

**KARPOWER INTERNATIONAL B.V.
AND ITS SUBSIDIARIES**

**SPECIAL PURPOSE CONSOLIDATED
FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2020 AND
INDEPENDENT AUDITOR'S REPORT**

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INDEPENDENT AUDITOR'S REPORT

**To the Board of the Directors of
Karpower International B.V.**

Report on the Audit of the Special Purpose Consolidated Financial Statements

Opinion

We have audited the special purpose consolidated financial statements of Karpower International B.V. ("the Company") and its subsidiaries (together "the Group"), which comprise the special purpose consolidated statement of financial position as at 31 December 2020, and the special purpose consolidated statement of profit or loss and other comprehensive income, special purpose consolidated statement of changes in equity and special purpose consolidated statement of cash flows for the year then ended, and notes to the special purpose consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying special purpose consolidated financial statements present fairly, in all material respects, the special purpose consolidated financial position of the Group as at 31 December 2020, and its special purpose consolidated financial performance and its special purpose 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 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 other ethical requirements that are relevant to our audit of the Group's special purpose consolidated financial statements, 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.

Responsibilities of Management and Those Charged with Governance for the Special Purpose Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Special purpose consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the special purpose 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 special purpose 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 special purpose 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 special purpose 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 special purpose consolidated financial statements, including the disclosures, and whether the special purpose 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 special purpose 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.

ORT BAĞIMSIZ DENETİM VE SERBEST A.Ş.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU LIMITED

Istanbul, 21 April 2021

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KARPOWER INTERNATIONAL B.V.**SPECIAL PURPOSE CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

ASSETS	Notes	31 December 2020	31 December 2019
Current assets			
Cash and cash equivalents	6	215,693,682	172,197,903
Investments	15	19,867,704	87,554,543
Trade receivables	7	470,388,825	445,566,872
Due from related parties	21	101,137,469	65,492,074
Inventories	8	43,151,379	42,121,520
Prepaid expenses	9	38,776,443	39,046,789
Other current assets	10	151,956,608	111,951,848
Total current assets		1,040,972,110	963,931,549
Non-current assets			
Property, plant and equipment	11	3,252,017,508	3,105,183,580
Intangible assets		26,257	43,519
Investment on a joint venture	22	12,789,417	8,821,529
Prepaid expenses	9	11,226,305	16,444,557
Deferred tax assets	20	84,526	263,345
Other non-current assets	10	2,289,694	3,030,555
Total non-current assets		3,278,433,707	3,133,787,085
Total assets		4,319,405,817	4,097,718,634

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

KARPOWER INTERNATIONAL B.V.

**SPECIAL PURPOSE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

LIABILITIES	Notes	31 December 2020	31 December 2019
Current liabilities			
Short term borrowings	12	95,194,842	218,428,377
Short term portion of long term borrowings	12	649,546,801	488,934,685
Trade payables	7	174,943,022	149,688,838
Due to related parties	21	6,953,936	16,434,706
Deferred income	9	45,000	16,851,433
Current income tax liabilities	21	21,025,593	6,368,062
Other current liabilities	10	35,426,121	32,858,579
Total current liabilities		983,135,315	929,564,680
Non-current liabilities			
Long term borrowings	12	565,519,630	840,742,251
Deferred income	9	4,500,000	13,220,269
Provisions for employment termination benefits		2,960,823	2,303,095
Deferred tax liabilities	20	4,501,738	146,995
Total non-current liabilities		577,482,191	856,412,610
Total liabilities		1,560,617,506	1,785,977,290
EQUITY			
Share capital	14	1,288,185,010	851,685,010
Other comprehensive income and expense that will not be reclassified to profit or loss			
- Revaluation fund	14	690,171,951	698,464,340
- Actuarial gain / (loss) on employment termination benefits		(7,207)	(142,111)
that may be reclassified to profit or loss			
- Currency translation reserve		(7,340,139)	(6,763,531)
Retained earnings		748,356,214	732,162,146
Equity attributable to equity holders of the parent		2,719,365,829	2,275,405,854
Non-controlling interest		39,422,482	36,335,490
Total equity		2,758,788,311	2,311,741,344
Total liabilities and equity		4,319,405,817	4,097,718,634

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

KARPOWER INTERNATIONAL B.V.

**SPECIAL PURPOSE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY - 31
DECEMBER 2020**

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

	Notes	1 January - 31 December 2020	1 January - 31 December 2019
PROFIT OR LOSS			
Revenue	16	1,252,485,904	1,064,149,725
Cost of sales (-)	16	(628,771,908)	(566,141,568)
Gross profit		623,713,996	498,008,157
General administrative expenses (-)	17	(72,663,553)	(72,103,343)
Other operating income	18	107,483,617	56,706,265
Other operating expenses (-)	18	(177,320,724)	(72,406,983)
Share of loss of joint ventures	22	(124,644)	(274,420)
Operating profit		481,088,692	409,929,676
Financial income	19	4,217,277	2,476,965
Financial expenses (-)	19	(142,508,279)	(122,255,721)
Profit before taxes on income		342,797,690	290,150,920
Taxes on income			
Current tax expense (-)	20	(44,878,951)	(27,781,465)
Deferred tax expense (-)	20	(4,532,558)	84,934
Net profit for the year		293,386,181	262,454,389
Net profit for the year attributable to			
Equity holders of the parent		290,299,189	262,663,539
Non-controlling interest		3,086,992	(209,150)
		293,386,181	262,454,389
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Actuarial gain / (loss) on employment termination benefits		134,904	(169,031)
Change in fair value of property, plant and equipment	11	25,602,490	169,139,931
Items that may be reclassified to profit or loss			
Currency translation differences		(576,608)	438,522
Other comprehensive income		25,160,786	169,409,422
Total comprehensive income		318,546,967	431,863,811
Total comprehensive income attributable to			
Equity holders of the parent		315,459,975	432,072,961
Non-controlling interest		3,086,992	(209,150)
		318,546,967	431,863,811

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

KARPOWER INTERNATIONAL B.V.

SPECIAL PURPOSE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in US Dollars ("USD")) unless otherwise indicated.)

	Share capital	Actuarial gains	Revaluation fund	Other comprehensive income and expense that may be reclassified to profit or loss	Other comprehensive income and expense that may be reclassified to profit or loss	Currency translation reserve	Retained earnings	Attributable to equity holders the parent	Non- controlling interest	Total equity
Balance at 1 January 2020	851,685,010	(142,111)	698,464,340	(6,763,531)	732,162,146	2,275,405,854	36,335,490	2,311,741,344		
Capital increase	436,500,000	-	-	-	-	436,500,000	-	436,500,000	-	436,500,000
Dividend distribution (Note 14)	-	-	-	-	(308,000,000)	(308,000,000)	-	(308,000,000)	-	(308,000,000)
Transfer of depreciation of revalued powerships (Note 14)	-	-	(33,894,879)	-	33,894,879	-	-	-	-	-
Total comprehensive income	-	134,904	25,602,490	(576,608)	290,299,189	315,459,975	3,086,992	318,546,967		
Balance at 31 December 2020	1,288,185,010	(7,207)	690,171,951	(7,340,139)	748,356,214	2,719,365,829	39,422,482	2,758,788,311		

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

KARPOWER INTERNATIONAL B.V.

SPECIAL PURPOSE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

	Share capital	Actuarial gains	Revaluation fund	Other comprehensive income and expense that may be reclassified to profit or loss	Other comprehensive income and expense that may be reclassified to profit or loss	Currency translation reserve	Attributable to equity holders the parent	Retained earnings	Non-controlling interest	Total equity
Balance at 1 January 2019	571,348,010	26,920	639,029,268	(7,202,053)	648,438,085	1,851,640,330	294,640	1,851,934,970		
The effect of revaluation reserve reclassification (*)	-	-	(77,507,254)	-	77,507,254	-	-	-	-	-
Capital increase	280,337,000	-	-	-	-	280,337,000	-	-	-	280,337,000
Effects of transactions involving entities under common control (Note 1) (**)	-	-	-	-	1,192,290	1,192,290	-	-	-	1,192,290
Adjustment arising from change in ownership rates (***)	-	-	-	-	31,403,240	31,403,240	36,250,000	67,653,240	-	67,653,240
Dividend distribution (Note 14)	-	-	-	-	(321,239,967)	(321,239,967)	-	(321,239,967)	-	(321,239,967)
Transfer of depreciation of revalued powerships (Note 14)	-	-	(32,197,705)	-	32,197,705	-	-	-	-	-
Total comprehensive income	-	(169,031)	169,139,931	438,522	262,663,539	432,072,961	(209,150)	431,863,811	-	431,863,811
Balance at 31 December 2019	851,685,010	(142,111)	698,464,340	(6,763,531)	732,162,146	2,275,405,854	36,335,490	2,311,741,344		

(*) Group management has reviewed revaluation surpluses and reclassified USD 77,507,254 to retained earnings. Since these reclassification is a transfer within equity items previous year financials are not restated accordingly.

