)	984	9	(1.452)	13.950	251.856	(155.678)	77.279
Share of the after tax to profit/(loss) of equity accounted	36.832	--	--	--	--	(1.388)	(3.097)	--	32.347
Interest expense	(10.208)	(19.639)	(29.866)	(5.822)	(7.644)	(5.310)	(58.477)	31.749	(105.217)
Other finance income/(cost), net	528	14.369	(26.995)	4.454	(3.924)	(4.983)	67.300	(9.154)	41.595
Consolidated profit / (loss) before tax	247.916	(57.298)	(25.101)	(4.956)	(9.841)	181.845	240.399	(147.183)	425.781
Income tax benefit / (expense)	(21.116)	13.838	962	154	(21)	(40.166)	(10.697)	(1.137)	(58.183)
Net profit/(loss) for the year	226.800	(43.460)	(24.139)	(4.802)	(9.862)	141.679	229.702	(148.320)	367.598

	Energy	Construction	Textile	Marketing	Tele-communication	Banking and finance	Other	Eliminations	Total
Segment assets	1.113.377	1.041.503	302.433	118.359	250.578	7.968.868	1.346.355	(1.665.981)	10.475.492
Segment liabilities	(466.165)	(754.049)	(283.871)	(77.510)	(209.141)	(7.021.916)	(587.065)	817.652	(8.582.065)
Capital expenditure ^(*)	24.829	2.396	10.172	42	10.774	21.262	11.596	--	81.071
Depreciation and amortization ^(*)	(16.624)	(9.855)	(10.160)	(294)	(13.389)	(16.203)	(2.035)	481	(68.079)

^(*) Additions and depreciation related to right of use assets are not included.

Çalık Holding Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2020

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.).

6 Operating segments (continued)

	2019								
	Energy	Construction	Textile	Marketing	Tele-communication	Banking and finance	Others	Eliminations	Total
Revenue	772.535	218.998	196.488	63.855	71.577	626.027	37.521	(164.864)	1.822.137
Gross profit	266.495	36.736	48.013	7.438	27.492	280.624	28.915	(50.023)	645.690
Other income/(costs), net	(86.141)	(7.840)	(23.089)	(8.120)	(22.775)	(178.234)	(17.247)	14.966	(328.480)
Results from operating activities	180.354	28.896	24.924	(682)	4.717	102.390	11.668	(35.057)	317.210
Gain /(loss) from investing activities	5.705	10.091	(84)	13	(269)	52.958	268.216	(230.781)	105.849
Share of the after tax to profit/(loss) of equity accounted	40.845	--	--	--	--	(1.709)	4.209	(3)	43.342
Interest expense	(11.885)	(5.988)	(26.060)	(4.604)	(9.214)	(2.533)	(86.382)	13.388	(133.278)
Other finance income/(cost), net	(6.021)	39	(17.490)	458	403	8.071	24.467	(742)	9.185
Consolidated profit / (loss) before tax	208.998	33.038	(18.710)	(4.815)	(4.363)	159.177	222.178	(253.195)	342.308
Income tax benefit / (expense)	(11.643)	(2.781)	6.201	291	(823)	(29.282)	(5.610)	4.188	(39.459)
Net profit/(loss) for the year	197.355	30.257	(12.509)	(4.524)	(5.186)	129.895	216.568	(249.007)	302.849

	Energy	Construction	Textile	Marketing	Tele-communication	Banking and finance	Other	Eliminations	Total
Segment assets	1.184.560	1.094.123	350.469	135.889	240.217	7.451.321	1.351.354	(1.890.549)	9.917.384
Segment liabilities	(577.704)	(756.235)	(298.715)	(92.972)	(192.037)	(6.575.153)	(805.004)	1.015.761	(8.282.059)
Capital expenditure ^(*)	19.317	4.293	30.000	20	20.618	56.874	14.378	(3.699)	141.801
Depreciation and amortization ^(*)	(18.661)	(11.345)	(10.485)	(186)	(13.402)	(16.437)	(2.611)	(382)	(73.509)

(*) Additions and depreciation related to right of use assets are not included.

Çalık Holding Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2020

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.).

6 Operating segments (continued)

Distribution of the non-current assets and revenue balances by geographic divisions where the Group operates in, are as follows:

	2020	2019
<u>Revenue</u>		
Turkey	1.114.211	1.163.911
Albania	239.107	234.735
Turkmenistan	134.320	118.983
Other	336.244	304.508
	1.823.882	1.822.137
<u>Non-current Assets</u>		
Albania	2.901.584	2.225.759
Turkey	2.046.163	1.925.971
Turkmenistan	20.661	26.776
Other	379.700	369.680
	5.348.108	4.548.186

7 Related party disclosures

As disclosed in detail in Note 3, the joint ventures and associates of the Group have been accounted for using the equity method in the consolidated financial statements. Accordingly, the transactions of Group's subsidiaries with joint ventures and the balances from joint ventures and associates are not subject to elimination.

Related party balances

As at 31 December, the Group had the following balances outstanding from its related parties:

	2020				
	Shareholders	Associates	Joint ventures	Other	Total
Trade receivables	--	17.358	1.714	59.398	78.470
Other receivables (*)	328.932	--	4.835	36.111	369.878
Receivables related to finance sector operations	--	24	--	3.460	3.484
Prepaid expenses	--	5.699	--	22	5.721
Borrowings	--	(175.217)	--	(1.420)	(176.637)
Trade payables	--	--	(436)	(12.259)	(12.695)
Payables related to finance sector operations	(193)	(8)	(1.581)	(28.504)	(30.286)
Deferred revenue	--	(1)	(6.577)	(27)	(6.605)
Other payables	(13.984)	--	(3.233)	(6.581)	(23.798)
Total	314.755	(152.145)	(5.278)	50.200	207.532

Çalık Holding Anonim Şirketi and its Subsidiaries
Consolidated Statement of Cash Flows (continued)
For the Year Ended 31 December 2020
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7 Related party disclosures (continued)

	2019				
	Shareholders	Associates	Joint ventures	Other	Total
Trade receivables	--	21.912	1.496	25.799	49.207
Other receivables ^(*)	320.266	149	1.535	44.590	366.540
Receivables related to finance sector operations	--	108	--	2.953	3.061
Prepaid expenses	--	2.549	--	6.385	8.934
Borrowings	--	(121.206)	--	(267)	(121.473)
Trade payables	--	(2.033)	(823)	(900)	(3.756)
Payables related to finance sector operations	(86)	(10)	(141)	(695)	(932)
Deferred revenue	--	(1)	(29)	(10.372)	(10.402)
Other payables	(24.381)	--	(25)	(3.413)	(27.819)
Total	295.799	(98.532)	2.013	64.080	263.360

^(*) As of 31 December 2020, USD 320.000 (31 December 2019: USD 320.000) of the other receivables from the shareholders consist of the receivable of the GAP Construction Dubai FZE from Delta Netherlands B.V.

No impairment losses have been recognised against balances outstanding as at 31 December 2020 (31 December 2019: None) and no specific allowance has been made for impairment losses on balances with the related parties.

As at 31 December, the Group had the following transaction with its related parties:

	2020				
	Shareholders	Associates	Joint ventures	Other	Total
Revenue*	93	14.560	6.862	87.329	108.844
Cost of sales	--	(11.319)	(1.263)	(807)	(13.389)
General and administrative expenses	(160)	(44)	(22)	(151)	(377)
Sales, marketing and distribution expenses	--	--	--	(2.194)	(2.194)
Gain from investing activities	--	2.272	6.116	23.709	32.097
Other Income/(expense) from operating activities	--	134	572	(38)	668
Income/(expense) from financing activities	799	(12.766)	(260)	(353)	(12.580)
Total	732	(7.163)	12.005	107.495	113.069

	2019				
	Shareholders	Associates	Joint ventures	Other	Total
Revenue*	23	28.167	3.024	217.488	248.702
Cost of sales	--	(19.526)	(132)	(26.001)	(45.659)
General and administrative expenses	(40)	(44)	(231)	(181)	(496)
Sales, marketing and distribution expenses	--	--	--	(3)	(3)
Other Income/(expense) from operating activities	--	(2)	694	(490)	202
Income/(expense) from financing activities	1.124	(8.699)	1.307	(159)	(6.427)
Total	1.107	(104)	4.662	190.654	196.319

^(*) As of 31 December 2020, USD 30.076 (31 December 2019: USD 215.804) of the revenue is composed of the operations of Çalık Enerji, which consists of the arising from subcontractor activities in Iraq and Uzbekistan for Mitsubishi Corporation.

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7 Related party disclosures (*continued*)

Transactions with key management personnel

On a consolidated basis, key management costs included in general and administrative expenses for the year ended 31 December 2020 amounted to USD 22.724 (2019: USD 24.671).

8 Cash and cash equivalents

At 31 December, cash and cash equivalents comprised the following:

2020	Finance^(*)	Non-finance^(**)	Total
Cash on hand	77.113	465	77.578
Cash at banks	586.896	138.381	725.277
-Time deposits	340.935	54.608	395.543
-Demand deposits	245.961	83.773	329.734
Balances at central bank (excluding statutory reserve)	70.288	--	70.288
Other cash and cash equivalents ^(***)	14.848	9.496	24.344
Cash and cash equivalents	749.145	148.342	897.487
Restricted amounts	(22.166)	(30.343)	(52.509)
Cash and cash equivalents in the consolidated statement of cash flows	726.979	117.999	844.978
2019	Finance^(*)	Non-finance^(**)	Total
Cash on hand	82.141	504	82.645
Cash at banks	1.168.286	260.438	1.428.724
-Time deposits	635.383	160.766	796.149
-Demand deposits	532.903	99.672	632.575
Balances at central bank (excluding statutory reserve)	10.579	--	10.579
Other cash and cash equivalents ^(***)	232.108	121	232.229
Cash and cash equivalents	1.493.114	261.063	1.754.177
Restricted amounts	(44.307)	(64.191)	(108.498)
Cash and cash equivalents in the consolidated statement of cash flows	1.448.807	196.872	1.645.679

^(*) Finance represents the Group's entities operating in banking and finance business.

^(**) Non-finance represents the Group's entities operating in businesses other than banking and finance.

^(***) Other cash and cash equivalents mainly consist of receivables reverse repo transaction amounting to USD 13.630 (31 December 2019: USD 227.648), liquid funds to USD 9.350 (31 December 2019: None), money in transit amounting to USD 120 (31 December 2019: USD 110) and credit card receivables amounting to USD 1.244 (31 December 2019: USD 1.012). As of 31 December 2020, there is no receivable from money markets (31 December 2019: USD 3.459).

As at 31 December 2020, restricted cash in cash equivalents amounting to USD 52.509 (31 December 2019: USD 108.498) is not available in the Group's day-to-day operations. Amount of USD 4.722 of the restricted amounts (31 December 2019: USD 639) is related to the mandatory bank deposits at a bank in Georgia for a maintenance contract, amount of USD 17.433 are held in domestic banks as security for the outstanding bank loans (31 December 2019: USD 59.756), amount of USD 18 comprises of the court-restricted amount on expropriation cases (31 December 2019: USD 22), and amount of USD 3.233 consists of blocked amounts consisting of online collections (31 December 2019: None.). The remaining restricted cash balance of USD 4.937 (31 December 2019: USD 3.774) mainly comprised of cash security given to İstanbul Takas ve Saklama Bankası Anonim Şirketi for the electricity purchases from Market Financial Settlement Center ("PMUM").

The mandatory restricted account amounting to USD 22.166 (31 December 2019: USD 44.307). These amounts arising from the Group's banking activities in Albania and Turkey.

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9 Financial investments

At 31 December, financial investments comprised the following:

2020			
	Current	Non-current	Total
Financial assets at FVTOCI	1.315.933	1.458.820	2.774.753
Financial assets at FVTPL ^(*)	265.200	27.447	292.647
Financial assets at amortised costs	111.628	122.883	234.511
	1.692.761	1.609.150	3.301.911

2019			
	Current	Non-current	Total
Financial assets at FVTOCI	996.683	1.072.655	2.069.338
Financial assets at FVTPL ^(*)	197.600	30.506	228.106
Financial assets at amortised costs	88.881	61.871	150.752
	1.283.164	1.165.032	2.448.196

^(*) As at 31 December 2020 and 2019, equity securities in Anagold Madencilik Sanayi ve Ticaret Anonim Şirketi which is classified as equity securities at fair value through profit or loss were valued for the consolidated financial statements. These investments are valued periodically by an independent valuation firm by using discounted cash flow method. As at 31 December 2020, an increase in fair value for this investment amounting to USD 64.428 (31 December 2019: USD 22.753) has been recognised under “Gain from investing activities” in profit or loss due to valuation of equity securities at fair value through profit or loss after in the tax effect.

As of the reporting date, 50 basis point increase/decrease in the discount rate used in the valuation of discounted cash flows of the financial asset at fair value through profit or loss would have decreased/increased the profit before tax by USD 2.069 / USD 2.275 (31 December 2019: USD 2.609 / USD 4.817), respectively.

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9 Financial investments (continued)

Financial assets at FVTOCI and ve Financial assets at FVTPL

As at 31 December, financial assets at FVTOCI and ve financial assets at FVTPL comprised the following:

	2020	2019
	Carrying Amount	Carrying amount
Public sector bonds, notes and bills	1.776.262	1.584.906
Private sector bonds, notes and bills	603.279	259.694
Asset backed securities and lease certificates	304.010	140.226
Investment funds	68.241	68.256
Equity securities – listed	18.492	15.400
Equity securities – non-listed		
Anagold Madencilik Sanayi ve Ticaret Anonim Şirketi	265.200	197.600
Bursagaz Bursa Şehiriçi		
Doğal Gaz Dağıtım Ticaret ve Taahhüt Anonim Şirketi	15.194	18.990
Kayserigaz Kayseri Doğalgaz		
Dağıtım Pazarlama Ticaret Anonim Şirketi	12.253	11.516
Other	4.469	856
Balance at 31 December	3.067.400	2.297.444

Financial assets measured at cost that are not traded in an active market

As at 31 December 2020, investments in equity securities amounting to USD 4.469 (31 December 2019: USD 856) are measured at cost less impairment, if any, as these equity securities are not traded in stock exchange and have no quoted market price, and therefore their fair value cannot be reliably estimated since there is significant variability in the range of reasonable fair value estimates and the probabilities of the various estimates within the range cannot be assessed reasonably.

Held to maturity financial investments

At 31 December, held to maturity financial investments comprised the following:

	2020	2019
	Carrying Amount	Carrying Amount
Financial investments of finance sector companies' entities		
Private sector bonds, notes and bills	130.116	44.793
Public sector bonds, notes and bills	49.581	45.413
Asset backed securities and lease certificates	48.897	46.855
Other	5.917	13.691
Total	234.511	150.752

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9 Financial investments (*continued*)

The movements in financial investments during the year ended 31 December 2020 were as follows:

	<i>Financial assets at FVTOCI</i>	<i>Financial assets at amortised costs</i>	<i>Financial assets at FVTPL</i>
At 1 January 2020	2.069.338	150.752	228.106
Additions through purchases	1.438.764	104.036	--
Fair value gains/ (losses)	45.782	1.632	64.428
Disposals (sale and redemption)	(723.170)	(23.357)	--
Impairment	(7.234)	(585)	--
Foreign currency translation differences	(48.727)	2.033	113
At 31 December 2020	2.774.753	234.511	292.647

The movements in financial investments during the year ended 31 December 2019 were as follows:

	<i>Financial assets at FVTOCI</i>	<i>Financial assets at amortised costs</i>	<i>Financial assets at FVTPL</i>
At 1 January 2019	1.650.804	259.422	201.736
Additions through purchases	942.389	44.488	--
Fair value gains/ (losses)	71.082	1.711	22.753
Disposals (sale and redemption)	(522.984)	(129.343)	--
Impairment	(4.397)	(189)	--
Foreign currency translation differences	(67.556)	(25.337)	3.617
At 31 December 2019	2.069.338	150.752	228.106

The Group's exposure to credit, currency and interest rate risks related to investment securities are disclosed in Note 36.