(**) Karpowership Cyprus Company Limited had been consolidated in Karpower International B.V. previously. In the current period this company is transferred to Karkey Karadeniz Elektrik A.Ş. consolidation following the shares transfers. Accordingly, amounting of USD 1,192,290 recognised in retained earnings considering the effects realised between the entities under common control.

(***) On 20 December 2019 the Group sold %25 ordinary shares of its subsidiary, Karmol Powership Limited, to Mitsui O.S.K. Lines Ltd. Group with an amount of 67,653,240 USD. The difference between the consideration received and the net asset value of the related percent of shares of the subsidiary recognized at retained earnings considering changes in ownership rates that do not result in control ceases in the subsidiary.

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

KARPOWER INTERNATIONAL B.V.

**SPECIAL PURPOSE CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020**

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

	Notes	1 January - 31 December 2020	1 January - 31 December 2019
CASH FLOWS FROM OPERATING ACTIVITIES		400,177,023	172,519,420
Profit for the year		293,386,181	262,454,389
Adjustments to reconcile profit for the year		356,164,981	294,021,534
Depreciation and amortization	16-17	111,296,392	106,935,290
Provision for employment termination benefits		722,323	761,656
Interest expense	19	93,011,400	112,881,280
Interest income	18- 19	(24,525,709)	(1,778,567)
Provision for doubtful receivables	7-21	111,611,774	48,183,702
Gain on sale of property, plant and equipments	18	(14,236,649)	(141,902)
Shares of loss of joint ventures	22	124,644	274,420
Unrealized foreign exchange gain/losses (net)		28,749,297	(790,876)
Tax expense	20	49,411,509	27,696,531
Changes in net working capital		(249,374,139)	(383,956,503)
Changes in due from/due to related parties		(53,507,265)	(53,489,910)
Changes in trade receivables		(107,744,195)	5,494,642
Changes in inventories		(1,029,859)	(12,858,148)
Changes in other current and non current assets and liabilities		(34,941,958)	(2,602,616)
Changes in prepaid expenses and deferred income		(47,119,031)	(24,061,739)
Changes in trade payables		25,254,184	(263,383,059)
Taxes paid		(30,221,420)	(33,009,467)
Employment termination benefit paid		(64,595)	(46,206)
Net cash used in investing activities		(121,904,817)	(255,813,834)
Proceeds from sale of property, plant and equipment		44,024,574	30,796,822
Purchases of property, plant and equipment and intangible assets		(227,905,207)	(264,639,627)
Change in investments		67,686,839	(85,023,568)
Proceeds from disposal of subsidiary shares		-	67,653,240
Capital paid in associates	23	(5,711,023)	(4,600,701)
Cash flows (used in) / generated from financing activities		(241,587,731)	36,455,286
Proceeds from bank borrowings	12	491,017,994	583,828,770
Repayments of bank borrowings	12	(756,391,222)	(381,633,975)
Capital increase	14	436,500,000	280,337,000
Interest paid		(108,931,780)	(126,615,109)
Interest received	19	4,217,277	1,778,567
Dividend payment	14	(308,000,000)	(321,239,967)
Net increase / (decrease) in cash and cash equivalents		36,684,475	(46,839,128)
Effects of unrealized exchange gains / (loss) on cash and cash equivalents		6,811,304	(278,027)
Cash and cash equivalents at the beginning of the year	6	172,197,903	219,315,058
Cash and cash equivalents at the end of the year	6	215,693,682	172,197,903

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

KARPOWER INTERNATIONAL B.V.

NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Having established in 2010, Karpower International B.V., (the "Group" or "Karpower BV"), is the holding company for the overseas operations of the Karadeniz Holding A.Ş. ("Karadeniz Holding"), which is the ultimate controlling party of the Group. The Group mainly provides administrative services and coordination for operations in foreign countries.

The Group is registered in the Netherlands and its registered address is Herengracht 493, 1017BT Amsterdam.

As of 31 December 2020, average personnel number under payroll of the Group is 988 (2019: 1,280).

The major subsidiaries of Karpower International B.V. and their nature of operations are as follows:

Subsidiaries	Nature of business	Segment	Country	Currency
1. Karpowership Indonesia 22 DMCC ("Indonesia 22")	Floating power plant services	Energy	United Arab Emirates	USD
2. Karpowership Indonesia 23 DMCC ("Indonesia 23")	Floating power plant services	Energy	United Arab Emirates	USD
3. Karpowership Indonesia 11 DMCC ("Indonesia 11")	Floating power plant services	Energy	United Arab Emirates	USD
4. Karpowership Indonesia 14 DMCC ("Indonesia 14")	Floating power plant services	Energy	United Arab Emirates	USD
5. Karpowership Lebanon Company Limited ("Karpowership Lebanon")	Floating power plant services	Energy	Marshall Islands	USD
6. Karpowership Indonesia 3 DMCC ("Indonesia 3")	Floating power plant services	Energy	United Arab Emirates	USD
7. Karpowership Lebanon Company Limited (Lebanon Branch) ("Karpowership Lebanon Branch")	Operation of floating power plant	Energy	Lebanon	USD
8. Karpowership Lebanon Company Limited (Dubai Branch) ("Karpowership Lebanon DMCC Branch")	Operation of floating power plant	Energy	United Arab Emirates	USD
9. Karpowership Americas Company Limited ("KPS Americas")	Floating power plant services	Energy	Marshall Islands	USD
10. Karpowership Panama Company, S. De R.L.	Floating power plant services	Energy	Marshall Islands	USD
11. Karadeniz Powership Ibrahim Bey Company ("Ibrahim Bey")	Construction of floating power plants	Energy	Marshall Islands	USD
12. Karadeniz Powership Mehmet Bey Company ("Mehmet Bey")	Construction of floating power plants	Energy	Marshall Islands	USD
13. Karadeniz Powership Ela Sultan Company ("Ela Sultan")	Construction of floating power plants	Energy	Marshall Islands	USD
14. Karadeniz Powership Orka Sultan Company ("Orka Sultan")	Construction of floating power plants	Energy	Marshall Islands	USD
15. Karadeniz Powership Deniz Sultan Company ("Deniz Sultan")	Floating power plant services	Energy	Marshall Islands	USD
16. Karadeniz Powership Ebru Sultan Company ("Ebru Sultan")	Floating power plant services	Energy	Marshall Islands	USD
17. Karadeniz Powership Reâkat Sultan Company ("Reâkat Sultan")	Construction of floating power plants	Energy	Marshall Islands	USD
18. Karadeniz Powership Kaya Bey Company ("Kaya Bey")	Floating power plant services	Energy	Marshall Islands	USD
19. Karadeniz Powership Kaya Bey (SL) Limited ("Kaya Bey Branch")	Floating power plant services	Energy	Sierra Leone	USD
20. Karadeniz Powership Koray Bey Company ("Koray Bey")	Floating power plant services	Energy	Marshall Islands	USD
21. Karadeniz Powership Koray Bey Company Limited (Branch) ("Koray Bey Branch")	Floating power plant services	Energy	Gambia	USD
22. Karpower Orinet Company Limited ("Orient")	Floating power plant services	Energy	Marshall Islands	USD
23. Karadeniz Powership Metin Bey Company ("Metin Bey")	Floating power plant services	Energy	Marshall Islands	USD
24. Karadeniz Powership Osman Khan Company Limited ("Osman Khan")	Floating power plant services	Energy	Isle of Man	USD
25. Karpowership 15 DMCC ("15 DMCC")	Floating power plant services	Energy	United Arab Emirates	USD
26. Karpowership 24 DMCC ("24 DMCC")	Floating power plant services	Energy	United Arab Emirates	USD
27. Karadeniz Powership Ayşegül Sultan Company Limited ("Ayşegül Sultan")	Construction and operation of floating power plant	Energy	Isle of Man	USD
28. Karadeniz Powership Ayşegül Sultan Company Limited ("Ayşegül Sultan DMCC Branch")	Floating power plant services	Energy	United Arab Emirates	USD
29. Karadeniz Powership Osman Bey Company Limited ("Osman Bey")	Maritime services	Other	Marshall Islands	USD
30. Karpowership Bagan Company Limited ("Karpowership Bagan")	Floating power plant services	Energy	Myanmar	USD
31. Karpowership Asia Company Private Limited ("Karpowership Asia")	Floating power plant services	Energy	Singapore	USD

KARPOWER INTERNATIONAL B.V.

NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries	Nature of business	Segment	Country	Currency
32.Karadeniz Powership Latam1 Company Limited ("Latam1")	Floating power plant services	Energy	Malta	USD
33.Karadeniz Powership Latam2 Company Limited ("Latam2")	Floating power plant services	Energy	Malta	USD
34.Karadeniz Powership Latam3 Company Limited ("Latam3")	Floating power plant services	Energy	Malta	USD
35.Karpowership West Africa Ventures Company Ltd ("West Africa")	Floating power plant services	Energy	Ghana	GHS
36.Limited Liability Company Best Solar ("Best Solar")	Solar energy	Energy	Ukraine	UAH
37.Karpowership Senegal ("Karpowership Senegal")	Floating power plant services	Energy	Senegal	CFA
38.Karpowership Mauritius Company Limited ("Karpowership Mauritius")	Floating power plant services	Energy	Mauritius	USD
39.Karpowership SA Proprietary Limited	Floating power plant services	Energy	South Africa	USD
40.KPS Powership SA (PTY) Limited	Floating power plant services	Energy	South Africa	USD
41.PT Kar Powership Indonesia Company Limited ("PT Indonesia")	Floating power plant services	Energy	Indonesia	USD
42.Karpowership Mozambique Company Limitada ("Karpowership Mozambique Limitada")	Floating power plant services	Energy	Mozambique	USD
43.Karpower Ghana Finance Services B.V. ("Ghana Finance")	Financing	Energy	Netherlands	USD
44.Karpower Indonesia Finance Services B.V. ("Indonesia Finance")	Financing	Energy	Netherlands	USD
45.Karpower Latam Company ("Karpower Latam") (1)	Floating power plant services	Energy	England	GBP
46.Karpowership UK Ltd. ("Karpowership UK") (1)	Floating power plant services	Energy	England	GBP
47.Karadeniz Holdings Limited ("Karadeniz Holdings")	Holding Company	Energy	Malta	USD
48.Kamarine Karadeniz Denizcilik ve Ticaret A.Ş. ("Kamarine A.Ş.")	Spare parts trading	Energy	Turkey	TL
49.Kamarine Karadeniz Denizcilik ve Ticaret A.Ş. Serbest Bölge ("Kamarine Desbaş")	Spare parts trading	Energy	Turkey	TL
50.Karpowership Ghana Company Limited	Floating power plant services	Energy	Ghana	USD
51.Karadeniz Powership Gökhan Bey Company	Floating power plant services	Energy	Marshall Islands	USD
52.Karadeniz Powership Orhan Bey Company ("Orhan Bey")	Floating power plant services	Energy	Marshall Islands	USD
53.Karadeniz Powership Yasin Bey Company ("Yasin Bey")	Floating power plant services	Energy	Marshall Islands	USD
54.Karadeniz Powership Zeynep Sultan Company Limited ("Zeynep Sultan")	Floating power plant services	Energy	Isle of Man	USD
55.Karpower International DMCC ("International DMCC")	Floating power plants services	Energy	United Arab Emirates	USD
56.Powership Operation DMCC ("Operation DMCC")	Floating power plants services	Energy	United Arab Emirates	USD
57.Karpowershipyard Rauf Bey Company ("Rauf Bey")	Floating power plant services	Energy	Marshall Islands	USD
58.Karpowership MENA Company Limited (previously known as Karpowership Iraq Company Limited)	Floating power plant services	Energy	Marshall Islands	USD
59.Karpowership Iraq Company Limited (DMCC Branch)	Floating power plant services	Energy	United Arab Emirates	USD
60.Karadeniz Powership Suheyla Sultan Company ("Suheyla Sultan")	Floating power plant services	Energy	Marshall Islands	USD
59.Karpowership Iraq Company Limited (DMCC Branch)	Floating power plant services	Energy	United Arab Emirates	USD
60.Karadeniz Powership Suheyla Sultan Company ("Suheyla Sultan")	Floating power plant services	Energy	Marshall Islands	USD
61.Karadeniz Powership Yurdanur Sultan Company ("Yurdanur Sultan")	Floating power plant services	Energy	Marshall Islands	USD
62.Karadeniz Powership Esra Sultan Company	Floating power plant services	Energy	Marshall Islands	USD
63.Karpowership Mozambique Company Limited ("Karpowership Mozambique MP")	Floating power plant services	Energy	Marshall Islands	USD
64.Karpowership Energy (Namibia) (Proprietary) ("Karpowership Namibia")	Floating power plant services	Energy	Namibia	NAD
65.Karadeniz Powership 25 DMCC ("25 DMCC")	Floating power plant services	Energy	United Arab Emirates	USD
66.Mozambique Powership DMCC ("Mozambique DMCC")	Floating power plant services	Energy	United Arab Emirates	USD
67.Karmol Powership Company Limited ("Karmol Powership")	Holding Company	Energy	Malta	USD
68.Karpower Latam Company Limited (Argentine Branch)	Floating power plant services	Energy	Argentina	USD
69.Karpower International DMCC GB - Filial, SA	Floating power plant services	Energy	United Arab Emirates	USD

KARPOWER INTERNATIONAL B.V.

NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries	Nature of business	Segment	Country	Currency
70.Karpowership Uk Ports & Shore Power Limited (1)	Floating power plant services	Energy	England	GBP
71.Karpowership UK GTP Limited (1)	Floating power plant services	Energy	England	GBP
72.Karpowership Global B.V.	Floating power plant services	Energy	Netherland	USD
73.Karpower International B.V. ("Karpower B.V.")	Coordination of foreign entities	Energy	The Netherlands	USD
74.Karpowership Conakry (Succursale) (2)	Floating power plant services	Energy	Guinea Conakry	GNF
75.Karpowership LNG Solutions DMCC (2)	Floating power plant services	Energy	United Arab Emirates	USD
76.One World Marine DMCC (2)	Floating power plant services	Energy	United Arab Emirates	USD
77.Karpowership DRC (2)	Floating power plant services	Energy	Democratic Republic of the Congo	USD
78.Karpowership SA Project Company 1 (PTY) Limited (2)	Floating power plant services	Energy	South Africa	ZAR
78.Karpowership SA Project Company 2 (PTY) Limited (2)	Floating power plant services	Energy	South Africa	ZAR
78.Karpowership SA Project Company 3 (PTY) Limited (2)	Floating power plant services	Energy	South Africa	ZAR
81.Karpowership SA Operation and Maintenance Company (PTY) Limited (2)	Floating power plant services	Energy	South Africa	ZAR
82.Karpowership SA Fuel Services Company (PTY) Limited (2)	Floating power plant services	Energy	South Africa	ZAR

- (1) These subsidiaries are controlled and consolidated by the Group, where the Directors have taken the exemption from having an audit of its financial statements for the year ended 31 December 2020. This exemption is taken in accordance with Companies Act s479A.
- (2) The companies have established in 2020.

Joint ventures	Nature of business	Segment	Country	Currency
Karmol Lng Company Limited ("Karmol Lng") (1)	Holding Company	Energy	Malta	USD

- (1) As of 31 December 2020, the joint ventures's current assets, non-current assets, short-term and long-term liabilities and shareholders' equity, which are consolidated with the equity method in accordance with IAS 28.

The Group and its subsidiaries are referred to as the "Group" in the special purpose consolidated financial statements.

Main operations of the Group

Lebanon

Karpowership Lebanon has signed an agreement with the Republic of Lebanon Ministry of Energy and Water for and on behalf of Electricite du Liban ("EDL") on 13 July 2012 for Energy Conversion Works. KPS 7 Orhan Bey and KPS 9 Fatmagül Sultan floating power plants have been operating since 31 March 2013. Karpowership Lebanon is responsible for providing 370 MW of energy with guaranteed availability 90%.

Ghana

Karpowership Ghana has signed an agreement with the Electricity Company of Ghana Limited ("ECG") on 5 June 2014 for Power Delivery Services as operation company. KPS 12 Osman Khan floating power plant owned by Karadeniz Powership Osman Khan Company (ship company) is responsible for providing 450 MW of energy with guaranteed availability 93%.

KARPOWER INTERNATIONAL B.V.

NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Sudan

Karen Dış Ticaret ve Enerji A.Ş. (a related party) signed a power purchase agreement with Sudanese Thermal Power Generating Company on 10 April 2018. Contract is take and pay, operations started on May 2018.

KPS 5 Kaya Bey and KPS 4 Rauf Bey powerships owned by Kapowership Iraq Company continue their operations.

Indonesia

PT Indonesia has signed five agreement with the PT PLN ("Persero") to supply electricity in 5 different islands of the Indonesian Archipelago as operation company.

First floating power plant, KPS 11 Zeynep Sultan floating power plant owned by Karpowership Indonesia 11 DMCC Company has arrived in Amurang, North Sulawesi and started operations on January 2016. Second powership KPS 52 Nezh Bey has arrived to North Sulawesi, Amurang and started operations under the KPS 11 Zeynep Sultan contract in September 2018. Total contract capacity is 120 MW with guaranteed availability 80%. The contract between PT Indonesia and PT PLN was amended on 26 January 2021. According to the amendment, the contract was extended by 27 July 2021 with guaranteed availability 40%.

Third floating power plant, KPS 22 Gökhan Bey floating power plant owned by Karpowership Indonesia 22 DMCC has arrived in Kupang, East Nusa Tenggara and started operations on December 2016. Total contract capacity is 60 MW with guaranteed availability 80%.

Forth floating power plant, KPS 23 Yasin Bey floating power plant owned by Karpowership Indonesia 23 DMCC has arrived in Ambon and started operations on April 2017. Total contract capacity is 60 MW with guaranteed availability 80%.