10 Financial assets related to concession agreements

As at 31 December, Financial assets related to concession agreements comprised the following:

	2020	2019
Current financial assets related to concession agreements	60.150	48.974
Non-current financial assets related to concession agreements	194.309	242.083
	254.459	291.057

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10 Financial assets related to concession agreements (continued)

Movements of Financial assets related to concession agreements for the years ended 31 December were as follows:

	31.Dec.20	31.Dec.19
Financial asset at the beginning of the period	291.057	329.395
Investments during the year	49.580	24.896
Collections	(69.378)	(69.209)
Principal collections	(41.546)	(40.176)
Financial income collections	(27.832)	(29.033)
Financial income	51.102	33.155
Fair value difference and other corrections	(5.184)	10.457
Transfers to property, plant and equipment	(6.284)	--
Foreign currency translation differences	(56.434)	(37.637)
End of Period Financial asset	254.459	291.057

As at 31 December 2020, the maturity breakdown of the financial assets related to concession agreements:

	31.Dec.20	31.Dec.19
Up to 1 year	60.150	48.974
Up to 1 - 3 years	96.454	73.117
Up to 3 - 5 years	67.915	100.081
Over 5 years	29.940	68.885
Total	254.459	291.057

11 Trade receivables and payables

Trade receivables

Short-term trade receivables

As at 31 December, short-term trade receivables comprised the following:

	2020	2019
Due from related parties	76.624	46.927
Due from third parties	318.145	283.399
	394.769	330.326

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11 Trade receivables and payables (*continued*)

Trade receivables (*continued*)

Short-term trade receivables (*continued*)

As at 31 December, short-term trade receivables comprised the following:

	2020	2019
Accounts receivables	362.310	286.571
Doubtful receivables	58.890	54.238
Notes receivables ^(*)	30.285	40.242
Postdated cheques received	2.112	2.597
Other trade receivables	132	944
	453.729	384.592
Allowances for doubtful trade receivables (-)	(58.890)	(54.238)
Discount on trade receivables (-)	(70)	(28)
Total	394.769	330.326

^(*) As of December 31, 2020, USD 24.868 of notes receivable consists of notes received from Çalık Denim's commercial activities (31 December 2019: USD 30.580).

Movements of allowance for doubtful receivables for the year ended at 31 December were as follows:

	2020	2019
Balance at 1 January	54.238	53.599
Allowance for the period	11.372	8.376
Collections (-)	(1.338)	(2.259)
Canceled allowance for the period (-)	(2.176)	(3.883)
Foreign currency translation difference	(3.206)	(1.595)
Total	58.890	54.238

Long-term trade receivables

As at 31 December, long-term trade receivables comprised the following:

	2020	2019
Due from related parties	1.846	2.280
Due from third parties	33.561	96.337
	35.407	98.617

As at 31 December, long-term trade receivables comprised the following:

	2020	2019
Accounts receivables	35.422	98.629
	35.422	98.629
Discount on trade receivables (-)	(15)	(12)
Total	35.407	98.617

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11 Trade receivables and payables (continued)

Trade payables

Short-term trade payables

	2020	2019
Due to related parties	12.695	3.756
Due to third parties	257.465	252.575
Total	270.160	256.331

	2020	2019
Accounts payables (*)	256.542	222.514
Notes payable	9.119	23.326
Other trade payable	4.499	10.491
Total	270.160	256.331

(*) Accounts payables mainly consists of payables to suppliers of material and equipment for the EPC projects and payables to the subcontractors for the ongoing construction projects.

Long-term trade payables

As at 31 December, long-term trade payables comprised the following:

	2020	2019
Accounts payables	5.407	8.959
Total	5.407	8.959
Discount on accounts payables (-)	(521)	--
Total	4.886	8.959

The Group's exposure to credit and currency risks related to trade receivables and liquidity and currency risks of trade payables are disclosed in Note 36.

12 Receivables and payables related finance sector operations

Receivables related finance sector operations

As at 31 December, current receivables related to finance sector activities comprised the following:

Current receivables related to finance sector operations	2020	2019
Due from related parties	3.480	3.061
Due from third parties	644.865	641.646
Total	648.345	644.707

Receivables related to finance sector operations	2020	2019
Loans and receivables from customers	476.434	571.109
Loans and receivables from banks	174.336	60.608
Non-performing loans and receivables	43.408	53.289
Subtotal	694.178	685.006
Provision for impairment in value of loans and receivables	(45.833)	(40.299)
Total	648.345	644.707

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12 Receivables and payables related finance sector operations (continued)

Receivables related finance sector operations (continued)

As at 31 December, non-current receivables related to finance sector activities comprised the following:

Non-current receivables related to finance sector operations	2020	2019
Due from related parties	4	--
Due from third parties	1.964.337	1.478.473
Total	1.964.341	1.478.473

Receivables related to finance sector operations	2020	2019
Loans and receivables from customers	1.959.615	1.467.915
Loans and receivables from banks	86.570	68.705
Subtotal	2.046.185	1.536.620
Provision for impairment in value of loans and receivables	(81.844)	(58.147)
Total	1.964.341	1.478.473

Movements of provision for impairment in value of loans and receivables for the years ended 31 December were as follows:

	2020	2019
Specific allowances for impairment		
Balance on 1 January	88.459	84.172
Impairment loss for the year	28.132	14.431
- Charge for the year	34.497	37.086
- Recoveries	(6.365)	(22.655)
Translation difference	(4.682)	(10.144)
Balance on 31 December	111.909	88.459
Collective allowances for impairment		
Balance on 1 January	9.987	10.381
Impairment loss for the year	8.056	830
- Charge for the year	10.837	4.697
- Recoveries	(2.781)	(3.867)
Translation difference	(2.275)	(1.224)
Balance on 31 December	15.768	9.987
Total allowances for impairment	127.677	98.446

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12 Receivables and payables related finance sector operations (*continued*)

Payables related to finance sector operations

As at 31 December, short-term payables related to finance sector operations comprised the following:

Short term payables related to finance sector operations	2020	2019
Due to related parties	30.286	932
Due to third parties	4.748.535	3.964.030
Total	4.778.821	3.964.962

As at 31 December, short-term payables to third parties comprised the following:

Short term payables related to finance sector operations	2020	2019
Due to banks	38.907	35.972
<i>Time deposits</i>	38.338	27.420
<i>Current accounts</i>	569	8.552
Due to customers	3.481.347	2.960.754
<i>Individual</i>	2.689.892	2.360.156
<i>Private enterprises</i>	601.775	461.697
<i>Public institutions</i>	113.766	87.965
<i>Other</i>	75.914	50.936
Customer accounts (*)	489.924	311.044
Funds from repo transactions	768.643	657.192
Total	4.778.821	3.964.962

(*) The Group's banking subsidiary in Turkey is not entitled to collect deposits. The customer accounts represent the transitory balances of loan customers for the respective transactions. As at 31 December 2020, this account does not include any deposit amount (31 December 2019: None).

As at 31 December, long-term payables related to finance sector operations comprised the following:

Long term payables related to finance sector operations	2020	2019
Payables from finance sector activities to third parties	500.758	448.111
Total	500.758	448.111

Long term payables related to finance sector operations	2020	2019
Due to customers		
<i>Individual</i>	467.585	407.022
<i>Private enterprises</i>	32.964	23.590
<i>Public institutions</i>	--	16.492
<i>Other</i>	209	1.007
Total	500.758	448.111

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13 Other receivables and other payables

Other short-term receivables

As at 31 December, other short-term receivables comprised the following:

	2020	2019
Due from related parties	49.873	46.540
Due from third parties	178.739	182.756
Total	228.612	229.296

As at 31 December, other short-term receivables comprised the following:

	2020	2019
Deposits and guarantees given	118.238	117.094
Due from shareholders	8.932	266
Receivables from tax authorities	8.345	4.760
Due from joint ventures	4.835	1.535
Due from associates	--	149
Receivables from personnel	120	14
Other receivables	96.196	108.823
	236.666	232.641
Allowance for other doubtful receivables (-)	(8.054)	(3.345)
Total	228.612	229.296

Other long-term receivables

As at 31 December, other long-term receivables comprised the following:

	2020	2019
Due from related parties	320.005	320.000
Due from third parties	5.995	7.171
Total	326.000	327.171

As at 31 December, other long-term receivables comprised the following:

	2020	2019
Due from shareholders	320.000	320.000
Deposits and guarantees given	3.192	3.456
Other receivables	2.587	3.488
Receivables from personnel	221	227
Total	326.000	327.171

Other short-term payables

As at 31 December, other short-term payables comprised the following:

	2020	2019
Due to related parties	23.798	27.819
Due to third parties	29.996	35.098
Total	53.794	62.917

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13 Other receivables and other payables (continued)

Other short-term payables (continued)

As at 31 December, other short-term payables comprised the following:

	2020	2019
Deposits and guarantees received	17.240	20.814
Due to shareholders	13.984	24.381
Due to joint ventures	3.233	25
Other payables	19.337	17.697
Total	53.794	62.917

Other long-term payables

As at 31 December, other long-term payables comprised the following:

	2020	2019
Due to third parties	52.554	48.254
	52.554	48.254

As at 31 December, other long-term payables to third parties comprised the following:

	2020	2019
Deposits and guarantees received (*)	39.545	41.917
Other	13.009	6.337
Total	52.554	48.254

(*) As at 31 December, the deposits and guarantees received mainly consist of security deposits received by the electricity distribution and retail sale companies of the Group from their consumers.

14 Inventories

As at 31 December, inventories comprised the following:

	2020	2019
Trading properties (*)	101.559	107.496
Raw materials	61.935	60.313
Trading goods	43.649	30.727
Finished goods	20.335	23.611
Semi finished goods in production	7.085	11.285
Other inventories	1.172	1.179
Allowance for impairment of inventories (-)	(6.962)	(5.229)
Total	228.773	229.382

(*) Trading properties comprise residential and office buildings built for available for sale within the scope of the “Taksim 360” project in Istanbul with a completion period of no longer than 48 months. As at 31 December 2020, the Group capitalised borrowing costs amounting to USD 72.725 (accumulated) on trading properties under development (31 December 2019: USD 48.035 (accumulated)).

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14 Inventories (continued)

Movements of provision for inventories for the year ended at 31 December were as follows:

	2020	2019
Beginning balance	5.229	4.679
Current year provision	1.709	702
Translation difference	24	(152)
Total	6.962	5.229

15 Prepayments and deferred revenue

Current prepayments

As at 31 December, current portion of prepayments comprised the following:

	2020	2019
Advances given ^(*)	80.907	32.810
Other	37.044	14.115
Total	117.951	46.925

^(*) Advances given mainly consists of advances given to suppliers and service providers for ongoing EPC projects.

Non-current prepayments

As at 31 December, non-current prepayments comprised the following:

	2020	2019
Advances given for property, plant and equipment acquisitions	864	1.856
Other ^(*)	77.584	25.783
Total	78.448	27.639

^(*) The other non-current prepayments mainly consist of the payment made to football clubs and Turkish Football Federation ("TFF") amounting to USD 7.834 (31 December 2019: USD 14.107) according to respective agreement.

Short term deferred revenue

As at 31 December, short-term portion of deferred revenue comprised the following:

Short term deferred revenue	2020	2019
Advances received ^(*)	94.403	35.763
Short term deferred income	30.275	41.661
Total	124.678	77.424

As at 31 December, long term deferred revenue comprised the following:

Long term deferred revenue	2020	2019
Long term deferred income ^(**)	93.083	91.735
Total	93.083	91.735

^(*) Advances received are composed of the contract advances received from Türkmenenergo Döwlet Elektroenerget within the scope of the TFM project undertaken by the Group, West African Energy SA within the scope of the SNC project undertaken by the Group and from Mitsubishi Corporation within the scope of the BSR project undertaken by the Group in Iraq.

^(**) As at 31 December, USD 91.470 of deferred revenue was mainly due to real estate development and contracting projects of the Group's subsidiaries operating in the construction and real estate sectors (31 December 2019: USD 91.079).

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16 Investments in equity-accounted investees

i) Joint ventures

KÇLE

KÇLE was established as a joint venture with a joint agreement between ÇEDAŞ, Çalık Enerji and Limak Yatırım on 17 September 2012 with the participation of these three companies by 25 percent, 25 percent and 50 percent, respectively, in the share capital of KÇLE. On 8 May 2013, KÇLE purchased all shares of the state-owned enterprise namely Kompania Per Distribuum Dhe Fumizim Me Energji Elektrike SH.A (“KEDS”) which is operating in electricity distribution and procurement in Kosovo for a consideration of USD 29.038 (equivalent of EUR 26.300) within the scope of a tender in the privatisation process initiated by the Government of Republic of Kosovo.

As per Share Transfer Agreement dated 27 April 2015, Çalık Enerji acquired 1.250 number of shares of KÇLE with a nominal value of EUR 12 held by ÇEDAŞ for a total consideration of EUR 17.475 and increased its ownership percent from 25.00 percent to 50.00 percent.

Doğu Aras

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

On 28 June 2013, Doğu Aras purchased all shares of EDAŞ and EPAŞ which were previously state owned companies operating in electricity distribution and procurement in cities Kars, Ardahan, Iğdır, Erzinan, Ağrı, Bayburt and Erzurum within the privatisation by paying an amount of USD 128.500 as a result of a tender in the privatisation process.

LC Electricity

LC Electricity was established on 3 July 2014 in Serbia as a joint venture with a joint agreement between Türkmen Elektrik and Limak Yatırım with the participation of these two companies equally by 50 percent. The purpose of LC Electricity is trading electricity and sales/purchases of goods and services as part of this operation.

Kartaltepe

Kartaltepe was established in 2011 as a wholly owned subsidiary of YAMAS. Kartaltepe is registered in Ankara, Turkey and is engaged in the operation of mining in Erzinan region. As at reporting date, Kartaltepe is a joint venture of Lidya Madencilik Sanayi ve Ticaret Anonim Şirketi (“Lidya Maden”) and YAMAS with an ownership structure of 50 percent and 50 percent, respectively.

Polimetal

Polimetal was incorporated in 2011 as a wholly owned subsidiary of Yeni Anadolu Mineral Madencilik Sanayi ve Ticaret Ltd. Şti. (“YAMAS”). Polimetal is registered in Ankara, Turkey and is engaged in the development and operation of mining assets. On 03.01.2020 Alacer Gold Madencilik A.Ş. left the partnership by transferring its shares to Lidya Maden and Lidya Maden's share in the company increased from 50% to 100%.