Fifth floating power plant, KPS 14 Onur Sultan floating power plant owned by Karpowership Indonesia 14 DMCC has arrived in Medan and started operations on June 2017. Total contract capacity is 240 MW with guaranteed availability 80%.

Mozambique

Karpower International DMCC signed Time Charter and Support Vessel Contract with the Electricidade De Moçambique E.P. (EDM) on 11 March 2018 as operation company. KPS 6 İrem Sultan floating power plant owned by Powership Operation DMCC Company (ship company) was responsible for providing 48 MW of energy until the end of November 2019. From this date KPS 25 Mehmet Bey floating power plant owned by Karadeniz Powership 25 DMCC (ship company) has been responsible for providing energy according to addendum signed on 28 August 2019. In connection with this addendum a novation agreement was signed on 3 December 2019 regarding to transfer of International DMCC interests, rights and obligations to Mozambique Powership DMCC as new operation company.

Gambia

Karadeniz Powership Koray Bey Company Limited (operation and ship company) signed a Power Purchase Agreement ("PPA") with the Gambia National Water and Electricity Company ("NAWEC") on 20 April 2018. The contract was extended on 2 May 2020 for 48 months. KPS 50 Koray Bey floating power plant is responsible for providing 30 MW of energy with guaranteed availability 80%.

On 8 May 2018, the Company has registered a branch (the "Branch") in Gambia; Karadeniz Powership Koray Bey Company Limited (Branch). The registered address of the Branch is Kanifing, Kanifing Municipality, The Gambia.

KARPOWER INTERNATIONAL B.V.

NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Gambia (Continued)

On 10 November 2020, KPS 53 Karadeniz Powership Göktay Bey floating power plant owned by Karadeniz Powership Koray Bey Company Limited is replaced with KPS 50 Koray Bey and continues its operations.

Guinea Bissau

Karpower International DMCC has signed a power purchase agreement with the Electricidade E Aguas da Guinea Bissau ("EAGB") on 28 January 2019 as operation company. KPS 51 Metin Bey floating power plant owned by Metin Bey Company is responsible for providing 17 MW of energy.

On 8 December 2020, power purchase agreement has extended for 5 more years, contract capacity increased to 24 MW and will gradually increase to 70 MW until the end of 2025.

Sierra Leone

On 11 June 2018, Kaya Bey Company finalised the terms of its Utility Grid Infrastructure & Electricity Supply Agreement with Electricity Distribution and Supply Authority (EDSA), Ministry of Energy (MOE), and Ministry of Finance and Economic Development (MOF) of Sierra Leone Government (the "Customer") in respect of its powership.

KPS 3 Doğan Bey floating power plant provides 30 MW for seven months and 15 MW for five months of each operational year.

The commencement of commercial operations was achieved on 11 June 2018 in Freetown, Sierra Leone.

On 25 June 2018, the Company has registered a branch (the "Branch") in Sierra Leone; Karadeniz Powership Kaya Bey (SL) Limited. The registered address of the Branch is 17 Percival Street, 2nd Floor, Freetown.

On December 20th, 2018, the Company signed an addendum to the agreement dated June 11th, 2018, for capacity expansion. According to this addendum KPS 53 Göktay Bey started operations on 31 March 2019 for providing 20 MW for seven months and 15 MW for five months of each operational year.

On 30 June 2020, the Company signed a new agreement with Electricity Distribution and Supply Authority (EDSA), Ministry of Energy (MOE), and Ministry of Finance all of which were representing the Sierra Leone Government (the "Customer") for 5 years and with the capacity increasing to 63 MW in dry season and 23 MW in wet season.

KPS 3 Karadeniz Powership Doğan Bey continues to operate as the only Powership in Sierra Leone.

Senegal

Karpowership 15 DMCC has signed an equipment rental contract with Senegal Electricity Company ("SENELEC") on 8 August 2019 as ship company. Karpowership Senegal has signed an operating and maintenance service contract with Senelec on 8 August 2019 as operation company for 5,5 years. KPS 10 Ayşegül Sultan floating power plant is responsible for providing 120 MW of energy.

The contract has been extended and the capacity increased to 220 MW, this extension will be valid as of 1 May 2021.

KARPOWER INTERNATIONAL B.V.

NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Cuba

Karen Dış Ticaret ve Enerji A.Ş. (a related party) signed an electricity supply services contract with La Empresa Importadora y exportadora de objetivos electroenergeticos on 27 October 2018 as operation company for three floating power plants.

KPS 54 Barış Bey and KPS 60 Esra Sultan floating power plants owned by Karadeniz Powership Latam 1 Company and Karadeniz Powership Latam 2 Company respectively started operations on August 2019. KPS 62 Ela Sultan floating power plant owned by Karadeniz Powership Latam 3 Company started operations on November 2019. Total contract capacity is 144 MW with guaranteed availability 93%.

Guinea Conakry

On 17 December 2019, Karpowership International DMCC entered into a contract with Electricité De Guinée, national power utility in Guinea, to provide electricity generation and maintenance services in Conakry, Guinea.

On 1 February 2020, Karadeniz Powership Ibrahim Bey Company Limited finalised the terms of its charter agreement with Karpowership International DMCC, in respect of its Powership with a capacity to generate 105 Mega Watts ("MWs") for a period. The agreement is effective from 14 February 2020, with a one-year term. In February 2021 the agreement is extended until February 2022.

Karadeniz Holdings

Karadeniz Holdings was established in 2016 in Malta. The principal activity of the company is to be holding company for the overseas operations of the certain Karadeniz Group companies and provide administrative services and coordination for operations in foreign countries.

Karmarine A.Ş.

The company started its operations in 2008, it engages in rendering of various services and spare parts to maritime and energy sectors and especially operates in the activities of consultancy, organizational services and vessel administrative services in the construction process of floating power plants. Karmarine A.Ş. owns a shipyard in Yalova region. Karmarine A.Ş.'s branch Karmarine Desbaş commenced its operations on 29 March 2012 in Istanbul Industry and Trade Free Zone Founder and Operating Co. The branch deals with the activities of selling machinery, equipment and spare parts.

Karmol LNG

Karmol LNG Company Limited was established on 22 October 2018. The principal activity of the company is to be holding company for the FSRU (Floating Storage Regasification Unit) operations of the certain Karadeniz Group companies and provide administrative services and coordination for FSRU operations in foreign countries.

Karmol Powership

Karmol Powership Limited was established on 6 December 2018. The principal activity of the Company is to be a Holding structure for the Mozambique operations and provide administrative services and coordination.

KARPOWER INTERNATIONAL B.V.

NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

The special purpose consolidated financial statements of Karpower International B.V. have been prepared in accordance with International Financial Reporting Standards (IFRS). Karpower International B.V. and its foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. This special purpose consolidated financial statements in US Dollars ("USD") are based on the historical cost convention except for certain property plant and equipments (floating power plants) which are expressed at their fair values.

In line with the regulation in Nederland, the Group prepares its financial statements on a standalone basis. Accompanying "special purpose" consolidated financial statements are aimed to present the Group's consolidated financial position as at 31 December 2020 and its consolidated financial performance for the year then ended.

2.2 Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The special purpose consolidated financial statements are presented in USD, which is the presentation currency of the Group.

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- Income and expenses for each income statement are translated at average exchange rates unless this average is not reasonable approximate of the cumulative effect of the prevailing on the transaction dates in which case income and expenses are translated at the rate on the dates of the transactions, and
- All resulting exchange differences are recognised as a separate component of equity (currency translation reserve), in other comprehensive income.

2.2 Comparative information and restatement of prior period financial statements

In order to allow the determination of financial position and performance, the Group's special purpose consolidated financial statements are prepared in comparison with the previous period. In order to comply with the presentation of special purpose consolidated financial statements the current period when deemed necessary, comparative information is reclassified, and material differences are presented.

KARPOWER INTERNATIONAL B.V.

**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF SPECIAL PURPOSE CONSOLIDATED
FINANCIAL STATEMENTS (Continued)**

2.3 Changes in International Accounting Standards and IFRS

a) New and revised IFRS Standards that are effective for the current year

Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to IFRS 16	<i>COVID-19 Related Rent Concessions</i>
Amendments to Conceptual Framework	<i>Amendments to References to the Conceptual Framework in IFRSs</i>

Amendments to IFRS 3 *Definition of a Business*

The definition of "business" is important because the accounting for the acquisition of an activity and asset group varies depending on whether the group is a business or only an asset group. The definition of "business" in IFRS 3 Business Combinations standard has been amended. With this change:

- By confirming that a business should include inputs and a process; clarified that the process should be essential and that the process and inputs should contribute significantly to the creation of outputs.
- The definition of a business has been simplified by focusing on the definition of goods and services offered to customers and other income from ordinary activities.
- An optional test has been added to facilitate the process of deciding whether a company acquired a business or a group of assets.

Amendments to IAS 1 and IAS 8 *Definition of Material*

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

Amendments to IFRS 9, IAS 39 and IFRS 7 *Interest Rate Benchmark Reform*

The amendments clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

KARPOWER INTERNATIONAL B.V.

NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Changes in International Accounting Standards and IFRS (Continued)

a) New and amended IFRS Standards that are effective for the current year (Continued)

Amendments to IFRS 16 COVID-19 Related Rent Concessions

The changes in COVID-19 Related Rent Concessions (Amendment to IFRS 16) brings practical expedient which allows a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 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 (a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- there are no substantive changes to other terms and conditions of the lease.

The amendment is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. There were no COVID-19-related rent concession of the Group.

Amendments to References to the Conceptual Framework in IFRSs

The references to the Conceptual Framework revised the related paragraphs in IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC 32. The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

b) New and revised IFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

IFRS 17	<i>Insurance Contracts</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to IFRS Standards 2018-2020	<i>Amendments to IFRS 1, IFRS 9 and IAS 41</i>
Amendments to IFRS 4	<i>Extension of the Temporary Exemption from Applying IFRS 9</i>
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform — Phase 2</i>

KARPOWER INTERNATIONAL B.V.

**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF SPECIAL PURPOSE CONSOLIDATED
FINANCIAL STATEMENTS (Continued)**

2.4 Changes in International Accounting Standards and IFRS (Continued)

b) New and revised IFRSs in issue but not yet effective (Continued)

IFRS 17 Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.

Amendments to IAS 1 Classification of Liabilities as Current or Non-Current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendment defers the effective date by one year. Amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to IFRS 3 Reference to the Conceptual Framework

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

Amendments to IAS 16 Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling 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 the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to IAS 37 Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

KARPOWER INTERNATIONAL B.V.

**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF SPECIAL PURPOSE CONSOLIDATED
FINANCIAL STATEMENTS (Continued)**

2.3 Changes in International Accounting Standards and IFRS (Continued)

b) New and revised IFRSs in issue but not yet effective (Continued)

Annual Improvements to IFRS Standards 2018-2020

Amendments to IFRS 1 *First time adoption of International Financial Reporting Standards*

The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

Amendments to IFRS 9 *Financial Instruments*

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Amendments to IAS 41 *Agriculture*

The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

The amendments to IFRS 1, IFRS 9, and IAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to IFRS 4 *Extension of the Temporary Exemption from Applying IFRS 9*

The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 *Interest Rate Benchmark Reform – Phase 2*

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 are all effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

KARPOWER INTERNATIONAL B.V.

NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENT AS AT 31 DECEMBER 2020

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

The special purpose consolidated financial statements include the accounts of the parent company, Karpower International B.V. and its subsidiaries on the basis set out in sections below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the special purpose consolidated financial statements and have been prepared in accordance with IFRS. The results of subsidiaries are recognized since the beginning of year.

Subsidiaries

Karpower International B.V. controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Karpower International B.V. has power over a subsidiary when Karpower International B.V. has existing rights that give it the current ability to direct the relevant activities that significantly affect the subsidiary's returns. Power arises from rights and the existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Karpower International B.V. controls another entity.

Subsidiaries, including the structured entities, are the companies controlled by the Group. The Group's control is provided by the ability to affect the variable returns through its power over the subsidiaries. Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that control ceases.

The balance sheets and statements of profit or loss of the subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by Karpower International B.V. and its subsidiaries is eliminated against the related equity. Intercompany transactions and balances between Karpower International B.V. and its subsidiaries are eliminated on consolidation. The cost of, and the dividends arising from, shares held by Karpower International B.V. in its subsidiaries are eliminated from equity and income for the year, respectively.

Financial statements of subsidiaries, associates and joint ventures that are operating in foreign countries are prepared in accordance with applicable laws and regulations in countries in which they are registered and required adjustments and reclassifications are reflected for the purpose of fair presentation in accordance with the Group's accounting policies.

If the Group companies' functional currency is different from its presentation currency, the functional currency is translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- Income and expenses for each income statement are translated at average exchange rates; and all resulting exchange differences are recognised as a separate component of equity and statements of comprehensive income (currency translation reserve).

When a foreign operation is partially disposed of or sold, exchange differences recorded in equity are recognised in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

KARPOWER INTERNATIONAL B.V.

NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENT AS AT 31 DECEMBER 2020

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of consolidation (Continued)

Subsidiaries (Continued)

Changes in ownership rates that do not result in control ceases in the subsidiaries

Changes ownership interests in a subsidiary that do not result in losing control of the subsidiary are equity transactions. These transactions are the transactions that are made among shareholders. The difference between the net book value of the acquired assets of a subsidiary and the fair value of consideration paid for these assets are accounted for under equity. Gains or losses arising from the sale of non-controlling interests are presented under equity.

Disposal of a subsidiary

If the Group loses control of a subsidiary, it recognizes any investment retained in the former subsidiary at its fair value when control is lost and any difference between the fair value and net book value of investment is accounted for as gain or loss. That fair value shall be regarded as the fair value on initial recognition of a financial asset, when appropriate, the cost on initial recognition of an investment in an associate or joint venture. Additionally, assets and liabilities that were previously recognized as other comprehensive income attributable to that subsidiary are accounted for as if those were disposed of the Group. This may result in a fact that these amounts previously recognized as other comprehensive income may be classified to profit or loss.

Non-controlling interests

The minority shares in the net assets and operating results of subsidiaries are separately classified in the special purpose consolidated balance sheets and statement of profit or loss as "non-controlling interests". Certain Karadeniz Family members and companies controlled by them have interests in the share capital of certain subsidiaries. In the special purpose consolidated financial statements, these interests of the Karadeniz Family members and companies controlled by them are treated as non-controlling interests and are not included in the Group's net assets and profits attributable to shareholders.

The Group applies a policy of treating transactions with non-controlling interests as transactions with owners of the parent. Regarding the purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non-controlling interests are also accounted for under equity. For disposals to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also accounted for under equity.

KARPOWER INTERNATIONAL B.V.

NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENT AS AT 31 DECEMBER 2020

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of consolidation (Continued)

Transactions involving entities under common control

Legal mergers involving entities under Group's control are not considered within the scope of IFRS 3 - "Business Combinations" and no goodwill is recognized for such combinations in this regard. Additionally, transactions between entities subject to legal mergers are adjusted during preparation of special purpose consolidated financial statements. Assets and liabilities subject to business combination recognized at their carrying amounts for the accounting of share transfers between entities under common control. Business combinations involving entities under common control are accounted for using "Pooling of Interest Method". Applying this method, financial statements have been adjusted as if the acquisition was made as of the beginning of the relevant reporting period in which the common control was carried out and they are presented comparatively as of the beginning of the relevant reporting period. As a result of these transactions neither goodwill nor bargain purchase is recognized. The difference arising in the elimination of the carrying value of the investment held and share capital of the acquired company is directly accounted as "Effects of transactions involving entities under common control" under retained earnings.

The table below sets out the major subsidiaries and shows the proportion of ownerships interest:

Subsidiaries	Direct and indirect ownership interest held by Karpower BV (%)		Proportion of effective interest (%)	
	2020	2019	2020	2019
1. Indonesia 22	100.00	100.00	100.00	100.00
2. Indonesia 23	100.00	100.00	100.00	100.00
3. Indonesia 11	100.00	100.00	100.00	100.00
4. Indonesia 14	100.00	100.00	100.00	100.00
5. Karpowership Lebanon	100.00	100.00	100.00	100.00
6. Indonesia 3	100.00	100.00	100.00	100.00
7. Karpowership Lebanon Branch	100.00	100.00	100.00	100.00
8. Karpowership Lebanon DMCC Branch	100.00	100.00	100.00	100.00
9. KPS Americas	100.00	100.00	100.00	100.00
10. Karpowership Panama Company, S. De R.L.	100.00	100.00	100.00	100.00
11. İbrahim Bey	100.00	100.00	100.00	100.00
12. Mehmet Bey	100.00	100.00	100.00	100.00
13. Ela Sultan	100.00	100.00	100.00	100.00
14. Orka Sultan	100.00	100.00	100.00	100.00
15. Deniz Sultan	100.00	100.00	100.00	100.00
16. Ebru Sultan	100.00	100.00	100.00	100.00

KARPOWER INTERNATIONAL B.V.**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENT
AS AT 31 DECEMBER 2020**

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**3.1 Basis of consolidation (Continued)**