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Consolidated Statement of Cash Flows (continued)
For the Year Ended 31 December 2020
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16 Investments in equity-accounted investees (continued)

i) Joint ventures (continued)

Investments in equity-accounted joint ventures and the Group's share of control as follows:

	31 December 2020		31 December 2019	
	<u>Carrying value</u>	<u>% of ownership</u>	<u>Carrying value</u>	<u>% of ownership</u>
Joint ventures				
<u>Assets</u>				
KÇLE	102.002	50,00	100.831	50,00
Doğu Aras	101.723	50,00	68.570	50,00
Polimetal	--	--	7.880	50,00
Tunçpınar	1.162	50,00	1.450	50,00
Kartaltepe	3.860	50,00	9.176	50,00
Çalık Limak Adı Ortaklığı	1.785	50,00	524	50,00
LC Electricity	10	50,00	10	50,00
	210.542		188.441	

For the years ended 31 December, the movements in net investments in joint ventures were as follows:

	2020	2019
Balance at 1 January	188.441	140.214
Share of profit of equity accounted investees	33.735	45.053
Translation difference	(1.913)	1.945
Share capital increases	179	1.229
Change in associate share	(6.684)	--
Dividend distribution	(3.216)	--
Balance at 31 December	210.542	188.441

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16 Investments in equity accounted investees (continued)

ii) Associates

Investments in equity-accounted Associates and the Group's share of control are as follows:

	31 December 2020		31 December 2019	
	<u>Carrying</u>	<u>% of</u>	<u>Carrying</u>	<u>% of</u>
Associates	<u>value</u>	<u>ownership</u>	<u>value</u>	<u>ownership</u>
<u>Assets</u>				
Kazakhstan Ijara				
Company KIC Leasing	2.630	14,31	2.689	14,32
Halk Yenilenebilir Enerji	--	--	1.884	50,00
Idea Farm	1.103	30,00	1.363	30,00
Albania Leasing	1.036	29,99	904	29,99
Haliç Leasing	913	32,00	1.100	32,00
Euro-Mediterranean	1.215	25,57	1.182	25,57
Eurasian Leasing Company	920	36,71	1.077	36,71
Secom Aktif Güvenlik Yatırım A.Ş.	2.582	50,00	806	50,00
Dome zero inch.	112	1,98	139	1,98
Workindo Teknoloji ve İnsan				
Kaynakları Danışmanlık A.Ş.	739	33,33	--	--
HMC Dijital	223	33,33	--	--
Subtotal	11.473		11.144	
<u>Liabilities</u>				
TAPCO	--	--	(39)	--
Subtotal	--		(39)	
Total	11.473		11.105	

For the years ended 31 December, the movements in investments in associates were as follows:

	2020	2019
Balance at 1 January	11.105	10.969
Share of gain of equity accounted associates	(1.388)	(1.711)
Disposal	--	(9)
Capital contribution to share increase in associates	3.279	2.488
Translation difference	(1.523)	(632)
Balance at 31 December	11.473	11.105

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16 Investments in equity-accounted investees (continued)

Summary financial information for equity-accounted associates were presented below:

31 December 2020												
Company name-Associates	Reporting period	Ownership rates (%)	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Net assets	Profit/ (loss)	Group's share of net assets	Carrying amount
Kazakhstan Ijara Company Jsc.	31 December	14,31	7.727	20.590	28.317	9.476	--	9.476	18.841	1.590	2.696	2.630
Eurasian Leasing Company	31 December	36,71	491	2.377	2.868	210	152	362	2.506	43	920	920
Euro Mediterranean	31 December	25,57	8.528	1.994	10.522	5.802	--	5.802	4.720	743	1.207	1.215
Haliç Finansal Kiralama	31 December	32	3.845	27	3.872	1.114	--	1.114	2.758	74	883	913
Halk Yenilenebilir Enerji	31 December	50	714	--	714	435	--	435	279	--	140	--
Workindo	31 December	33,33	2.764	70	2.834	--	10	10	2.824	(140)	941	739
HMC Dijital	31 December	33,33	--	--	--	--	--	--	--	(82)	--	223
Idea Farm	31 December	30	1.423	818	2.241	--	--	--	2.241	--	672	1.103
Albania Leasing Company	31 December	30	821	7.613	8.434	891	3.656	4.547	3.887	--	1.166	1.036
Secom Aktif Güvenlik Yatırım A.Ş.	31 December	50,00	4.951	10.983	15.934	2.005	8.704	10.709	5.225	(3.541)	2.613	2.582
Dome Zero	31 December	1,98	--	--	--	--	--	--	--	--	--	112
Total												11.473

Summary financial information for equity-accounted joint ventures were presented below:

31 December 2020												
Company name-Joint ventures	Reporting period	Ownership rates (%)	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Net assets	Profit/ (loss)	Group's share of net assets	Carrying amount
KÇLE	31 December	50,00	105.838	178.796	284.634	77.055	11.643	88.698	195.936	6.631	97.968	102.002
Doğu Aras	31 December	50,00	163.941	146.150	310.091	129.980	17.854	147.834	162.257	64.178	81.129	101.723
Çalık Limak Adı Ortaklığı	31 December	50,00	5.534	--	5.534	5.531	--	5.531	3	2.854	2	1.785
Tuncpınar	31 December	50,00	48	--	48	17	--	17	31	(384)	15	1.162
Kartaltepe	31 December	50,00	2.510	1.453	3.963	579	682	1.261	2.702	(5.811)	1.351	3.860
LC Electricity	31 December	50,00	--	--	--	--	--	--	--	--	--	10
Total												210.542

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16 Investments in equity-accounted investees (continued)

Summary financial information for equity-accounted associates were presented below:

31 December 2019												
Company name-Associates	Reporting period	Ownership rates (%)	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Net assets	Profit/ (loss)	Group's share of net assets	Carrying amount
Kazakhstan Ijara Company Jsc.	31 December	14,32	3.770	19.061	22.831	3.796	--	3.796	19.035	1.503	2.726	2.689
Eurasian Leasing Company	31 December	36,71	2.986	405	3.391	275	182	457	2.934	73	1.077	1.077
Euro Mediterranean	31 December	25,57	9.239	1.478	10.717	5.824	--	5.824	4.893	391	1.251	1.182
Haliç Finansal Kiralama	31 December	32	5.778	69	5.847	2.466	--	2.466	3.381	(405)	1.082	1.100
Halk Yenilenebilir Enerji	31 December	50	868	--	868	618	--	618	250	40	125	1.884
Idea Farm	31 December	30	1.363	--	1.363	--	--	--	1.363	--	409	1.363
Albania Leasing Company	31 December	29,99	952	7.270	8.222	278	4.342	4.620	3.602	1	1.080	904
Secom Aktif Güvenlik Yatırım A.Ş.	31 December	50	2.058	13.621	15.679	1.842	12.131	13.973	1.706	(2.999)	853	806
Dome Zero	31 December	1,98	138	--	138	--	--	--	138	--	3	138
TAPCO	31 December	--	--	--	--	--	--	--	--	(4)	--	(38)
Total												11.105

Summary financial information for equity-accounted joint ventures were presented below:

31 December 2019												
Company name-Joint ventures	Reporting period	Ownership rates (%)	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Net assets	Profit/ (loss)	Group's share of net assets	Carrying amount
KÇLE	31 December	50	78.394	154.190	232.584	49.775	9.193	58.968	173.616	5.508	86.808	100.831
Doğu Aras	31 December	50	118.721	--	118.721	4.798	--	4.798	113.923	75.956	56.962	68.570
Çalık Limak Adı Ortaklığı	31 December	50	3.312	--	3.312	3.309	--	3.309	3	224	2	524
Polimetel	31 December	50	916	11.938	12.854	1.702	119	1.821	11.033	(1.946)	5.517	7.880
Tuncpınar	31 December	50	77	--	77	10	--	10	67	(190)	34	1.450
Kartaltepe	31 December	50	16.090	804	16.894	4.741	--	4.741	12.153	10.552	6.077	9.176
LC Electricity	31 December	50	--	--	--	--	--	--	--	--	--	10
Total												188.441

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17 Property, plant and equipment

Movements of property, plant and equipment, and related accumulated depreciation during the years ended 31 December were as follows:

	Land and buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Other tangible assets	Construction in progress	Leasehold improvements	Total
Balance at 1 January 2019	221.076	531.851	24.531	98.952	26.211	65.805	13.415	981.841
Additions	5.779	9.940	8.314	7.388	5.168	66.132	430	103.151
Transfers	14.109	21.866	291	1.148	--	(37.473)	35	(24)
Transfers to investment properties	(571)	--	--	--	--	--	--	(571)
Foreign currency translation differences	(4.786)	(30.814)	284	(2.688)	(586)	(6.714)	(529)	(45.833)
Addition and disposal of business acquisition	582	22.428	(44)	(473)	(3)	3	--	22.493
Disposals	(11.725)	(3.138)	(1.425)	(7.362)	(2.122)	(33.562)	(12)	(59.346)
Balance at 31 December 2019	224.464	552.133	31.951	96.965	28.668	54.191	13.339	1.001.711
Balance at 1 January 2020	224.464	552.133	31.951	96.965	28.668	54.191	13.339	1.001.711
Additions	3.335	3.468	2.566	7.346	5.252	37.476	1.607	61.050
Transfers	45.502	17.986	--	2.430	--	(69.631)	9.718	6.005
Transfers to investment properties	(503)	--	--	--	--	--	--	(503)
Foreign currency translation differences	(9.465)	(32.047)	(1.391)	(1.351)	1.388	(7.709)	(2.340)	(52.915)
Addition and disposal of business acquisition	1.196	1.316	63	263	--	--	137	2.975
Disposals	(5.669)	(45.573)	(1.342)	(3.418)	(124)	(1.137)	(354)	(57.617)
Balance at 31 December 2020	258.860	497.283	31.847	102.235	35.184	13.190	22.107	960.706

As at 31 December 2020, total insurance coverage on property, plant and equipment is USD 425.548 (31 December 2019: USD 398.651).

At 31 December 2020, there is no mortgages on property, plant and equipment (31 December 2019: USD 100.000).

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17 Property, plant and equipment (continued)

	Land and buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Other tangible assets	Construction in progress	Leasehold improvements	Total
Accumulated depreciation								
Balance at 1 January 2019	(55.751)	(208.313)	(14.023)	(57.046)	(12.811)	--	(6.986)	(354.930)
Current year depreciation	(6.746)	(33.091)	(4.382)	(10.742)	(2.157)	--	(1.144)	(58.262)
Foreign currency translation differences	(2.268)	8.993	(398)	2.314	(515)	--	(21)	8.105
Addition and disposal of business acquisition	19	(1.096)	10	70	1	--	--	(996)
Disposal	8.627	2.221	1.273	6.218	1.516	--	81	19.936
Balance at 31 December 2019	(56.119)	(231.286)	(17.520)	(59.186)	(13.966)	--	(8.070)	(386.147)
Balance at 1 January 2020	(56.119)	(231.286)	(17.520)	(59.186)	(13.966)	--	(8.070)	(386.147)
Current year depreciation	(4.797)	(30.687)	(4.111)	(10.087)	(2.465)	--	(1.028)	(53.175)
Transfers	6	112	--	(112)	--	--	(6)	--
Impairment	(398)	--	--	--	--	--	--	(398)
Foreign currency translation differences	(1.441)	8.212	737	(180)	(2.523)	--	1.162	5.967
Addition and disposal of business acquisition	--	(241)	(63)	(201)	--	--	(127)	(632)
Disposal	2.111	31.451	862	1.335	124	--	202	36.085
Balance at 31 December 2020	(60.638)	(222.439)	(20.095)	(68.431)	(18.830)	--	(7.867)	(398.300)
Net carrying value at 1 January 2019	165.325	323.538	10.508	41.906	13.400	65.805	6.429	626.911
Net carrying value at 31 December 2019	168.345	320.847	14.431	37.779	14.702	54.191	5.269	615.564
Net carrying value at 31 December 2020	198.222	274.844	11.752	33.804	16.354	13.190	14.240	562.406

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18 Intangible assets

Movements of intangible assets and related accumulated amortisation during the years ended 31 December 2020 and 2019 were as follows

Cost	Goodwill	Licences & software	Electricity distribution rights	Brand names	Other intangibles	Total
Balance at 1 January 2019	722	87.460	109.096	2.179	29.962	229.419
Additions	7.503	19.844	--	--	7.140	34.487
Transfers	--	24	--	--	--	24
Foreign currency translation differences	(423)	(6.878)	(12.856)	(249)	511	(19.895)
Addition of business acquisition	--	--	8.384	--	(297)	8.087
Disposals	--	(2)	--	--	(35)	(37)
Balance at 31 December 2019	7.802	100.448	104.624	1.930	37.281	252.085
Balance at 1 January 2020	7.802	100.448	104.624	1.930	37.281	252.085
Additions	--	7.736	68	--	10.256	18.060
Transfers	--	186	--	--	93	279
Foreign currency translation differences	(1.354)	5.781	(19.662)	(368)	(2.702)	(18.305)
Addition of business acquisition	--	312	--	--	8.425	8.737
Corrections	--	(334)	--	--	(746)	(1.080)
Disposals	(2.916)	--	(6.523)	--	--	(9.439)
Balance at 31 December 2020	3.532	114.129	78.507	1.562	52.607	250.337
Accumulated Amortization						
Balance at 1 January 2019	--	(53.338)	(29.311)	(9)	(13.616)	(96.274)
Current year amortisation	--	(7.745)	(5.250)	--	(2.252)	(15.247)
Foreign currency translation differences	--	3.533	3.614	--	(1.775)	5.372
Addition of business acquisition	--	--	--	--	64	64
Corrections	--	--	--	--	35	35
Disposals	--	(1)	--	--	--	(1)
Balance at 31 December 2019	--	(57.551)	(30.947)	(9)	(17.544)	(106.051)
Balance at 1 January 2020	--	(57.551)	(30.947)	(9)	(17.544)	(106.051)
Current year amortisation	--	(5.880)	(6.850)	--	(2.174)	(14.904)
Foreign currency translation differences	--	(7.917)	6.146	2	(454)	(2.223)
Corrections	--	(302)	1.152	--	--	850
Disposals	--	(1)	--	--	--	(1)
Balance at 31 December 2020	--	(71.651)	(30.499)	(7)	(20.172)	(122.329)
Net carrying value at 1 January 2019	722	34.122	79.785	2.170	16.346	133.145
Net book value at 31 December 2019	7.802	42.897	73.677	1.921	19.737	146.034
Net book value at 31 December 2020	3.532	42.478	48.008	1.555	32.435	128.008

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19 Right of Use Assets

For the years ended 31 December, movements in right of use assets were as follows:

Right of Use Assets	Balance at 1 January 2020	Additions	Mergers	Disposal	Foreign currency translation differences	Balance at 31 December 2020
Right of Use Assets	47.413	11.133	76	(413)	1.821	60.030
Depreciation of Right of Use Assets	(7.004)	(6.973)	(38)	73	(283)	(14.225)
Net book value	40.409	4.160	38	(340)	1.538	45.805

Right of Use Assets	Balance at 1 January 2019	Additions	Disposal	Foreign currency translation differences	Balance at 31 December 2019
Right of Use Assets	17.676	30.226	(128)	(361)	47.413
Depreciation of Right of Use Assets	--	(6.784)	82	(302)	(7.004)
Net book value	17.676	23.442	(46)	(663)	40.409

20 Investment property

As at 31 December, investment property comprised the following:

	2020	2019
Investment property under development	98.919	123.565
Investment property	31.419	29.474
	130.338	153.039

For the years ended 31 December, movements in investment property were as follows:

	2020	2019
Balance at 1 January	153.039	133.915
Additions	1.961	4.163
Transfers from property	503	571
Disposals	(190)	--
Changes in fair value (Note 33)	(31.351)	14.428
Foreign currency translation differences	6.376	(38)
Total	130.338	153.039

The Group obtained independent appraisal reports for each item of investment property and measured them at their fair values. Fair value information for all investment property within the scope of IFRS 13 based on fair value hierarchy are as follows:

2020	Level 1	Level 2	Level 3	Total
Investment property	--	130.338	--	130.338
Total	--	130.338	--	130.338

2019	Level 1	Level 2	Level 3	Total
Investment property	--	153.039	--	153.039
Total	--	153.039	--	153.039

As at 31 December, fair value of the investment properties is calculated as comparison method by independent appraisal.

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20 Investment property (continued)

Peer comparison method determines recently listed or sold properties in market and takes into consideration of other factors for the adjustment of value based on size of land of property with current condition and location. For current market outlook, the appraisers contact with the property sale intermediaries.

As at 31 December 2020, the Group have mortgages amounting to USD 200.000 on investment properties (31 December 2019: 200.000).

21 Other assets and liabilities

Other current assets

As at 31 December, other current assets comprised the following:

	2020	2019
Reserve Deposits at Central Banks (*)	632.286	586.343
Value Added Tax ("VAT") receivables	30.403	31.883
Personnel advances	1.346	924
Other income accruals	8.376	3.038
Other current assets	38.411	9.732
	710.822	631.920

(*) As at 31 December 2020 and 2019, this amount consists only of reserve deposits, which represents the mandatory deposit and is not available in the Group's day-to-day operations.

Other short-term liabilities

As at 31 December, other short-term liabilities comprised the following:

	2020	2019
Taxes and funds payable	26.508	27.856
Blockage on corporate collection account	2.797	23.286
VAT payable	794	404
Turkish Football Federations' share on collection of card sales	80	2.489
Other current liabilities	51.300	75.803
	81.479	129.838

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22 Due from/due to customers for contract work

As at 31 December, the details of due from customers for contract work and due to customers for contract work as follows:

	2020	2019
Current amounts due from customers for contract work	71.291	101.621
Current liabilities due to customers for contract work	(42.534)	(93.134)
Non-current liabilities due to customers for contract work	(46.595)	(35.487)
Total	(17.838)	(27.000)

As at 31 December, the details of uncompleted contracts were as follows:

	2020	2019
Total costs incurred on uncompleted contracts	3.424.393	4.165.459
Estimated earnings	584.284	997.985
Total estimated revenue on uncompleted contracts	4.008.677	5.163.444
Less: Billings to date	(4.026.515)	(5.190.444)
Net amounts due from customers for contract work	(17.838)	(27.000)

23 Borrowings

As at 31 December, loans and borrowings comprised the following:

Short term loans and borrowings	2020	2019
Securities issued	1.010.110	1.021.535
Funds borrowed by the Group's banking subsidiaries	380.658	787.836
Bank loans	254.765	332.965
Current portion of long-term bank loans	177.312	233.768
Lease obligations	14.504	16.323
Factoring payables	3.682	6.578
Total	1.841.031	2.399.005

Long term loans and borrowings	2020	2019
Bank loans	255.249	304.903
Lease obligations	45.211	42.233
Subordinated liabilities	30.667	28.021
Funds borrowed by the Group's banking subsidiaries	16.356	24.927
Securities issued	2.135	7.141
Sukuk agreement	186.646	118.000
Total	536.264	525.225

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23 Borrowings (continued)

As at 31 December 2020, the terms and conditions of outstanding loans and borrowings including factoring payables comprised the following:

2020					
	Currency	Nominal interest rate (%)	Year of maturity	Nominal value	Carrying amount
Secured bank borrowings	TL	9,5-20,5	2021-2025	209.915	217.960
Secured bank borrowings	TL	Revolving	2021	3.232	2.724
Secured bank borrowings	USD	1,05-8,6	2021-2029	180.730	182.421
Secured bank borrowings	EUR	0,49-6,5	2021-2029	43.915	43.115
Secured bank borrowings	ALL	5,00-5,50	2021-2030	3.737	3.830
Unsecured bank borrowings	TL	Revolving	2021	1.618	1.362
Unsecured bank borrowings	TL	7,5-37,08	2021-2029	238.764	254.973
Unsecured bank borrowings	USD	Revolving	2021	3.832	3.750
Unsecured bank borrowings	USD	0,1-7,75	2021-2022	228.587	231.676
Unsecured bank borrowings	EUR	0,01-7,35	2021-2031	205.085	162.649
Unsecured bank borrowings	AUD	2,25	2021	1.828	1.863
Unsecured bank borrowings	XAU	0,75-1,25	2021	3.927	3.931
Unsecured bank borrowings	CHF	0,35	2021	3.504	3.505
Unsecured bank borrowings	GBP	1,35	2021	1.240	1.248
Debt securities issued	TL	8,5 – 23,75	2021-2022	110.648	110.648
Debt securities issued	USD	0,5 - 4,75	2021-2022	874.767	874.767
Debt securities issued	EUR	0,4-2,3	2021	26.830	26.830
Factoring payables	TL	14,8	2021	1.090	1.090
Factoring payables	USD	11	2021	1.150	1.150
Factoring payables	EUR	6,3	2021	1.442	1.442
Lease payables	EUR		2021-2024	44.105	46.295
Lease payables	TL		2021-2028	7.113	6.208
Lease payables	USD		2024-2028	380	380
Lease payables	ALL		2021-2030	10.492	6.780
Lease payables	JPY		2021	52	52
Sukuk agreement	USD		2024	118.000	118.000
Sukuk agreement	TL		2030	68.646	68.646
				2.394.629	2.377.295

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23 Borrowings (continued)

At 31 December 2019, the terms and conditions of outstanding loans and borrowings including factoring payables were as follows:

		2019			
	Currency	Nominal interest rate (%)	Year of maturity	Nominal value	Carrying amount
Secured bank borrowings	TL	14-27	2020-2024	240.806	255.620
Secured bank borrowings	USD	2,64-8,64	2020-2029	211.225	210.518
Secured bank borrowings	USD	Libor +4	2020	13.554	13.212
Secured bank borrowings	EUR	0,65-7,75	2020-2035	57.933	57.781
Secured bank borrowings	ALL	4,50-5,50	2020-2029	2.139	2.139
Unsecured bank borrowings	TL	Revolving	2020	4.609	4.317
Unsecured bank borrowings	TL	9-29	2020-2029	320.589	318.329
Unsecured bank borrowings	USD	Revolving	2020	4.764	4.763
Unsecured bank borrowings	USD	1-8,64	2020-2021	297.094	298.600
Unsecured bank borrowings	EUR	0,01-7,90	2020-2025	520.597	521.814
Unsecured bank borrowings	GBP	1,45	2020	3.940	3.943
Unsecured bank borrowings	AUD	3,75	2020	1.643	1.698
Unsecured bank borrowings	XAU	2,76	2020	15.202	15.555
Unsecured bank borrowings	CHF	0,4	2020	4.123	4.130
Debt securities issued	TL	8,5-28,65	2020-2021	862.439	862.439
Debt securities issued	USD	2-7,5	2020-2022	69.348	70.101
Debt securities issued	EUR	0,5-2	2020	96.135	96.135
Factoring payables	TL	12,7 - 21,29	2020	776	776
Factoring payables	USD	8-8,25	2020	2.350	2.350
Factoring payables	EUR	3,45-3,55	2020	3.452	3.452
Lease payables	EUR		2020-2049	43.151	42.491
Lease payables	TL		2020-2025	8.225	6.937
Lease payables	USD		2020-2028	409	409
Lease payables	ALL		2020-2049	8.605	8.607
Lease payables	JPY		2020-2022	112	114
Sukuk agreement	USD		2024	118.000	118.000
				2.911.220	2.924.230

As at 31 December 2020, the Group has no mortgages on administrative building (31 December 2019: USD 100.000) and investment properties under construction amounting to USD 200.000 (31 December 2019: USD 200.000) respectively, against the bank borrowings used.

There are pledges over Çalık Enerji's shares of YEDAŞ, YEPAS and ÇEDAŞ with numbers of 85 (TL 0,085), 115 (TL 0,115), 377.622.000 (TL 372.622), respectively and ÇEDAŞ's shares of YEPAS and YEDAŞ, with numbers of 6.358.770.388 (TL 63.587) and 35.700.685.312 (TL 357.006), as a guarantee for the bank borrowings used or will be used by Çalık Holding, ÇEDAŞ, YEDAŞ and YEPAS from a bank.

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24 Derivatives

The carrying values of derivative instruments held at 31 December, were as follows:

	2020		2019	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Forward transactions	2.283	(1.814)	286	(280)
Swap transactions	10.136	(16.927)	3.543	(1.336)
Currency options	913	(816)	1.114	(1.251)
	13.332	(19.557)	4.943	(2.867)

All derivatives in a net receivable position (positive fair value) are reported as derivative assets. All derivatives in a net payable position (negative fair value) are reported as derivative liabilities.

Further disclosure regarding the derivative contracts of the Group are explained at Note 36.

25 Payables related to employee benefits

As at 31 December, payables related to employee benefits comprised the following:

	2020	2019
Due to personnel	5.157	6.470
Social security premiums payable	2.606	2.945
	7.763	9.415

26 Provisions

As at 31 December, provisions comprised the following items:

	2020	2019
<u>Short term provisions</u>		
Short term employee benefits	18.208	17.913
Other short-term provisions	23.996	19.816
Total short-term provisions	42.204	37.729
<u>Long term provisions</u>		
Long term employee benefits	11.849	11.208
Other long-term provisions	1.254	904
Total long-term provisions	13.103	12.112
Total provisions	55.307	49.841

As at 31 December, short-term and long-term employee benefits comprised the following items:

	2020	2019
<u>Short-term</u>		
Bonus provisions	13.818	13.433
Vacation pay liability	4.390	4.480
	18.208	17.913
<u>Long term</u>		
Employee termination benefits	11.844	11.208
	11.844	11.208

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26 Provisions (continued)

As at 31 December, other provisions comprised the following items:

Short-term	2020	2019
Provision for litigations	16.977	16.350
Provisions for expenses	5.635	1.200
Other current provisions	2.638	3.170
	25.250	20.720

Reserve for employee severance indemnity

In accordance with the existing labour law in Turkey, the Group entities operating in Turkey are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire (age of 58 for women, age of 60 for men) or completed service years of 20 for women or 25 for men, are called up for military service or die. According to change of regulation, dated 8 September 1999, there are additional liabilities for the integration articles.

For the years ended 31 December, the movements in the reserve for employee severance indemnity were as follows:

	2020	2019
Balance at the beginning of the year	11.208	8.279
Interest cost	1.773	2.270
Cost of services	1.085	1.431
Paid during the year	(2.056)	(2.402)
Translation difference	(1.516)	(358)
Actuarial difference	1.350	1.988
Balance at the end of the year	11.844	11.208

The reserve has been calculated by estimating the present value of future probable obligation of the Group arising from the retirement of the employees.

Actuarial valuation methods were developed to estimate the Group's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	2020	2019
	%	%
Discount rate	3,12	3,60
Interest rate	12,4	12,1
Inflation rate	9,00	8,20

The computation of the liability is predicated upon retirement pay ceiling announced by the Government. As at 31 December 2020, the ceiling amount was USD 0,97 (31 December 2019: USD 1,07).

For the years ended 31 December, the movements in the provisions were as follows:

	1 January 2020	Provision for the reserve	Reversal	Currency translation differences	31 December 2020
Provision for litigations	16.350	3.715	(744)	(2.344)	16.977
Bonus provisions	13.433	8.313	(5.703)	(2.225)	13.818
Vacation pay liability	4.480	1.175	(600)	(665)	4.390
Other expense provisions	4.370	4.926	(100)	(923)	8.273
Total	38.633	18.129	(7.147)	(6.157)	43.458

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26 Provisions (continued)

	1 January 2019	Provision for the reserve	Reversal	Currency translation differences	31 December 2019
Provision for litigations	12.596	5.882	(1.102)	(1.026)	16.350
Bonus provisions	11.868	11.107	(8.259)	(1.283)	13.433
Vacation pay liability	4.572	498	(351)	(239)	4.480
Other expense provisions	3.347	1.422	(4)	(395)	4.370
Total	32.383	18.909	(9.716)	(2.943)	38.633

27 Commitments and contingencies

Guarantee, pledge and mortgages ("GPM") in respect of commitment and contingencies realised in the ordinary course of business were given as at 31 December 2020 are as follows:

31 December 2020	Original currency (USD equivalent)			
	USD	TL	Others	Total
A Total amount of GPMs given in the name of its own legal personality	319.319	59.642	91.909	470.870
B Total amount of GPMs given in the name of the consolidated subsidiaries and joint ventures	--	108.742	--	108.742
- Total amount of GPMs given in the name of the consolidated subsidiaries	--	108.742	--	108.742
C Total amount of GPMs given to be able to conduct ordinary business transactions to secure payables of third parties	--	--	--	--
D Other GPMs given(*)	2.084	26.382	--	28.466
Total	321.403	194.766	91.909	608.078

GPMs in respect of commitment and contingencies realised in the ordinary course of business were given as at 31 December 2019 are as follows:

31 December 2019	Original currency (USD equivalent)			
	USD	TL	Others	Total
A Total amount of GPMs given in the name of its own legal personality	508.736	87.562	86.302	682.600
B Total amount of GPMs given in the name of the consolidated subsidiaries and joint ventures	--	134.375	--	134.375
- Total amount of GPMs given in the name of the consolidated subsidiaries	--	134.375	--	134.375
C Total amount of GPMs given to be able to conduct ordinary business transactions to secure payables of third parties	--	--	--	--
D Other GPMs given(*)	1.970	31.922	--	33.892
Total	510.706	253.859	86.302	850.867

(*) As at 31 December 2020, the ratio of other GPMs given to total equity is 1,6 percent (31 December 2019: 2,1 percent).

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27 Commitments and contingencies (continued)

Details of the commitments and contingent liabilities arising in the ordinary course of the business of the Group comprised the following items as at 31 December:

	2020	2019
Given for ongoing EPC projects	279.174	250.062
Given to banks	123.650	166.101
Pledge on shares	108.742	134.375
TETAŞ and TEİAŞ	30.966	21.461
Given to EMRA	6	41
Given to other suppliers and government agencies	65.540	278.827
Total contingent liabilities	608.078	850.867

Litigation and claims

As at 31 December 2020, the expected cash outflow amount for the pending claims filed against to the Group is USD 16.977 (31 December 2019: USD 16.350). As at 31 December 2020, the provision for litigation and claims are mainly related to the labor cases against the Group. The Group made a provision for the whole amount related to these claims.

Pending tax audits

In Turkey, the tax and other government authorities (Social Security Institution) have the right to inspect the Group's tax returns and accounting records for the past five fiscal years. The Group has not recorded a provision for any additional taxes for the fiscal years that remained unaudited, as the amount cannot be estimated with any degree of uncertainty. The Group's management believes that no material assessment will arise from any future inspection for unaudited fiscal years.

28 Taxation

Turkey

Corporate income tax is levied on the statutory corporate income tax base, which is determined by modifying income for certain tax exclusions and allowances.

In Turkey, corporate tax rate is 22 percent as at 31 December 2020 (2019: 22 percent). According to the Article 91 of the Law numbered 7061 "Legislation on Amendment of Certain Tax Legislation and Other Certain Legislation" which was published on the Official Gazette numbered 30261 on 5 December 2019 and according to the provisional clause 10 added to the Corporate Tax Law numbered 5520; corporate tax rate for the taxation periods of 2019, 2020 and 2020 is amended to 22 percent, which would later be applied as 20 percent after 2020. During these periods, Council of Ministers is entitled to decrease the corporate tax rate of 22 percent to 20 percent. The tax legislation provides for a temporary tax of 22 percent (2019: 22 percent) to be calculated and paid based on earnings generated for each quarter for the period ended 31 December 2020. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

75 percent of the income derived by entities from the sale of participation shares, immovable property, preferential rights, founders' shares and redeemed shares which are carried in assets at least for two years is exempt from corporate tax as at 31 December 2020. However, according to the amendments by Law numbered 7061, this rate is reduced from 75 percent to 50 percent and tax declarations starting from 2020 will be calculated using 50 percent for the properties held. In order to be able to benefit from the exemption, the relevant income should be kept under a fund account in the liabilities and should not be withdrawn from the enterprise for 5 years. The sales amount should be collected by the end of the second calendar year following the year of sale. However, companies engaged in developing and selling or rental of properties are not entitled to this exemption.

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28 Taxation (continued)

Turkey

Corporate income tax is levied on the statutory corporate income tax base, which is determined by modifying income for certain tax exclusions and allowances.

There is also a withholding tax on the dividends paid and is accrued only at the time of such payments. According to the amendments in the tax legislations, which became effective from 24 April 2003, dividends that are paid to the shareholders from the profits of the years between 1999 and 2002 are immune from the withholding tax, if such profits are exempted from corporation tax bases of the companies. As per the decision no.2006/10731 of the Council of Ministers published in the Official Gazette no.26237 dated 23 July 2006, certain duty rates included in the articles no.15 and 30 of the new Corporate Tax Law no:5520 revised.

Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions was increased from 10 percent to 15 percent. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account.

In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes shown in the consolidated financial statements reflects the total amount of taxes calculated on each entity that are included in the consolidation.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue reassessments based on their findings.

Transfer pricing regulations

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a tax payer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

Tax applications for foreign subsidiaries and joint ventures of the Group

Republic of Albania

The applicable corporate tax rate in Republic of Albania is 15 percent (31 December 2019:15 percent). Tax base is by modifying accounting income for certain exclusions and allowances in accordance with the related tax legislations. Non-documented expenses, repayments of loans and borrowings which are four times higher than equity, pre-payments, representation and accommodation expenses and fringe benefits over a certain limit are not subject to reduction for tax purposes.