Subsidiaries	Direct and indirect ownership interest held by Karpower BV (%)		Proportion of effective interest (%)	
	2020	2019	2020	2019
17. Refakat Sultan	100.00	100.00	100.00	100.00
18. Kaya Bey	100.00	100.00	100.00	100.00
19. Kaya Bey Branch	100.00	100.00	100.00	100.00
20. Koray Bey	100.00	100.00	100.00	100.00
21. Koray Bey Branch	100.00	100.00	100.00	100.00
22. Orient	100.00	100.00	100.00	100.00
23. Metin Bey	100.00	100.00	100.00	100.00
24. Osman Khan	100.00	100.00	100.00	100.00
25. Karpowership 15 DMCC	100.00	100.00	100.00	100.00
26. One World Fuel Services DMCC	100.00	100.00	100.00	100.00
27. Ayşegül Sultan	100.00	100.00	100.00	100.00
28. Ayşegül Sultan DMCC Branch	100.00	100.00	100.00	100.00
29. Osman Bey	100.00	100.00	100.00	100.00
30. Karpowership Bagan	100.00	100.00	100.00	100.00
31. Karpowership Asia	100.00	100.00	100.00	100.00
32. Latam1	100.00	100.00	100.00	100.00
33. Latam2	100.00	100.00	100.00	100.00
34. Latam3	100.00	100.00	100.00	100.00
35. West Africa	100.00	100.00	100.00	100.00
36. Best Solar	100.00	100.00	100.00	100.00
37. Karpowership Senegal	100.00	100.00	100.00	100.00
38. Karpowership Mauritius	100.00	100.00	100.00	100.00
39. Karpowership SA Proprietary	51.00	100.00	51.00	100.00
40. KPS Powership SA (PTY)	100.00	100.00	100.00	100.00
41. PT Indonesia	95.00	95.00	95.00	95.00
42. Karpowership Mozambique Limitada	99.50	99.50	99.50	99.50
43. Ghana Finance	100.00	100.00	100.00	100.00
44. Indonesia Finance	100.00	100.00	100.00	100.00
45. Karpower Latam	100.00	100.00	100.00	100.00
46. Karpowership UK	100.00	100.00	100.00	100.00
47. Karadeniz Holdings	100.00	100.00	100.00	100.00
48. Karmarine A.Ş.	100.00	100.00	100.00	100.00
49. Karmarine Desbaş	100.00	100.00	100.00	100.00
50. Karpowership Ghana	100.00	100.00	100.00	100.00
51. Gökhan Bey	100.00	100.00	100.00	100.00
52. Orhan Bey	100.00	100.00	100.00	100.00
53. Yasin Bey	100.00	100.00	100.00	100.00
54. Zeynep Sultan	100.00	100.00	100.00	100.00
55. International DMCC	100.00	100.00	100.00	100.00
56. Operation DMCC	100.00	100.00	100.00	100.00
57. Rauf Bey	100.00	100.00	100.00	100.00
58. Karpowership Iraq	100.00	100.00	100.00	100.00
59. DMCC Branch	100.00	100.00	100.00	100.00
60. Suheyla Sultan	100.00	100.00	100.00	100.00
61. Yurdanur Sultan	100.00	100.00	100.00	100.00
62. Esra Sultan	100.00	100.00	100.00	100.00

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NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENT AS AT 31 DECEMBER 2020

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of consolidation (Continued)

Subsidiaries	Direct and indirect ownership interest held by Karpower BV (%)		Proportion of effective interest (%)	
	2020	2019	2020	2019
63. Karpowership Mozambique MI	100.00	100.00	100.00	100.00
64. Karpowership Namibia	100.00	100.00	100.00	100.00
65. Karadeniz Powership 25 DMCC	100.00	100.00	100.00	100.00
66. Mozambique Powership DMCC	100.00	100.00	100.00	100.00
67. Karmol Powership	75.00	75.00	75.00	75.00
68. Argentine Branch	100.00	100.00	100.00	100.00
69. Karpower International DMCC GB	100.00	100.00	100.00	100.00
70. Karpowership Uk Ports & Shore Power	100.00	100.00	100.00	100.00
71. Karpowership UK GTP Limited	100.00	100.00	100.00	100.00
72. Karpowership Global B.V.	100.00	100.00	100.00	100.00
73. Karpower B.V.	100.00	100.00	100.00	100.00
74. Karpowership Conakry (Succursale)	100.00	-	100.00	-
75. Karpowership LNG Solutions DMCC	100.00	-	100.00	-
76. One World Marine DMCC	100.00	-	100.00	-
77. Karpowership DRC	100.00	-	100.00	-
78. Karpowership SA Project Company 1 (PTY) Ltd	51.00	-	51.00	-
79. Karpowership SA Project Company 2 (PTY) Ltd	51.00	-	51.00	-
80. Karpowership SA Project Company 3 (PTY) Ltd	51.00	-	51.00	-
81. Karpowership SA O&M Company (PTY) Ltd	51.00	-	51.00	-
82. Karpowership SA Fuel Services Company (PTY) Ltd	51.00	-	51.00	-
Joint Ventures	Direct and indirect ownership interest held by Karpower BV (%)		Proportion of effective interest (%)	
	2020	2019	2020	2019
1. Karmol Lng	50.00	50.00	50.00	50.00

3.2 Revenue

Revenue

The Group recognizes revenue when the goods or services is transferred to the customer and when performance obligation is fulfilled.

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.

The Group 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.

KARPOWER INTERNATIONAL B.V.

**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENT
AS AT 31 DECEMBER 2020**

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Revenue (Continued)

Revenue

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

- a) 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,
- b) Group can identify each party's rights regarding the goods or services to be transferred,
- c) Group can identify the payment terms for the goods or services to be transferred;
- d) The contract has commercial substance,
- e) 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.

Floating power plant rent income

As described in Note 1, the Group signed agreements for electricity sales through operating floating power plants. Such agreements are classified as operating leases and rental assets have been classified under property, plant and equipment in the consolidated statement of financial position and rent income generated for the rental period is reflected to the consolidated statement of profit or loss within the context of the rental agreements.

Sale of goods

Trading income is recognized on an accrual basis at the time when risk is transferred, the amount of revenue can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Group at the fair value of considerations received or receivable.

KARPOWER INTERNATIONAL B.V.

NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENT AS AT 31 DECEMBER 2020

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Related parties

Parties are considered related to the Group if;

- (a) directly, or indirectly through one or more intermediaries, the party
 - (i) controls, is controlled by, or is under common control with the Group (this includes parent, subsidiaries and fellow subsidiaries);
 - (ii) has an interest in the Group that gives it significant influence over the Group; or
 - (iii) has joint control over the Group;
- (b) the party is an associate of the Group;
- (c) the party is a joint venture in which the Group is a venturer;
- (d) the party is member of the key management personnel of the Group as 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);

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

For the purpose of these special purpose consolidated financial statements, shareholders, key management personnel and members of Board of Directors, in each case together with their families and companies controlled by or affiliated with them are considered and referred to as related parties (Note 22).

3.4 Property, plant and equipment

Floating power plants are presented at fair value, based on valuations by external independent valuer, less subsequent depreciation. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Increases in carrying amount arising from revaluation of floating power plants are credited to special purpose other comprehensive income and shown as revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged in special purpose other comprehensive income and debited against revaluation reserve directly in equity; all other decreases are charged to the statement of special purpose comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of special purpose comprehensive income, and depreciation based on the asset's original cost is transferred from 'revaluation reserve' to 'retained earnings'.

KARPOWER INTERNATIONAL B.V.

NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENT AS AT 31 DECEMBER 2020

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Property, plant and equipment (Continued)

Subsequent costs are included in the carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of special purpose comprehensive income during the financial period in which they are incurred.

Depreciation on other assets is calculated using the straight line method to allocate the assets cost over their expected useful lives, as follows:

	Years
Land improvements	3-10
Floating power plants	15-25
Motor vehicles	4-8
Furniture and fixtures	5

The asset's residual values and useful lives are reviewed and adjusted if appropriate periodically. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of equipment are determined by comparing the proceeds with the carrying amount and are recognised in statement of special purpose comprehensive income.

3.5 Intangible assets

Intangible assets include rights and computer software. They are recorded at acquisition cost and acquired software certificates are amortized on a straight-line basis over their estimated useful lives for a period not exceeding 5 years from the date of acquisition.

Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and written down to its recoverable amount. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. Fair value less cost to sell is the amount obtainable from the sale of an asset less the costs of disposal.

3.6 Foreign currency transactions

Transactions in foreign currencies during the period have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet date. Exchange gains or losses arising on the settlement and translation of foreign currency items have been included in the special purpose consolidated statement of profit or loss.

KARPOWER INTERNATIONAL B.V.

NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENT AS AT 31 DECEMBER 2020

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, as long as so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.8 Provisions, contingent assets and liabilities

Provisions are recognized when the Group has a present legal constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Where the effect of the time value of money is material, the amount of the provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

A possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group have not been recognized in the special purpose consolidated financial statements and treated as contingent liabilities and assets.

3.9 Financial assets

Financial assets include short-term liquid assets with original maturities of more than 3 months and restricted bank deposits.

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NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENT AS AT 31 DECEMBER 2020

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

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

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the 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.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

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NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENT AS AT 31 DECEMBER 2020

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Financial instruments (Continued)

Financial assets (Continued)

Classification of financial assets (Continued)

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset; the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met.

(i) Amortised cost and effective interest method

Interest income on financial assets carried at amortized cost is calculated using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

(a) Credit-impaired financial assets when purchased or generated. For such financial assets, the Group applies the effective interest rate on the amortized cost of a financial asset based on the loan from the date of the recognition in the financial statements.