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28 Taxation (continued)

Republic of Kosovo

The applicable corporate tax rate in Republic of Kosovo is 10 percent (31 December 2019: 10 percent).

Under Kosovo tax legislation system, tax losses can be carried forward to be offset against future taxable income for up to seven years.

Arab Republic of Egypt

The applicable corporate tax rate for the subsidiaries operating in Egypt is 22.5 percent (31 December 2019: 22.5 percent). Since the Group is operating in free trade zone of Egypt, the Group is not subject to corporate tax.

United Arab Emirates

As at 31 December 2020, the Group has subsidiaries in the United Arab Emirates located in Dubai. There is no federal corporate tax in United Arab Emirates. However, similar taxes are implemented in different sectors in different emirates. As at 31 December 2020 and 2019, the Group's subsidiaries operating in Dubai are not subject to corporate tax.

USA

Federal corporate income tax applicable in bands of taxable income from 15 percent to 40 percent (31 December 2019: 15-40 percent). State and local governments may also impose income taxes ranging from less than 1 percent to 12 percent

Foreign companies are generally subject to the same corporate tax as domestic companies. However, taxable income is calculated on Effectively Connected Income (ECI) only, which is considered as all U.S.-source income derived from trade or business in the U.S. or sale of U.S. real property or inventory by a foreign entity.

Georgia

The applicable corporate tax rate in Georgia is 15 percent (31 December 2019: 15 percent).

Turkmenistan

According to Turkmenistan law, while the corporate tax rate is 8 percent for local companies, it is 20 percent for branches of foreign companies and for local companies which have foreign partner. Parent company of branches located in Turkmenistan is tax-exempt due to income generated from construction projects outside Turkey is tax exempt in Turkey. Besides, revenue arising from sales of machinery and equipment which are exported from Turkey and included in construction cost in those countries are subject to corporate tax in Turkey.

Libya

The corporate tax rate is 20 percent (31 December 2019: 20 percent). In addition to the 20 percent tax rate, a Jihad tax is levied by 4 percent.

Serbia

The applicable corporate tax rate in Serbia is 15 percent (31 December 2019: 15 percent).

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28 Taxation (continued)

Uzbekistan

The applicable corporate tax rate in Uzbekistan is 17,20 percent (31 December 2019: 17,20 percent). As at 31 December 2020, the Group's operation in Uzbekistan aren't subject to corporate tax due to dispensation.

The Netherlands

Corporate income tax is levied at the rate of 25 percent (31 December 2019: 25 percent) on the worldwide income of resident companies, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes. A unilateral decree for the avoidance of double taxation provides relief for resident companies from Dutch tax on income, such as foreign business profits derived through a permanent establishment abroad, if no tax treaty applies. There is an additional dividend tax of 5 percent computed only on the amounts of dividend distribution at the time of such payments.

Switzerland

The corporate tax in Switzerland is a combination of Cantonal and Federal income taxes. The cantonal tax is calculated over the net profit of the relevant period with an effective rate of 23.36 percent (2019: 23.36 percent) and the equity of the period with an effective rate of 0.401 percent (2019: 0.401 percent). Federal income tax is calculated on the net profit of the relevant period at the rate of 8.50 percent (2019: 8.50 percent). Since tax expenses are tax deductible, the effective interest rate is 24 percent (2019: 24 percent). In addition to cantonal and federal taxes, a tax called professional tax is calculated over the last two years of gross income, rental expenses and the number of staff at various effective rates.

According to the tax legislation in Switzerland, financial losses can be carried out for seven years to be deducted from future corporate income. If companies have not requested extension, they must submit their tax returns within the first four months of the tax year closing. The authorities authorized for tax inspection can examine the tax returns and the accounting records that are the basis of them for five years, starting from the beginning of the year following the submission of the declaration, and rethink the results.

Qatar

As of 31 December 2020, the Group has a branch operating in Qatar and a subsidiary. In Qatar Emirates, companies are subject to corporate tax. Taxes and duties related to the project carried out by the Group in Qatar are tax exempt.

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28 Taxation (continued)

Tax recognised in profit or loss

Income tax expense for the years ended 31 December comprised the following items:

Reconciliation of effective tax rate

	<i>Continuing operations</i>		<i>Discontinued operations</i>		<i>Total</i>	
	2020	2019	2020	2019	2020	2019
Current corporation and income taxes	75.003	59.550	--	--	75.003	59.550
Deferred tax expense / (benefit)	(16.820)	(20.091)	--	--	(16.820)	(20.091)
Total income tax expense / (benefit)	58.183	39.459	--	--	58.183	39.459

The reported income tax expense for the years ended 31 December are different than the amounts computed by applying statutory tax rate to profit before tax as shown in the following reconciliation:

	2020		2019	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Reported profit before taxation	425.781		342.308	
Taxes on reported profit per statutory tax rate of the Company	(93.672)	(22,00)	(75.308)	(22,00)
Permanent differences:				
Disallowable expenses	(12.105)	(2,84)	(1.751)	(0,51)
Tax exempt income	64.503	15,15	118.489	34,61
Effect of different tax rates in foreign jurisdictions	6.417	1,51	4.912	1,44
Investment incentives effect	--	--	6.886	2,01
Effect of tax rate changes	1.231	0,29	4	--
Unrecorded deferred tax assets	367	0,09	62	0,02
Temporary differences which no deferred tax asset is recognised	(1.784)	(0,42)	(6.295)	(1,84)
Recognition of previously unrecognized temporary differences	706	0,17	(47)	(0,01)
Effect of share of profit of equity-accounted investees and other consolidated adjustments	(23.649)	(5,55)	(89.981)	(26,29)
Utilisation of previously unrecognised tax losses	(2.289)	(0,54)	3.198	0,93
Current-year amortisation expense of electricity distribution rights for which no deferred tax asset is recognised	--	--	(745)	(0,22)
Others, net	2.092	0,49	1.117	0,33
Tax expense	(58.183)	(13,67)	(39.459)	(12)

Current tax assets/liabilities

As at 31 December, current tax assets and liabilities comprised the following:

	2020	2019
Taxes on income	75.003	59.550
Less: Deferred tax expense/ (benefit)	(69.392)	(63.816)
Foreign currency translation difference	(257)	192
Current tax liabilities/(assets), net	5.354	(4.074)

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28 Taxation (continued)

Reconciliation of effective tax rate (continued)

Current tax assets/liabilities (continued)

As at 31 December 2020, current tax liabilities on income amounting to USD 7.767 (31 December 2019: USD 4.082) is not offset with prepaid taxes amounting to USD 2.413 (31 December 2019: USD 8.156) since they are related to different tax jurisdictions.

Deferred tax assets and liabilities

Deferred tax is provided in respect of taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for the differences relating to goodwill not deductible for tax purposes and the initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

Unrecognised deferred tax assets and liabilities

As at 31 December 2020, deferred tax assets amounting to USD 74.699 have not been recognised with respect to the statutory tax losses carried forward as at 31 December 2020 (31 December 2019: USD 56.974). Such losses carried forward expire until 2021. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

The table below shows the expiration date of the tax losses carried forward for which no deferred asset has been recognised:

	2020	2019
2020	--	7.522
2021	49.445	24.358
2022	51.598	16.034
2023	180.832	198.109
2024	43.145	38.093
2025	48.474	--
	373.494	284.116

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28 Taxation (continued)

Unrecognised deferred tax assets and liabilities (continued)

Recognised deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities at 31 December are attributable to the items detailed in the table below:

	2020		2019	
	Asset	Liability	Asset	Liability
Vacation pay liability	469	--	468	--
Employee severance indemnity	1.616	--	1.116	--
Available for sale investment securities	--	(286)	(385)	(483)
Financial assets at FVTPL	--	(24.301)	355	(10.222)
Trade and other receivables (including rediscount)	43	(167)	85	--
Provisions	4.452	--	2.739	--
Inventories	566	(8.365)	196	(10.857)
IAS 39 effect on loans and borrowings	2.531	(154)	658	(636)
Investment property	--	(8.368)	--	(14.581)
Property, plant and equipment and intangible assets	44.816	(8.562)	49.539	(7.713)
Investment incentives	23.057	--	28.493	--
Tax losses carried forward	6.760	--	5.043	--
Effect of percentage of completion method	--	(68)	--	--
Service concession receivables	--	(50.892)	--	(61.554)
Allowance for doubtful receivables	1.880	--	1.704	--
Security deposits	2.627	--	3.001	--
IFRS 9, 15 and IFRIC 22 effects as at January 1, 2020	2.327	--	59	--
Other temporary differences	9.119	(504)	10.176	(7.539)
Total deferred tax assets/(liabilities)	100.263	(101.667)	103.247	(113.585)
Set off of tax	(48.914)	48.914	(50.186)	50.186
Deferred tax assets/(liabilities), net	51.349	(52.753)	53.061	(63.399)

According to the Tax Procedural Law in Turkey, statutory losses can be carried forward maximum for five years. Consequently, 2025 is the latest year for recovering the deferred tax assets arising from such tax losses carried forward.

29 Capital and reserves

Paid in capital

At 31 December 2020, the Group's statutory nominal value of authorised and paid-in share capital is USD 210.761 (31 December 2019: USD 210.761) (comprising of 400.000.000 registered shares (31 December 2019: 400.000.000) having par value of TL 1 at full terms (31 December 2019: TL 1 at full terms) each).

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29 Capital and reserves (continued)

Paid in capital (continued)

At 31 December, the shareholding structure of Çalık Holding based on the number of shares are presented below:

	2020		2019	
	<i>Thousands of s shares</i>	<i>%</i>	<i>Thousands of shares</i>	<i>%</i>
Ahmet Çalık	367.999	91,99	367.999	91,99
Delta Netherlands B.V. (*)	32.000	8	32.000	8
Other	1	0,01	1	0,01
	400.000	100	400.000	100

(*) The company's shareholder Ahmet Çalık transferred his shares nominal values of 32.000.000 TL having par value of TL 1, 32.000.000 shares at full terms to Delta Holding B.V. on 24 December 2018 decision of the Board of Directors.

Restricted reserves

The legal reserves are established by annual appropriations amounting to 5 percent of income disclosed in the Group's statutory accounts until it reaches 20 percent of paid-in share capital (first legal reserve). Without limit, a further 10 percent of dividend distributions in excess of 5 percent of share capital is to be appropriated to increase legal reserves (second legal reserve). The first legal reserve is restricted and is not available for distribution as dividend unless it exceeds 50 percent of share capital.

According to the 5th paragraph of the Corporate Tax Law numbered 5520, 75 percent of the capital gains arising from the sale of tangible assets and investments owned for at least two years are exempted from corporate tax on the condition that such gains are reflected in the restricted reserve within equity as a special fund with the intention to be utilised in a share capital increase within five years from the date of the sale. The remaining 25 percent of such capital gains are subject to corporate tax.

As at 31 December 2020, in the accompanying consolidated financial statements, special funds arising from the sale of associates classified to legal reserves excluding the non-controlling interest portion are amounting to USD 175.014 (31 December 2019: USD 159.568).

In the accompanying consolidated financial statements, the total legal restricted reserves excluding the non-controlling interest portion amounted to USD 699.203 as at 31 December 2020 (31 December 2019: USD 611.516).

Non-controlling interests

For the years ended 31 December, movements of the non-controlling interest were as follows:

	2020	2019
Non controlling interest at the beginning of the year	107.409	102.048
Net profit for the year attributable to non controlling interests	8.389	9.379
Foreign currency translation differences	6.337	10.018
Acquisition of control power in enterprises subject to common control	--	(2.249)
Effect of the acquisition/(disposal) of non-controlling interests	2.553	53
Contribution to the capital increase by the non-controlling interests	--	3.055
Disposal due to the sale of subsidiaries	--	(4.365)
Dividend distribution	(6.210)	(10.530)
Balance at the end of the year	118.478	107.409

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

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30 Revenue and cost of sales

For the years ended 31 December, revenue and cost of sales comprised the following:

	2020	2019
Domestic sales	850.585	882.645
Export sales	535.761	487.687
Other sales	7.971	10.597
Sales discounts (-)	(18.653)	(12.938)
Subtotal	1.375.664	1.367.991
Cost of sales (-)	(956.229)	(966.593)
Gross profit from non-finance operations	419.435	401.398
Revenue from finance sector operations	448.218	454.146
Cost of revenues from finance sector operations (-)	(165.913)	(209.854)
Gross profit from finance sector activities	282.305	244.292
Gross profit	701.740	645.690

The depreciation and amortization expense of USD 49.154 was recognised in the cost of sales (2019: USD 52.390).

31 General and administrative expenses, selling, marketing and distribution expenses, and research and development expenses and expenses by nature

For the years ended 31 December, general and administrative expenses comprised the following:

	2020	2019
Personnel expenses	112.279	110.988
Depreciation and amortisation expenses	21.560	23.710
Maintenance and repair expenses	14.690	15.382
Outsourced services	12.057	14.010
Taxes, duties and fees other than on income	7.971	9.971
Consulting expenses	6.729	6.756
Travel and accommodation expenses	4.230	6.588
Insurance expenses	4.200	11.642
Representation expenses	4.049	4.393
Telecommunication expenses	3.753	4.620
Rent expense	2.692	4.722
Office expenses	1.067	1.074
Other	34.295	28.068
Total	229.572	241.924

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31 General and administrative expenses, selling, marketing and distribution expenses, and research and development expenses and expenses by nature (continued)

For the year ended 31 December, selling, marketing and distribution expenses comprised the following:

	2020	2019
Personnel expenses	10.113	11.091
Advertising and promotion expenses	9.984	14.106
Commission expense	4.836	3.203
Depreciation and amortisation expenses	2.929	2.692
Consulting expenses	2.168	1.523
Transportation expenses	2.131	2.877
Rent expense	1.331	1.336
Maintenance and repair expenses	448	1.232
Travel and accommodation expenses	415	1.289
Taxes, duties and fees other than on income	337	310
Telecommunication expenses	104	71
Other	2.049	761
Total	36.845	40.491

For the year ended 31 December, research and development expenses comprised the following:

	2020	2019
Personnel expenses	2.599	3.968
Field research expenses (*)	2.400	3.175
Depreciation and amortization expenses	1.409	1.500
Consulting expenses	1.130	4.205
Travel and accommodation expenses	476	1.123
Representation expenses	232	267
Rent expense	3	389
Other	1.362	1.478
Total	9.611	16.105

(*) Field research expenses consist by field research and development activities of the Group's subsidiaries operating in the field of mining and oil production.

For the year ended 31 December, personnel and depreciation and amortization expenses comprised the following.

	2020	2019
<u>Personnel expenses</u>		
Cost of sales (-)	54.164	97.468
General and administrative expenses	112.279	110.988
Selling, marketing and distribution expenses	10.113	11.091
Research and development expenses	2.599	3.968
Total	179.155	223.515

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31 General and administrative expenses, selling, marketing and distribution expenses, and research and development expenses and expenses by nature (continued)

	2020	2019
<u>Depreciation and amortization expenses</u>		
Cost of sales (-)	49.154	52.390
General and administrative expenses	21.560	23.710
Selling, marketing and distribution expenses	2.929	2.692
Research and development expenses	1.409	1.500
Total	75.052	80.292

32 Other income and expense from operating activities

For the years ended 31 December, other income from operating activities comprised the following:

	2020	2019
Foreign exchange income	22.354	17.105
Provision cancellation / recycling	13.503	33.769
Gain on sale of marketable securities	13.479	6.211
Asset-backed security sales revenues	9.194	6.341
Advertising revenues	7	1.428
Other	24.949	13.211
Total	83.486	78.065

For the year ended 31 December, other expense from operating activities comprised the following:

	2020	2019
Provision expense for receivables from financial sector activities	45.334	41.783
Exchange difference expense	45.173	22.257
Doubtful receivable provision expenses	16.977	8.737
Other provision expenses	8.929	8.927
Rediscount expenses	951	1.555
Commission expenses	20	3.219
Other	12.037	21.547
Total	129.421	108.025

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33 Gain and loss from investing activities

For the years ended 31 December, gains from investing activities comprised the following:

	2020	2019
Gain on financial assets at fair value through profit or loss	67.487	22.753
Dividend income from equity securities held	31.970	36
Gain on sale of associate (subsidiary)	5.353	42.801
Gain from sale of derivative financial instruments	--	27.474
Gain on sale of property, plant and equipment	814	817
Fair value gain on investment properties	605	14.428
Other	8.319	614
Total	114.548	108.923

For the years ended 31 December, losses from investing activities comprised the following:

	2020	2019
Fair value loss on investment properties	31.955	--
Loss on financial assets at fair value through profit or loss	3.059	--
Loss on sale of property, plant and equipment	1.573	1.126
Loss from derivative financial instruments	327	--
Loss on sale of subsidiary	--	1.290
Other	355	658
Total	37.269	3.074

34 Finance income and finance cost

For the years ended 31 December, finance income comprised the following:

	2020	2019
Foreign exchange gains on borrowings	95.094	34.565
Interest income	9.997	10.374
Total	105.091	44.939

For the years ended 31 December, finance cost comprised the following:

	2020	2019
Interest expense on borrowings	105.217	133.278
Foreign exchange losses on borrowings	43.738	20.510
Bank commission expenses	4.858	7.280
Letters of guarantees commission expenses	4.031	3.239
Other charges and commission expenses	10.869	4.725
Total	168.713	169.032

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35 Disclosure of interests in other entities

Information regarding the subsidiaries in which the Group has major non-controlling interests is as follows:

Subsidiaries	Non-controlling interests	Profit attributable to non-controlling interests	Cumulative non-controlling interests	Dividends paid to non-controlling interests
<u>Albtelecom</u>				
31 December 2020	19,73	(1.897)	7.606	--
31 December 2019	19,73	(948)	8.562	--
<u>Calık Enerji</u>				
31 December 2020	4,58	10.387	29.542	(6.210)
31 December 2019	4,58	9.039	27.649	(10.530)

The financial information of Albtelecom before the Group's consolidation adjustments and eliminations is as follows:

Summary of Albtelecom's statement of financial position	31 December 2020	31 December 2019
Cash and cash equivalents	708	881
Trade receivables	7.123	7.567
Other current assets	8.788	5.279
Non-current assets	233.397	225.849
Total assets	250.016	239.576

Short-term borrowings	11.084	8.260
Other short term liabilities	32.944	38.962
Long-term liabilities	163.373	143.013
Total liabilities	207.401	190.235
Total equity	42.615	49.341
Total equity and liabilities	250.016	239.576

Summary of Albtelecom's statement of profit or loss	2020	2019
Revenue	66.178	71.577
Cost of sales	(42.299)	(44.085)
Other expenses from operating activities	(20.691)	(22.769)
Loss from investing activities	(1.452)	(269)
Finance income / (cost)	(11.327)	(8.435)
Tax expenses	(21)	(823)
Profit/(loss) for the period	(9.612)	(4.804)

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35 Disclosure of interests in other entities (continued)

The consolidated financial information of Çalık Enerji before the Group's consolidation adjustments and eliminations is as follows:

Summary of Çalık Enerji's statement of financial position	31 December 2020	31 December 2019
Cash and cash equivalents	67.993	154.200
Trade receivables	209.738	176.799
Other current assets	164.985	125.381
Non-current assets	670.661	728.180
Total assets	1.113.377	1.184.560
Short-term borrowings	35.624	108.088
Short term portion of long-term loans and borrowings	32.017	91.020
Other short-term liabilities	266.740	219.185
Long-term liabilities	131.784	159.411
Total liabilities	466.165	577.704
Total equity	647.212	606.856
Total equity and liabilities	1.113.377	1.184.560
Summary of Çalık Enerji's statement of profit or loss	2020	2019
Revenue	795.707	772.535
Cost of sales	(482.848)	(506.041)
Other income from operating activities	(95.797)	(86.139)
(Loss) / gain from investing activities	40.534	46.550
Finance cost	(9.680)	(17.907)
Tax expenses	(21.116)	(11.643)
Profit/(loss) for the period	226.800	197.355

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36 Financial instruments – Fair values and risk management

Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Group’s exposure to each of the above risks, the Group’s objectives, policies and processes for measuring and managing risks, and the Group’s management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

Risk management activities are conducted by a realistic organizational structure and it is fully supported with the commitment of top-level management.

Group acts proactively in terms of risk management in order to ensure that its business operations in different industries and regions are not adversely affected as a result of market, operational, liquidity and counterparty risks. Risk Management and internal audit departments within each sector and at the Group level provide and maintain awareness for different types of risks, including emerging risks, and ensure that appropriate risk management mechanisms are in place.

Banking:

Risk management framework

For the Group’s banking group, Aktifbank and BKT actively use collateral management as the major risk mitigation mechanism. The Board of Directors of the Group’s banking group has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit Committee and Risk Management Department, which are responsible for developing and monitoring the Group’s banking group’s risk management policies in their specified areas. The Audit Committee has non-executive members and report regularly to the Board of Directors on their activities.

The Group’s banking group’s risk management policies are established to identify and analyse the risks faced, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group’s banking group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Audit Committee is responsible for monitoring compliance with the risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Aktif Bank and BKT. The Audit Committee is assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

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36 Financial instruments – Fair values and risk management (*continued*)

Financial risk management (*continued*)

Credit risk:

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group’s receivables from customers and investment securities.

The Group’s principal financial assets are cash and cash equivalents, financial investments, trade receivables and other receivables. The Group requires a certain amount of collateral in respect of its account receivable. Credit evaluations are performed on all customers requiring credit over a certain amount on individual level.

At reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

Banking:

Impaired loans and advances to customers and investment securities

Impaired loans and advances to customers and investment debt securities are those for which the Group’s banking group determines that it is probable that it will be unable to collect all principal and interest due to according to the contractual terms of the loans and investment debt securities.

Allowance for impairment

The Group’s banking and finance group establishes an allowance for impairment losses on assets carried at amortised cost that represents its estimate of incurred losses in its loans and advances to customers and investment in debt security portfolio. This allowance is a specific loss component that relates to individually significant exposures.

Due to the increase in the consumer loan portfolio of Aktifbank and the availability of the historical trends of the probability of default, starting from 1 January 2012, Aktifbank started to provide collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified except for loans and receivables subject to individual assessment for impairment.

Write-off policy

The Group’s banking group write off a loan or investment debt security balance, and any related allowances for impairment losses, when the Group’s banking subsidiaries determine that the loan or security is uncollectible. This determination is reached after considering information such as occurrence of significant changes in the borrower’s / issuer’s financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be enough to pay back the entire exposure.

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower’s financial position and where the Group’s banking subsidiaries have made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring.

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36 Financial instruments – Fair values and risk management (continued)

Credit risk (continued):

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 31 December was:

31 December 2020	Receivables				Cash at banks and other cash and cash equivalents ^(*)	Financial investments ^(**)	Receivables from finance sector operations	Derivatives
	Trade receivables		Other receivables					
	Related party	Third party	Related party	Third party				
Maximum credit risk exposure at reporting date (A+B+C+D)	78.470	351.706	369.878	184.734	749.621	2.918.062	2.612.686	13.332
Portion of maximum risk covered by guarantees	--	13.662	--	--	--	--	--	--
A. Carrying value of financial assets that are neither past due nor impaired	78.470	322.378	369.878	184.734	749.621	2.918.062	2.479.312	13.332
B. Carrying value of financial assets that are past due but not impaired	--	29.328	--	--	--	--	--	--
C. Carrying value of impaired assets	--	--	--	--	--	--	133.374	--
Past due (gross carrying amount)	--	58.890	--	8.054	--	--	261.051	--
- Impairment (-)	--	(58.890)	--	(8.054)	--	--	(127.677)	--
- The part of net value under guarantee with collateral etc	--	--	--	--	--	--	--	--
Not past due (gross carrying amount)	--	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--	--
D. Elements including credit risk on off statement of financial position	--	--	--	--	--	--	--	--

(*) Balances at central banks and cash on hand are excluded.

(**) Equity securities and investment funds are excluded.

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36 Financial instruments – Fair values and risk management (continued)

Credit risk (continued):

Exposure to credit risk (continued):

31 December 2019	Receivables				Cash at banks and other cash and cash equivalents ^(*)	Financial investments ^(**)	Receivables from finance sector operations	Derivatives
	Trade receivables		Other receivables					
	Related party	Third party	Related party	Third party				
Maximum credit risk exposure at reporting date (A+B+C+D)	49.207	379.736	366.540	189.927	1.660.953	2.135.578	2.123.180	4.943
Portion of maximum risk covered by guarantees	--	12.942	--	--	--	--	--	--
A. Carrying value of financial assets that are neither past due nor impaired	49.207	352.226	366.540	189.927	1.660.953	2.135.578	2.020.452	4.943
B. Carrying value of financial assets that are past due but not impaired	--	27.510	--	--	--	--	--	--
C. Carrying value of impaired assets	--	--	--	--	--	--	102.728	--
Past due (gross carrying amount)	--	54.238	--	3.345	--	--	201.175	--
- Impairment (-)	--	(54.238)	--	(3.345)	--	--	(98.447)	--
- The part of net value under guarantee with collateral etc	--	--	--	--	--	--	--	--
Not past due (gross carrying amount)	--	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--	--
D. Elements including credit risk on off statement of financial position	--	--	--	--	--	--	--	--

^(*) Balances at central banks and cash on hand are excluded.

^(**) Equity securities and investment funds are excluded.

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36 Financial instruments – Fair values and risk management (continued)

Credit risk (continued):

Impairment losses

As of 31 December 2020 and 2019, the aging of trade receivables that are past due but not impaired was as below:

	Receivables		Receivables from financial sector operations
	Trade Receivables	Other Receivables	
31 December 2020			
Past due 0-30 days	17.284	--	--
Past due 1-3 months	5.712	--	--
Past due 3-12 months	4.521	--	--
Past due 1-5 years	1.811	--	--
More than five years	--	--	--
Total	29.328	--	--
Part of secured with guarantee etc.	--	--	--

	Receivables		Receivables from financial sector operations
	Trade Receivables	Other Receivables	
31 December 2019			
Past due 0-30 days	10.680	--	--
Past due 1-3 months	3.693	--	--
Past due 3-12 months	5.997	--	--
Past due 1-5 years	7.140	--	--
More than five years	--	--	--
Total	27.510	--	--
Part of secured with guarantee etc.	--	--	--

Liquidity risk

Liquidity risk arises in the general funding of the Group's activities and in the management of positions. It includes both risk of being unable to fund assets at appropriate maturities and rates and risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame. The Group has access to funding sources from banks and keeps certain level assets as cash and cash equivalents. The Group continuously assesses liquidity risk by identifying and monitoring changes in funding required in meeting business goals and targets set in terms of the overall Group strategy.

Banking:

Management of liquidity risk

The Group's banking group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to their reputation.

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36 Financial instruments – Fair values and risk management (*continued*)

Liquidity risk (*continued*):

Banking:

Management of liquidity risk

The Group's banking group funds its short-term liquidity with interbank. In the case of long-term liquidity need, the Group's banking group utilises capital and debt market instruments. Additionally, the Group's banking group also funds itself from the domestic and foreign market when it needs additional funds.

Exposure to liquidity risk

The key measure used by the Group's banking group for managing liquidity risk is the ratio of net liquid assets to short-term loans and borrowings. Net liquid assets include cash and cash equivalents and trading debt securities for which there is an active market.

As at 31 December, the followings are carrying amounts, contractual cash flows and the contractual maturities of financial liabilities are as follows:

31 December 2020	Carrying amount	Contractual cash flows	3 months or less	3-12 months	1-5 years	More than 5 year
Contractual maturities						
Non-derivative financial liabilities						
Payables related to finance sector operations	(5.279.579)	(5.329.665)	(3.659.623)	(1.165.908)	(468.426)	(35.708)
Loans and borrowings	(2.377.295)	(2.574.221)	(1.371.736)	(469.295)	(520.465)	(212.725)
	(7.656.874)	(7.903.886)	(5.031.359)	(1.635.203)	(988.891)	(248.433)
Expected maturities						
Non-derivative financial liabilities						
Trade payables	(275.046)	(277.599)	(92.136)	(180.577)	(4.886)	--
Other payable	(106.348)	(106.348)	(29.249)	(24.545)	(52.554)	--
Payable related to employee benefits	(7.763)	(7.763)	(5.168)	(2.595)	--	--
	(389.157)	(391.710)	(126.553)	(207.717)	(57.440)	--
Derivative financial instruments						
Inflow	13.332	513.000	180.925	255.741	76.334	--
Outflow	(19.557)	(524.646)	(186.064)	(262.249)	(76.333)	--

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36 Financial instruments – Fair values and risk management (*continued*)

Liquidity risk (*continued*)

	Carrying amount	Contractual cash flows	3 months or less	3-12 months	1-5 years	More than 5 year
31 December 2019						
Contractual maturities						
<i>Non-derivative financial liabilities</i>						
Payables related to finance sector operations	(4.413.073)	(4.413.966)	(2.879.362)	(1.086.096)	(415.921)	(32.587)
Loans and borrowings	(2.924.230)	(3.055.012)	(1.872.590)	(559.908)	(545.423)	(77.091)
	(7.337.303)	(7.468.978)	(4.751.952)	(1.646.004)	(961.344)	(109.678)
Expected maturities						
<i>Non-derivative financial liabilities</i>						
Trade payables	(265.290)	(265.799)	(119.297)	(137.543)	(8.959)	--
Other payable	(111.171)	(111.171)	(25.074)	(37.843)	(48.254)	--
Payable related to employee benefits	(9.415)	(9.415)	(7.755)	(1.660)	--	--
	(385.876)	(386.385)	(152.126)	(177.046)	(57.213)	
Derivative financial instruments						
Inflow	4.943	683.449	407.629	123.440	152.380	--
Outflow	(2.867)	(682.628)	(407.203)	(123.781)	(151.644)	--

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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36 Financial instruments – Fair values and risk management (*continued*)

Interest rate risk

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprise at different times or in differing amounts. In the case of floating rate assets and liabilities the Group is also exposed to basis risk, which is the difference in reprising characteristics of the various floating rate indices, such as six months Libor and different types of interest. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Group's business strategies.

Profile

As at 31 December, the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	<u>2020</u>	<u>2019</u>
Fixed rate instruments		
Financial assets	1.551.921	1.933.296
Financial liabilities	7.292.728	6.971.734
Variable rate instruments		
Financial assets	4.015.546	2.920.839
Financial liabilities	364.146	365.568

As of 31 December 2020, an increase of 100 basis points in interest rates dominated in Turkish Lira would have decreased profit or loss before tax and allocation of the non-controlling interest by USD 38.272. Under the same conditions, a decrease of 100 basis points in interest rates dominated in Turkish Lira would have increased profit or loss by USD 38.272. This analysis assumes that all other variables remain constant (31 December 2019: USD 26.765, USD 26.765 respectively).

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and the Group does not designate derivatives (interest rate swaps) as hedging instruments under fair value hedge accounting model. Therefore, a change in interest rate as of the reporting date would not affect profit or loss and equity.

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36 Financial instruments – Fair values and risk management (continued)

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are TL and Euro (31 December 2019: TL and Euro).

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Group is exposed to currency risk through the impact of rate changes on the translation of foreign currency denominated payables and bank borrowings from financial institutions. Such risk is monitored by the Board of Directors and limited through taking positions within approved limits as well as using derivative instruments where necessary.

To minimise risk arising from foreign currency denominated statement of financial position items, the Group sometimes utilises derivative instruments as well as keeping part of its idle cash in foreign currencies.