(b) Non-financial assets that are impaired at the time of acquisition or generation but subsequently become a financial asset that has been impaired. For such financial assets, the Group applies the effective interest rate to the amortized cost of the asset in the subsequent reporting periods.

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

(ii) Debt instruments classified as at FVTOCI

The corporate bonds held by the Group are classified as at FVTOCI. The corporate bonds are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these corporate bonds as a result of foreign exchange gains and losses (see below), impairment gains or losses (see below), and interest income calculated using the effective interest method (see (i) above), are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these corporate bonds had been measured at amortised cost. All other changes in the carrying amount of these corporate bonds are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these corporate bonds are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

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NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENT AS AT 31 DECEMBER 2020

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Financial instruments (Continued)

Financial assets (Continued)

Classification of financial assets (Continued)

(iii) Equity instruments designated as at FVTOCI (Continued)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not to be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss; Other exchange differences are recognised in other comprehensive income;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENT AS AT 31 DECEMBER 2020

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

The Group utilizes a simplified approach for trade receivables, contract assets and lease receivables that does not have significant financing component and calculates the allowance for impairment against the lifetime ECL of the related financial assets.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Measurement and recognition of expected credit losses

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

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

Derecognition of financial assets

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

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

Financial liabilities

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

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NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENT AS AT 31 DECEMBER 2020

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Financial instruments (Continued)

Financial liabilities (Continued)

A financial liability is subsequently classified at amortized cost except:

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

The Group does not reclassify any financial liability.

Derecognition of financial liabilities

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

3.11 Taxation on income

Taxation on income included in the special purpose consolidated statement of profit or loss comprises current tax and the change in the deferred income taxes. Current taxes on income comprise tax payable calculated on the basis of expected taxable income for the period using the tax rates enacted at the balance sheet date and any adjustment in taxes payable for prior years.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. The tax base of an asset and liability is the amount that will affect the taxable income of such asset and liabilities in subsequent periods, in accordance with the tax legislation. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets and liabilities are recognized reflecting the tax consequences that would follow from the manner in which the Group expects at the balance sheet date to recover or settle the carrying amount of its assets and liabilities. While the deferred income tax liabilities are recognized for all temporary differences; deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. The Group reduces the carrying amount of a deferred income tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all that deferred income tax asset to be utilized.

KARPOWER INTERNATIONAL B.V.

NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENT AS AT 31 DECEMBER 2020

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11 Taxation on income (Continued)

When the deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority and there is a legally enforceable right to set off current tax assets against current tax liabilities, deferred income tax assets and deferred income tax liabilities are offset accordingly (Note 20).

3.12 Share capital and dividends

Ordinary shares are classified as equity. Dividends on ordinary shares are recognized in equity in the period in which they are declared. Dividend payables are reflected to special purpose consolidated financial statements as a liability once the dividend distribution is approved by the Group's shareholders (Note 14).

3.13 Provision for employment termination benefits

Employment termination benefits represent the present value of the estimated total reserve of the future probable obligation, that arise on retirement of the employees, employees who achieves the retirement age and for employees whose employment is terminated without due cause, are called up for military service or dies, calculated in accordance with the recased legislation of each Group entity. Accordingly only the entities operating in Turkey is obliged by provision for employee termination benefits, as required by the Turkish Commercial Law.

The defined retirement benefit obligation is calculated based on actuarial forecasts using the projected unit credit method when considering present value. All actuarial gains and losses are accounted for under other comprehensive income.

3.14 Events after the reporting period

Subsequent events consist of all events between balance sheet date and date of authorization for validity, even if they have been ceased to exist after any information related to profit or other financial information is publicly announced.

The Group adjusts amounts in financial statements accordingly, when an adjusting event occurs after the balance sheet date. If non-adjusting events after balance sheet date have material effects on the economic decisions of the users of the financial statements, they are disclosed in the notes to the special purpose consolidated financial statements (Note 23).

3.15 Borrowings and borrowing costs

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently presented at amortized cost using the effective yield method; any difference between proceeds, net of transaction costs, and the redemption value is recognized in the special purpose consolidated statement of profit or loss over the period of the borrowings.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

KARPOWER INTERNATIONAL B.V.

NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENT AS AT 31 DECEMBER 2020

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.15 Borrowings and borrowing costs (Continued)

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. All other borrowing costs are charged to the special purpose consolidated statement of profit or loss when they are incurred.

Foreign exchange differences and the effective portion of the fair value differences relating to borrowings to the extent that they are regarded as an adjustment to interest costs are also capitalized. The gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity borrowed funds in its functional currency, and borrowing costs actually incurred on foreign currency borrowings.

3.16 Inventories

Inventories are valued at the lower of cost or net realizable value. Inventories comprise spare parts, fuel oil and lube oil. The cost of inventories is determined on a weighted average basis. The net realizable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses (Note 8).

3.17 Spare parts

Spare parts and maintenance equipment are generally accounted in inventories and are reflected to the statement of profit or loss as used; however, spare parts and maintenance equipment that are expected to be used more than one period by the Group are accounted as property, plant and equipment. Moreover, if spare parts or maintenance equipment is only associated with one property, plant and equipment then they are accounted under floating powerplant for as property, plant and equipment (Note 8-11).

3.18 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 represent the cash flows of the Group generated from the ordinary course of business. Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed asset investments and financial investments). Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds. Cash and cash equivalents comprise cash on hand and bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than one months.

3.19 Offsetting

Each material class of similar items according to their nature or function is presented separately in the financial statements. If a line item is not individually material, it is aggregated with other similar items according to their nature or function. If the essence of the transaction and events requires offsetting, presentation of these transactions and events at their net values or following up of the assets at their amounts after the deduction of impairment, is not evaluated as a breach of the non-deductibility rule.

KARPOWER INTERNATIONAL B.V.**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENT
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(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 4 - FINANCIAL RISK MANAGEMENT***Financial risk factors***

The Group's activities expose it to a variety of financial risks. These risks are; liquidity risk, market risk (including currency risk, interest rate risk), credit risk and funding risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Financial risk management is carried out by Finance Department of Karadeniz Holding under the policies approved by the Board of Directors. Finance Department is in cooperation with the other units of the Group and assures the detection and evaluation of financial risks and related prevention from the risks.

a) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Non derivative financial liabilities:

	Carrying value	Total contractual cash outflow	Less than 3 months	3 - 12 months	1 - 5 years
2020					
Bank borrowings	1,310,261,273	1,437,614,889	169,554,087	638,210,950	629,849,851
Trade payables	174,943,022	174,943,022	174,943,022	-	-
Due to related parties	6,953,936	6,953,936	6,953,936	-	-
Other liabilities	35,426,121	35,426,121	35,426,121	-	-
	1,527,584,352	1,654,937,968	386,877,166	638,210,950	629,849,851
	Carrying value	Total contractual cash outflow	Less than 3 months	3 - 12 months	1 - 5 years
2019					
Bank borrowings	1,548,105,313	1,766,274,563	145,566,702	659,886,708	960,821,153
Trade payables	149,688,838	149,688,838	149,688,838	-	-
Due to related parties	16,434,706	16,434,706	16,434,706	-	-
Other liabilities	32,858,579	32,858,579	32,858,579	-	-
	1,747,087,436	1,965,256,686	344,548,825	659,886,708	960,821,153

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**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENT
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NOTE 4 - FINANCIAL RISK MANAGEMENT (Continued)

b) Market risk

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed using natural hedges that arise from offsetting interest rate sensitive assets and liabilities. The Group utilizes its cash assets it holds in the form of financial instruments as time deposits. In order to minimize the interest rate risk, the Group seeks for the most convenient possible rates for lending.

Interest rate position of the Group as of 31 December 2020 and 2019 is as follows:

Fixed rate financial instruments

Financial assets	2020	2019
Cash and cash equivalents	23,013,320	9,016,656
Government bonds	14,861,703	33,304,543
Financial liabilities	2020	2019
Bank borrowings	390,401,335	433,320,380
Floating rate financial instruments	2020	2019

Financial liabilities

Bank borrowings	919,859,938	1,114,784,933
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The weighted average effective annual interest rates (%) for the interest bearing financial assets and liabilities of the Group are as follows:

Fixed rates	2020			2019		
	USD	EUR	Other	USD	EUR	Other
Financial assets						
Cash and cash equivalents	0.25%	-	4.05%	0.70%	0.50%	-
Financial liabilities						
Bank borrowings	7.16%	5.81%	-	6.74%	6.14%	-
Floating rates	2020			2019		
	USD	EUR	Other	USD	EUR	Other
Financial liabilities						
Bank borrowings	6.79%	-	-	8.65%	-	-

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NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENT AS AT 31 DECEMBER 2020

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 4 - FINANCIAL RISK MANAGEMENT (Continued)

b) Market risk (Continued)

Interest rate risk (Continued)

At 31 December 2020, if interest rates on financial liabilities in USD and EUR had been 100 basis points higher/lower, with all other variables held constant, interest expense would have been USD 9,198,599 (2019: USD 11,556,669) higher/lower.

c) Currency risk

The Group is exposed to foreign exchange risk through the impact of rate changes in the translation of foreign currency denominated assets and liabilities to USD. These risks are monitored and limited by the analysis of the foreign currency position.