At 31 December 2020, the currency risk exposures of the Group in USD equivalents are as follows:

CURRENCY POSITION STATEMENT		31 DECEMBER 2020			
	USD equivalent	TL	EURO	OTHER ^(*)	
1. Trade Receivables	119.160	28.821	44.987	60.027	
2a. Monetary financial assets	2.057.011	180.441	894.253	935.045	
2b. Non-monetary financial assets	--	--	--	--	
3. Other	256.947	74.880	184.613	20.199	
4. Current assets (1+2+3)	2.433.118	284.142	1.123.853	1.015.271	
5. Trade Receivables	1.296	9.510	--	--	
6a. Monetary financial assets	1.620.820	24.701	897.934	515.554	
6b. Non-monetary financial assets	--	--	--	--	
7. Other	22.576	1.464	3.860	17.639	
8. Non-current assets (5+6+7)	1.644.692	35.675	901.794	533.193	
9. Total Assets (4+8)	4.077.810	319.817	2.025.647	1.548.464	
10. Trade payables	(2.021.957)	(248.567)	(1.603.599)	(20.237)	
11. Financial liabilities	(892.979)	(936.994)	(146.941)	(585.014)	
12a. Other monetary liabilities	(971.781)	(130.938)	(257.172)	(638.354)	
12b. Other non-monetary liabilities	(4.545)	--	(1.177)	(3.102)	
13. Short term liabilities (10+11+12)	(3.891.262)	(1.316.499)	(2.008.889)	(1.246.707)	
14. Trade payables	(274.683)	--	(221.167)	(3.278)	
15. Financial liabilities	(377.537)	(1.604.987)	(83.663)	(56.222)	
16a. Other monetary liabilities	(1.293)	--	--	(1.292)	
16b. Other non-monetary liabilities	(1)	(8)	--	--	
17. Long term liabilities (14+15+16)	(653.514)	(1.604.995)	(304.830)	(60.792)	
18. Total liabilities (13+17)	(4.544.776)	(2.921.494)	(2.313.719)	(1.307.499)	
19. Outside of the financial statements derivatives instruments net assets / (liability) position (19a+19b)	170.991	(59.662)	72.478	90.179	
19a. Hedged portion of assets amount	706.808	338	169.714	498.497	
19b. Hedged portion of liabilities amount	(535.817)	(60.000)	(97.236)	(408.318)	
20. Net foreign currencies assets / (liability) position (9+18+19)	(295.975)	(2.661.339)	(215.594)	331.144	
21. Monetary items Net foreign currencies assets / (liability) position (IFRS 7.b23)(=1+2a+5+6a+10+11+12a+14+15+16a)	(741.943)	(2.678.013)	(475.368)	206.229	

^(*)USD equivalents are given.

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36 Financial instruments – Fair values and risk management (continued)

Currency risk (continued)

At 31 December 2019, the currency risk exposures of the Group in USD equivalents are as follows:

CURRENCY POSITION STATEMENT		31 DECEMBER 2019			
	USD equivalent	TL	EURO	OTHER ^(*)	
1. Trade Receivables	99.661	65.455	34.655	49.843	
2a. Monetary financial assets	2.341.155	118.381	1.348.862	811.050	
2b. Non-monetary financial assets	--	--	--	--	
3. Other	229.969	66.703	179.942	17.278	
4. Current assets (1+2+3)	2.670.785	250.539	1.563.459	878.171	
5. Trade Receivables	2.280	13.544	--	--	
6a. Monetary financial assets	1.113.667	58.042	604.429	427.182	
6b. Non-monetary financial assets	--	--	--	--	
7. Other	4.088	23	2.586	1.189	
8. Non-current assets (5+6+7)	1.120.035	71.609	607.015	428.371	
9. Total Assets (4+8)	3.790.820	322.148	2.170.474	1.306.542	
10. Trade payables	(1.701.683)	(110.652)	(1.485.234)	(20.200)	
11. Financial liabilities	(1.280.605)	(811.299)	(490.905)	(594.414)	
12a. Other monetary liabilities	(685.774)	(27.744)	(205.739)	(450.759)	
12b. Other non-monetary liabilities	(1.754)	--	(149)	(1.588)	
13. Short term liabilities (10+11+12)	(3.669.816)	(949.695)	(2.182.027)	(1.066.961)	
14. Trade payables	(253.178)	--	(203.901)	(24.891)	
15. Financial liabilities	(408.431)	(1.139.543)	(153.136)	(45.145)	
16a. Other monetary liabilities	(3.310)	--	(1.762)	(1.338)	
16b. Other non-monetary liabilities	--	--	--	--	
17. Long term liabilities (14+15+16)	(664.919)	(1.139.543)	(358.799)	(71.374)	
18. Total liabilities (13+17)	(4.334.735)	(2.089.238)	(2.540.826)	(1.138.335)	
19. Outside of the financial statements derivatives instruments net assets / (liability) position (19a+19b)	25.684	(142.385)	27.932	18.382	
19a. Hedged portion of assets amount	519.754	--	184.656	313.015	
19b. Hedged portion of liabilities amount	(494.070)	(142.385)	(156.724)	(294.633)	
20. Net foreign currencies assets / (liability) position (9+18+19)	(518.231)	(1.909.475)	(342.420)	186.589	
21. Monetary items Net foreign currencies assets / (liability) position (IFRS 7.b23)(=1+2a+5+6a+10+11+12a+14+15+16a)	(776.218)	(1.833.816)	(552.731)	151.328	

^(*) USD equivalents are given.

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36 Financial instruments – Fair values and risk management (continued)

Currency risk (continued)

Sensitivity analysis

A 10 percent strengthening/weakening of the USD against the other currencies below would have increased/ (decreased) the comprehensive income and profit/loss (excluding the tax effect) of 31 December as follows:

31 December 2020	Profit / (Loss)		Equity	
	Strengthening of USD	Weakening of USD	Strengthening of USD	Weakening of USD
Increase/(decrease) 10 percent of TL parity				
1-TL net asset / liability	36.256	(36.256)	--	--
2-Hedged portion of TL amounts(-)	--	--	--	--
3-Net effect of TL (1+2)	36.256	(36.256)	--	--
Increase/(decrease) 10 percent of EUR parity				
4-EUR net asset / liability	26.457	(26.457)	--	--
5-Hedged portion of EUR amounts(-)	--	--	--	--
6-Net effect of EUR (4+5)	26.457	(26.457)	--	--
Increase/(decrease) 10 percent of other parities				
7-Other foreign currency net asset / liability	(33.114)	33.114	--	--
8-Hedged portion of other foreign currency amounts(-)	--	--	--	--
9-Net effect of other foreign currencies (7+8)	(33.114)	33.114	--	--
TOTAL (3+6+9)	29.599	(29.599)	--	--

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36 Financial instruments – Fair values and risk management (continued)

Currency risk (continued)

31 December 2019	Profit / (Loss)		Equity	
	Strengthening of USD	Weakening of USD	Strengthening of USD	Weakening of USD
Increase/(decrease) 10 percent of TL parity				
1-TL net asset / liability	32.145	(32.145)	--	--
2-Hedged portion of TL amounts(-)	--	--	--	--
3-Net effect of TL (1+2)	32.145	(32.145)	--	--
Increase/(decrease) 10 percent of EUR parity				
4-EUR net asset / liability	38.337	(38.337)	--	--
5-Hedged portion of EUR amounts(-)	-	-	--	--
6-Net effect of EUR (4+5)	38.337	(38.337)	--	--
Increase/(decrease) 10 percent of other parities				
7-Other foreign currency net asset / liability	(18.659)	18.659	--	--
8-Hedged portion of other foreign currency amounts(-)	-	-	--	--
9-Net effect of other foreign currencies (7+8)	(18.659)	18.659	--	--
TOTAL (3+6+9)	51.823	(51.823)	--	--

Capital management

The Group's objectives when managing capital include:

- to comply with the capital requirements required by the regulators of the financial markets where the Group operates;
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders.

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36 Financial instruments – Fair values and risk management (*continued*)

Capital management (continued)

Banking:

Aktifbank

BRSA sets and monitors capital requirements for the Aktifbank regularly.

The capital adequacy ratio calculations are made in accordance with the “Regulation on Measurement and Evaluation of Capital Adequacy of Banks” published in Official Journal No 28337 of 28 June 2012 from 1 July 2012. Standard Method is used to calculate market risk, which is included in computation of capital adequacy ratio.

In implementing current capital requirements of BRSA requires Aktifbank to maintain a 12 percent ratio of total capital to total risk-weighted assets.

As at 31 December 2020, the Aktifbank’s capital adequacy ratio is 14,39 percent (31 December 2019: 14,85 percent).

BKT

BKT’s policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholder’s return is also recognised and BKT recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. There have been no material changes in BKT’s management of capital during the period.

Regulatory capital: BKT monitors the adequacy of its capital using, among other measures, the rules and ratios established by the Albanian regulator, the Bank of Albania (“BoA”), which ultimately determines the statutory capital required to underpin its business. The regulation “On capital adequacy” is issued pursuant to Law No. 8269 date 23 December 1997 “On the Bank of Albania”, and Law No. 9662 dated 18 December 2006 “On Banks in the Republic of Albania”.

The Capital Adequacy Ratio is the proportion of the regulatory capital to risk weighted exposures, calculated as the sum of the risk-weighted exposure amounts, on- and off-statement of financial position for credit risk and for credit counterparty risk, capital requirement for market and operational risk. The minimum Capital Adequacy Ratio required by Bank of Albania is 12 percent, while BKT has maintained this ratio at 15,75 percent as at 31 December 2020 (31 December 2019: 18,62 percent).

In December 2019, BKT has reported Regulatory Capital Ratio, Tier 1 Capital Ratio and Common Equity Tier 1 Ratio as 15,57 percent, 14,69 percent and 14,69 percent, respectively. (31 December 2019: 18,62 percent, 17,37 percent and 17,37 percent respectively).

Risk-Weighted Assets (RWAs): For calculation of credit risk, exposures, on- and off-statement of financial position are classified in 15 exposure classes. In general terms, client/ issuer type, loan destination and collateral are the main determinants of the exposure class. Each exposure class has its own specific requirements on how to assess the appropriate risk weight and respective risk weighted exposures. For credit risk and counterparty risk is applied the Standardised Approach. Market risk capital requirements are calculated in case the BKT has a trading portfolio that fulfils the requirements defined by the regulation and/ or a total net open currency position that is larger than the defined minimum threshold. Operational risk capital requirement is calculated based on the Basic Indicator Approach.

Compliance: BKT and its individually regulated operations have complied with all internally and externally imposed capital requirements throughout the year.

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36 Financial instruments – Fair values and risk management (*continued*)

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions,
- compliance with regulatory and other legal requirements,
- documentation of controls and procedures,
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified,
- requirements for the reporting of operational losses and proposed remedial action,
- development of contingency plans,
- training and professional development,
- ethical and business standards,
- risk mitigation, including insurance where this is effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit.

Fair value information

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or in its absence, the most advantageous market to which the Group has access at that date.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted market price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

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36 Financial instruments – Fair values and risk management (continued)

Fair value information

The table below shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2020	Amortised costs	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income	Total book value	Level 1	Level 2	Level 3	Total net realisable value
Financial assets measured at fair value								
Financial investments	234.511	292.647	2.770.284	3.297.442	1.825.843	1.178.952	292.647	3.297.442
Derivatives	--	13.332	--	13.332	--	13.332	--	13.332
Financial assets not measured at fair value								
Financial investments	--	4.469	--	4.469	--	--	4.469	4.469
Trade receivables	430.176	--	--	430.176	--	--	--	--
Other receivables	554.612	--	--	554.612	--	--	--	--
Cash and cash equivalents	897.487	--	--	897.487	--	--	--	--
Receivables related to finance sector operations	2.612.686	--	--	2.612.686	--	--	--	--
Total	4.729.472	310.448	2.770.284	7.810.204	1.825.843	1.192.284	297.116	3.315.243
Financial liabilities measured at fair value								
Derivatives	--	19.557	--	19.557	--	19.557	--	19.557
Financial liabilities not measured at fair value								
Loans and borrowings	2.377.295	--	--	2.377.295	--	--	2.377.295	2.377.295
Trade payables	275.046	--	--	275.046	--	--	--	--
Payables related to finance sector operations	5.279.579	--	--	5.279.579	--	--	--	--
Other payables ^(*)	49.563	--	--	49.563	--	--	--	--
Total	7.981.483	19.557	--	8.001.040	--	19.557	2.377.295	2.396.852

^(*) Deposits and guarantees given are excluded from other liabilities.

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36 Financial instruments – Fair values and risk management (continued)

Fair value information (continued)

The table below shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2019	Amortised costs	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income	Total book value	Level 1	Level 2	Level 3	Total net realisable value
Financial assets measured at fair value								
Financial investments	150.752	228.106	2.068.482	2.447.340	1.630.319	588.914	228.106	2.447.339
Derivatives	--	4.943	--	4.943	--	4.943	--	4.943
Financial assets not measured at fair value								
Financial investments	--	856	--	856	--	--	856	856
Trade receivables	428.943	--	--	428.943	--	--	--	--
Other receivables	556.467	--	--	556.467	--	--	--	--
Cash and cash equivalents	1.754.177	--	--	1.754.177	--	--	--	--
Receivables related to finance sector operations	2.123.180	--	--	2.123.180	--	--	--	--
Total	5.013.519	233.905	2.068.482	7.315.906	1.630.319	593.857	228.962	2.453.138
Financial liabilities measured at fair value								
Derivatives	--	2.867	--	2.867	--	2.867	--	2.867
Financial liabilities not measured at fair value								
Loans and borrowings	2.924.230	--	--	2.924.230	--	--	2.924.229	2.924.229
Trade payables	265.290	--	--	265.290	--	--	--	--
Payables related to finance sector operations	4.413.073	--	--	4.413.073	--	--	--	--
Other payables ^(*)	48.440	--	--	48.440	--	--	--	--
Total	7.651.033	2.867	--	7.653.900	--	2.867	2.924.229	2.927.096

(*) Deposits and guarantees given are excluded from other liabilities.

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36 Financial instruments – Fair values and risk management (continued)

Fair value information (continued)

Fair value hierarchy

The fair value hierarchy consists of three levels, depending upon whether fair values are determined based on quoted prices in an active market (Level 1), valuation techniques with observable inputs (Level 2) or valuation techniques that incorporate inputs which are unobservable and which have significant impact on the fair value of the instrument (Level 3):

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: This category includes inputs that are quoted market prices (unadjusted) in active markets for identical instruments. These are instruments where the fair value can be determined directly from prices which are quoted in active, liquid markets and where the instrument observed in the market is representative of that being priced in the Group’s portfolio.
- Level 2: This category includes inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: This category includes all instruments where the valuation technique uses inputs based on unobservable data, which could have a significant effect on the instrument’s valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant, unobservable adjustments or assumptions are required to reflect differences between instruments. Unobservable in this context means that there is little or no current market data available from which the price at which an arm’s length transaction would be likely to occur can be derived.

Valuation models

The Group uses following assumptions to estimate the fair value of financial instruments:

Equity securities: Fair values of publicly traded equity securities are based on quoted market prices where available. In the case of where no quoted market is available, fair value is determined based on quoted prices for similar securities or other valuation techniques. Valuation techniques include discounted cash flow models and transaction multiple methods.

Valuation of equity securities designated as at fair value through profit or loss was carried out by an independent appraiser firm as at 31 December 2020. Discounted cash flow method was used as valuation method and the fair value of this investment was assessed USD 292.647 (31 December 2019: USD 228.106).

Debt securities: Fair values are based on quoted market prices, where available. Quoted market prices may be obtained from an exchange, dealer, broker, pricing service or regulatory service. If quoted prices in an active market are not available, fair value is based on an analysis of available market inputs, which may include values obtained from one or more pricing services or by a valuation technique that discounts expected future cash flows using a market interest rate curves, referenced credit spreads and maturity of the investment.

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36 Financial instruments – Fair values and risk management (continued)

Fair value information (continued)

Valuation models (continued)

Derivative assets and liabilities: Derivatives are valued using valuation techniques. The valuation techniques and inputs depend on the type of derivative and the nature of the underlying instruments. Observable prices or model inputs are usually available in the market for exchange-traded derivatives and simple over-the-counter derivatives.

Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. The principal technique used to value these instruments are based on discounted cash flows. These valuation models calculate the present value of expected future cash flows. Inputs to valuation models are determined from observable market data where possible. The inputs used include prices available from exchanges, dealers, brokers or providers of consensus pricing, yield curves, credit spreads, default rates, recovery rates, volatility of underlying interest rates, equity prices and foreign currency exchange rates. These inputs are determined with reference to quoted prices, recently executed trades, independent market quotes, where available.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Group believes that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and the counterparty where appropriate. For measuring derivatives, fair values taken into account both credit valuation adjustments and debit valuation adjustments.

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37 Group enterprises

The consolidated financial statements aggregate financial information from the following entities:

Subsidiaries

The table below sets out the subsidiaries and their shareholding structure at 31 December:

Company name	Direct controlling interest of Çalık Holding and its subsidiaries		Effective ownership interest of Çalık Holding and its Subsidiaries	
	2020	2019	2020	2019
Adacami Enerji ⁽¹⁾	99,95	99,95	95,38	95,38
Akılcı Bilişim ⁽¹⁾	70,00	70,00	66,76	66,76
Aktifbank	99,43	99,43	99,87	99,87
Akuamarin ⁽⁶⁾	100,00	100,00	99,87	99,87
Akyarlar ⁽⁶⁾	--	100,00	--	99,87
Albatros ⁽⁶⁾	--	100,00	--	99,87
Albtelecom ⁽⁵⁾	80,27	80,27	74,78	74,78
Amethyst ⁽⁸⁾	100,00	100,00	99,29	99,29
Ametist Solar ⁽⁶⁾	100,00	100,00	99,87	99,87
Ant Enerji ⁽¹⁾	100,00	100,00	95,42	95,42
Artmin ⁽⁸⁾	70,00	70,00	69,50	69,50
Atayurt İnşaat ⁽¹⁾	99,50	99,50	95,20	95,20
Attivo ⁽⁶⁾	90,00	90,00	89,88	89,88
Aytaşı ⁽⁶⁾	100,00	100,00	99,87	99,87
BKT Kosova ⁽⁷⁾	100,00	100,00	100,00	100,00
BKT ⁽⁷⁾	100,00	100,00	100,00	100,00
Başak Yönetim	100,00	100,00	100,00	100,00
Calik Denim B.V. ⁽³⁾	100,00	100,00	99,72	99,72
CE Solaire 1 ⁽¹⁾	95,00	--	90,65	--
CE Solaire 2 ⁽¹⁾	95,00	--	90,65	--
Cetel Telekom	93,16	93,16	93,16	93,16
Çalık Alexandria ⁽³⁾	94,00	94,00	99,72	99,72
Çalık Denim	99,72	99,72	99,72	99,72
Çalık Dijital	100,00	100,00	100,00	100,00
ÇEDAŞ ⁽¹⁾	99,90	99,90	95,38	95,38
Çalık Enerji Dubai ⁽¹⁾	100,00	100,00	95,42	95,42
Çalık Enerji	95,42	95,42	95,42	95,42
Çalık Enerji Swiss A.G. ⁽¹⁾	100,00	100,00	95,42	95,42
Çalık Finansal Hizmetler	100,00	100,00	100,00	100,00
Çalık Georgia ⁽¹⁾	100,00	100,00	95,42	95,42
Çalık Güneş ^(*)	--	100,00	--	95,42
Çalık Hava	100,00	100,00	100,00	100,00
Çalık İnşaat ⁽²⁾	99,95	99,95	98,90	98,90
Çalık NTF ^(**)	--	100,00	--	95,42
Çalık Pamuk	86,39	86,39	86,39	86,39
Çalık Rüzgar ⁽¹⁾	95,00	95,00	90,65	90,65
Çalık Solar ^(*)	--	97,50	--	97,50
Çalık Tarım ⁽⁹⁾	100,00	100,00	86,39	86,39
Çalık Yenilenebilir ^(*)	--	100,00	--	95,42

Çalık Holding Anonim Şirketi and its Subsidiaries

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Group enterprises (continued)

Subsidiaries (continued)

Company name	Direct controlling interest of Çalık Holding and its subsidiaries		Effective ownership interest of Çalık Holding and its Subsidiaries	
	2020	2019	2020	2019
ÇEDYAŞ ^(**)	--	100,00	--	95,42
Çiğdem ⁽⁶⁾	100,00	100,00	99,87	99,87
ÇL Enerji ⁽¹⁾	50,00	50,00	47,71	47,71
Çöl Yıldızı ⁽⁶⁾	--	100,00	--	99,87
Defne ⁽⁶⁾	100,00	100,00	99,87	99,87
Demircili ⁽¹⁾	85,00	85,00	81,11	81,11
Deniz Güneş Enerjisi ⁽⁶⁾	100,00	100,00	99,87	99,87
Deniz Yıldızı ⁽⁶⁾	--	100,00	--	99,87
Duru ⁽⁶⁾	100,00	100,00	99,87	99,87
E-Kent ⁽⁶⁾	100,00	100,00	99,87	99,87
Eko Biokütle ⁽⁶⁾	100,00	100,00	99,87	99,87
Emlak Girişim ⁽⁶⁾	100,00	100,00	99,87	99,87
Energy Sabz Arman ⁽¹⁾	--	100,00	--	95,42
Energy Sabz Pouya ⁽¹⁾	--	100,00	--	95,42
E-Post ⁽⁶⁾	99,86	99,86	99,87	99,87
Esen ⁽⁶⁾	100,00	100,00	99,87	99,87
Gap Construction Co. ⁽²⁾	100,00	100,00	98,91	98,91
Gap İnşaat Katar ⁽²⁾	100,00	100,00	98,91	98,91
Gap Elektrik ^(***)	--	89,96	--	99,93
Gap İnşaat Sudan ⁽²⁾	80,00	80,00	98,22	98,22
Gap İnşaat Dubai ⁽²⁾	100,00	100,00	98,91	98,91
Gap İnşaat Ukraine ⁽²⁾	99,00	99,00	97,92	97,92
Gap İnşaat	98,90	98,90	98,91	98,91
Gap Pazarlama	99,43	99,43	99,43	99,43
Gap Pazarlama FZE ⁽⁴⁾	100,00	100,00	99,43	99,43
Gappa ⁽⁴⁾	100,00	100,00	99,43	99,43
Gap Yapı ^(****)	--	98,90	--	98,91
Gelincik ⁽⁶⁾	100,00	100,00	99,87	99,87
Gök Safır ⁽⁶⁾	--	100,00	--	99,87
Güneştaşı ⁽⁶⁾	100,00	100,00	99,87	99,87
Hamerz Green Energy ⁽¹⁾	--	98,00	--	95,42
Innovative Construction ⁽²⁾	100,00	100,00	98,91	98,91
İrmak Yönetim	100,00	100,00	100,00	100,00
İkideniz Petrol	99,99	99,99	99,99	99,99
İnovaban İnovasyon ⁽⁶⁾	67,00	67,00	66,91	66,91
İpek ⁽⁶⁾	100,00	100,00	99,87	99,87
JSC Georgia ⁽¹⁾	85,00	85,00	81,11	81,11
Kadıkalesi ⁽⁶⁾	--	100,00	--	99,87
Kamelya ⁽⁶⁾	--	100,00	--	99,87
Kaplan Gözü ⁽⁶⁾	100,00	100,00	99,87	99,87
Kasımpatı ⁽⁶⁾	100,00	100,00	99,87	99,87
Kentsel Dönüşüm ⁽²⁾	99,00	99,00	98,67	98,67
Kırlangıç ⁽⁶⁾	--	100,00	--	99,87
Kızılırmak ⁽¹⁾	99,30	99,30	94,86	94,86
Kızılyıldızı ⁽⁶⁾	--	100,00	--	99,87
Kuvars ⁽⁶⁾	100,00	100,00	99,87	99,87
Kuzey Yıldızı ⁽⁶⁾	--	100,00	--	99,87

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(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

37

Group enterprises (continued)

Subsidiaries (continued)

Company name	Direct controlling interest of Çalık Holding and its subsidiaries		Effective ownership interest of Çalık Holding and its Subsidiaries	
	2020	2019	2020	2019
Lapis ⁽⁶⁾	100,00	100,00	99,87	99,87
Leylak ⁽⁶⁾	100,00	100,00	99,87	99,87
Lidya Aurasia ⁽⁸⁾	100,00	--	99,29	--
Lidya Maden	99,28	99,28	99,29	99,29
Lilyum ⁽⁶⁾	100,00	100,00	99,87	99,87
Malatya Boya ⁽³⁾	100,00	100,00	99,72	99,72
Martı ⁽⁶⁾	100,00	100,00	99,87	99,87
Mayestan Clean Energy ⁽¹⁾	--	100,00	--	95,42
Mehtap ⁽⁶⁾	100,00	100,00	99,87	99,87
Mercan ⁽⁶⁾	100,00	100,00	99,87	99,87
Momentum Enerji ⁽¹⁾	100,00	100,00	95,42	95,42
Mükafat Portföy ⁽⁶⁾	80,00	80,00	79,89	79,89
Nilüfer ⁽⁶⁾	100,00	100,00	99,87	99,87
N-Kolay ⁽⁶⁾	90,04	90,04	89,92	89,92
Nouvelle Frontiere ⁽⁸⁾	100,00	100,00	99,29	99,29
Olimpos ^(*)	--	73,42	--	96,60
Olivin ⁽⁶⁾	--	100,00	--	99,87
Oniki Teknoloji ⁽⁶⁾	100,00	100,00	99,87	99,87
Oniks ⁽⁶⁾	100,00	100,00	99,87	99,87
Onyx ⁽¹⁾	100,00	100,00	95,42	95,42
Opal ⁽⁶⁾	100,00	100,00	99,87	99,87
Pasifik ^(*)	--	73,13	--	96,62
Passo Spor ⁽⁶⁾	75,00	100,00	74,90	99,87
Pavo ⁽⁶⁾	100,00	100,00	99,87	99,87
Petrotrans Enerji ^(*****)	--	99,92	--	99,92
Polimetal Madencilik ⁽⁸⁾	100,00	50,00	99,29	49,64
Polimetal Mineral ⁽⁸⁾	100,00	100,00	99,29	99,29
Saudi Jalik Energy Company ⁽¹⁾	100,00	100,00	95,42	95,42
Sedef ⁽⁶⁾	--	100,00	--	99,87
Seher ⁽⁶⁾	100,00	100,00	99,87	99,87
Seher Yıldızı ⁽⁶⁾	--	100,00	--	99,87
Sembol Enerji ^(*)	--	100,00	--	100,00
Sigortayeri ⁽⁶⁾	100,00	100,00	99,87	99,87
Synchron ⁽⁴⁾	100,00	100,00	99,43	99,43
Tanyeri ⁽⁶⁾	100,00	100,00	99,87	99,87
Taşkent Merkez ⁽¹⁾	100,00	100,00	95,42	95,42
TCB İnşaat ⁽¹⁾	100,00	100,00	95,42	97,50
Technological Energy ⁽¹⁾	100,00	100,00	95,42	95,42
Technovision ⁽¹⁾	99,99	99,99	95,41	95,42
Tura Moda ⁽⁴⁾	100,00	100,00	99,43	99,43
Turkuvaz ⁽⁶⁾	100,00	100,00	99,87	99,87
Türkmen Elektrik ⁽¹⁾	95,50	95,50	92,63	92,63
Ufuk ⁽⁶⁾	100,00	100,00	99,87	99,87
UPT ⁽⁶⁾	100,00	100,00	99,87	99,87
UPT Lithuania ⁽⁶⁾	100,00	100,00	99,87	99,87
Uztur ⁽¹⁾	100,00	100,00	95,42	95,42
White Construction N.V ⁽²⁾	100,00	100,00	98,91	98,91

Çalık Holding Anonim Şirketi and its Subsidiaries

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(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

37 Group enterprises (continued)

Subsidiaries (continued)

Company name	Direct controlling interest of Çalık Holding and its subsidiaries		Effective ownership interest of Çalık Holding and its Subsidiaries	
	2020	2019	2020	2019
Workindo ⁽⁶⁾	33,33	--	65,10	--
Yakamoz ⁽⁶⁾	100,00	100,00	99,87	99,87
Yakut ⁽⁶⁾	--	100,00	--	99,87
Yalıkavak ⁽⁶⁾	--	100,00	--	99,87
Yeşilçay Enerji ⁽¹⁾	100,00	100,00	95,42	95,42
YEDAŞ ⁽¹⁾	100,00	100,00	95,38	95,38
YEPAS ⁽¹⁾	100,00	100,00	95,38	95,38
Zirkon ⁽⁶⁾	--	100,00	--	99,87

(*) The company merged with Momentum Enerji Elektrik Üretim San. Ve Tic A.Ş..

(**) The company merged with Çalık Enerji Sanayi ve Ticaret A.Ş..

(***) The company merged with TCB İnşaat Yatırım A.Ş..

(****) The company merged with Gap İnşaat A.Ş..

(*****) The company merged with Çalık Holding A.Ş..

¹First consolidated under Çalık Enerji, then consolidated under the Group

²First consolidated under Gap İnşaat, then consolidated under the Group

³First consolidated under Çalık Denim, then consolidated under the Group

⁴First consolidated under Gap Pazarlama, then consolidated under the Group

⁵First consolidated under Cetel Telekom, then consolidated under the Group

⁶First consolidated under Akıfbank, then consolidated under the Group

⁷First consolidated under Çalık Finansal Hizmetler, then consolidated under the Group

⁸First consolidated under Lidya Maden, then consolidated under the Group

⁹First consolidated under Çalık Pamuk, then consolidated under the Group

Joint ventures

The table below sets out the joint ventures and their shareholding structure at 31 December:

	Direct controlling interest of Çalık Holding and its subsidiaries		Effective ownership interest of Çalık Holding and its Subsidiaries	
	2020	2019	2020	2019
Çalık-Biskon	50,00	--	47,71	--
Çalık Limak Adi Ortaklığı	50,00	50,00	47,69	47,69
Denge-Çalık	50,00	--	47,71	--
Doğu Aras	50,00	50,00	47,71	47,71
HMC Digital	33,33	--	33,29	--
Kartaltepe	50,00	50,00	49,64	49,64
KÇLE	50,00	50,00	47,71	47,71
LC Electricity	50,00	50,00	46,31	46,31
Tunçpınar	50,00	50,00	49,64	49,64

Çalık Holding Anonim Şirketi and its Subsidiaries

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(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

37 Group enterprises (continued)

Associates

The table below sets out the associates and their shareholding structure at 31 December:

Şirket adı	Direct controlling interest of Çalık Holding and its subsidiaries		Effective ownership interest of Çalık Holding and its Subsidiaries	
	2020	2019	2020	2019
Aktif VKŞ	100,00	100,00	99,87	99,87
Albania Leasing	29,99	29,99	29,99	29,99
Balkan Dokuma	31,00	31,00	31,00	31,00
CYDEV Investment	99,99	99,99	25,53	25,53
Dome Zero	1,98	1,98	1,98	1,98
Emyap Development	51,00	51,00	13,02	13,02
ELC	36,71	36,71	36,66	36,66
Euro-Mediterranean	25,57	25,57	25,54	25,54
Halk Yenilenebilir	50,00	50,00	49,93	49,93
TJK	34,80	34,80	34,70	34,70
Haliç Leasing	32,00	32,00	31,96	31,96
Idea Farm	30,00	30,00	29,96	29,96
Kazakhstan Ijara Company KIC Leasing	14,32	14,32	14,30	14,30
Kıbrıs Besicilik	99,99	99,99	25,53	25,53
Secom Aktif Elektronik	100,00	100,00	49,93	49,93
Secom Aktif Yatırım	50,00	50,00	49,93	49,93
Serdar Pamuk	10,00	10,00	10,00	10,00
Silent Valley	51,00	51,00	13,02	13,02
TTK	32,00	32,00	32,00	32,00

38 Subsequent events

None.