The Group's foreign currency risk (exposure) is monitored by the management on a weekly and where necessary on a daily basis. The objective of the management is to limit the open exposure under levels determined by the Board of Directors.

Foreign Currency Position

The Group's assets and liabilities denominated in foreign currencies as of 31 December 2020 and 2019 are as follows:

	2020					2019
Assets	101,122,519					47,309,190
Liabilities	(343,098,627)					(435,102,904)
Net foreign currency position	(241,976,108)					(387,793,714)

	2020					Total foreign currency
	TL	EUR	CFA	LBP	Other	
Assets:						
Cash and cash equivalents	220,565	21,383,362	1,424,123	4,378,941	3,734,090	31,141,081
Trade receivables	-	24,492,994	25,364,978	-	20,123,466	69,981,438
Total assets	220,565	45,876,356	26,789,101	4,378,941	23,857,556	101,122,519
Liabilities:						
Bank borrowings	-	(298,843,159)	-	-	-	(298,843,159)
Trade payables	(3,440,670)	(857,744)	(34,363,542)	(2,156,222)	(3,437,290)	(44,255,468)
Total liabilities	(3,440,670)	(299,700,903)	(34,363,542)	(2,156,222)	(3,437,290)	(343,098,627)
Net foreign currency position	(3,220,105)	(253,824,547)	(7,574,441)	2,222,719	20,420,266	(241,976,108)

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NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENT AS AT 31 DECEMBER 2020

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 4 - FINANCIAL RISK MANAGEMENT (Continued)

c) Currency risk (Continued)

	2019					Total foreign currency
	TL	EUR	CFA	LBP	Other	
Assets:						
Cash and cash equivalents	163,723	6,048,938	-	32,155,690	8,749,756	47,118,107
Trade receivables	-	-	-	-	5,177	5,177
Due from related parties	19	-	-	-	185,887	185,906
Total assets	163,742	6,048,938	-	32,155,690	8,940,820	47,309,190
Liabilities:						
Bank borrowings	-	(373,973,743)	-	-	-	(373,973,743)
Trade payables	(1,942,203)	(58,742,710)	-	-	(219,369)	(60,904,282)
Due to related parties	(8,975)	-	-	-	(215,904)	(224,879)
Total liabilities	(1,951,178)	(432,716,453)	-	-	(435,273)	(435,102,904)
Net foreign currency position	(1,787,436)	(426,667,515)	-	32,155,690	8,505,547	(387,793,714)

The foreign currency rates used in the translation of foreign currency denominated assets and liabilities into USD as of 31 December 2020 and 2019 are as follows:

	2020	2019
Euro ("EUR")	1.2272	1.1196
Turkish Lira ("TL")	0.1362	0.1683
West African Franc ("CFA")	0.0019	0.018
Lebanon Pound ("LBP")	0.0007	0.0007

The Group is mainly exposed to foreign exchange risks in terms of TL, EUR, CFA and LBP.

As of 31 December 2020, all other variables held constant, if the TL had been appreciated/depreciated by 10% against the USD, foreign exchange losses/gains resulting from foreign currency denominated assets and liabilities would decrease/increase profit before tax by USD 322,011 (2019: USD 178,744).

As of 31 December 2020, all other variables held constant, if the EUR had been appreciated/depreciated by 10% against the USD, foreign exchange losses/gains resulting from foreign currency denominated assets and liabilities would decrease/increase profit before tax by USD 25,382,455 (2019: USD 42,666,752).

As of 31 December 2020, all other variables held constant, if the CFA had been appreciated/depreciated by 10% against the USD, foreign exchange losses/gains resulting from foreign currency denominated assets and liabilities would decrease/increase profit before tax by USD 757,444 (2019: None).

As of 31 December 2020, all other variables held constant, if the LBP had been appreciated/depreciated by 10% against the USD, foreign exchange losses/gains resulting from foreign currency denominated assets and liabilities would decrease/increase profit before tax by USD 222,272 (2019: USD 3,215,569).

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(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 4 - FINANCIAL RISK MANAGEMENT (Continued)**d) Funding risk**

Funding risk attributable to the current and future potential liabilities is managed by providing continuous access to adequate number of creditors with high quality. The Group's borrowings are obtained from various financially strong financial institutions.

e) Credit risk

Credit risk consists of cash and cash equivalents, bank deposits and receivables from customers exposed to credit risk.

Credit risk is the risk that a counterparty cannot fulfil its obligations in the agreements that the Group is party to. The Group management monitors the credit risk by credit ratings and limitations to the total risk of a single counterparty.

The Group management assesses the credit quality of its customers, taking into account financial position, past experience and other factors. The Group monitors the performance of these financial assets on a regular basis to identify incurred collection losses.

The Group does not consider its related party receivables (including aged receivables) as risky in terms of collection based on the fact that the receivables are due from Karadeniz Group entities and the total receivables are collected in previous years.

The maximum exposure of the Group's financial assets to credit risk is as follows;

2020	Trade receivables	Due from related parties	Cash at banks	Financial assets
Maximum exposure to credit risk (A+B+C+D+E)	470,388,825	101,137,469	215,550,595	19,867,704
- Credit risk covered by guarantees	233,366,547	-	-	-
A. Neither past due nor impaired financial assets	156,686,783	101,137,469	215,550,595	19,867,704
- Secured with guarantees	87,866,547	-	-	-
B. Restructured financial assets	-	-	-	-
C. Past due but not impaired financial assets	313,702,042	-	-	-
- Secured with guarantees	145,500,000	-	-	-
D. Impaired assets	-	-	-	-
- Gross amount	181,996,270	10,254,237	-	-
- Impairment	(181,996,270)	(10,254,237)	-	-
- Secured with guarantees	-	-	-	-
E. Collective provision for impairment (-)	-	-	-	-

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NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENT AS AT 31 DECEMBER 2020

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 4 - FINANCIAL RISK MANAGEMENT (Continued)

e) Credit risk (Continued)

2019	Trade receivables	Due from related parties	Cash at banks	Financial assets
Maximum exposure to credit risk (A+B+C+D+E)	445,566,872	65,492,074	172,149,317	87,554,543
- Credit risk covered by guarantees	168,991,967	-	-	-
A. Neither past due nor impaired financial assets	105,050,590	65,492,074	172,149,317	87,554,543
- Secured with guarantees	32,439,764	-	-	-
B. Restructured financial assets	-	-	-	-
C. Past due but not impaired financial assets	340,516,282	-	-	-
- Secured with guarantees	136,552,203	-	-	-
D. Impaired assets	-	-	-	-
- Gross amount	78,765,596	1,873,137	-	-
- Impairment	(78,765,596)	(1,873,137)	-	-
- Secured with guarantees	-	-	-	-
E. Collective provision for impairment (-)	-	-	-	-

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group monitors the credibility of the parties with whom they perform transactions and also takes into account the credit rating of the related instruments when making the investment preference. The credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Before accepting any new customer, credit limits by customer are determined and defined after the assessment of the potential customer's credit quality.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimize the credit risk, the Group has performed credit ratings considering the default risks of the counterparties and categorized the related parties.

KARPOWER INTERNATIONAL B.V.**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENT
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NOTE 4 - FINANCIAL RISK MANAGEMENT (Continued)**e) Credit risk (Continued)**

The Group's current credit risk rating methodology includes the following categories:

Category	Description	Basis for recognizing expected credit losses
Secured receivables	Consist of secured receivables	Not generating credit losses
Recoverable receivables	The counterparty has a low risk of default and secured	Not generating credit losses
Doubtful or past due receivables	Amount is >180 days past due or there has been a significant increase in credit risk since initial recognition	%100 probability of default rate for unsecured receivables
Write-off	There is evidence indicating the asset is credit-impaired	Amount is written off

f) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

	31 December 2020	31 December 2019
Debt (trade payable and related party included)	1,492,158,231	1,714,228,857
Less: Cash and cash equivalents (including Investments)	(235,561,386)	(259,752,446)
Net debt	1,256,596,845	1,454,476,411
Total equity	2,719,365,829	2,275,405,854
Total net debt and total equity	3,975,962,674	3,817,436,808
Net debt/Total equity ratio	32%	38%

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NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENT AS AT 31 DECEMBER 2020

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 4 - FINANCIAL RISK MANAGEMENT (Continued)

Fair value of financial instruments

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

For financial instruments that are measured in the balance sheet at fair value; this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, not observable inputs) (Level 3).

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

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

Financial assets

The carrying values of significant portion of cash and cash equivalents are assumed to approximate to their fair value due to their short-term nature.

The carrying values of trade receivables are assumed to approximate to their amortized cost.

For the estimated fair value of advances given to customers, it is assumed that the carrying value approximates to the amortized cost.

Financial liabilities

The fair values of short-term borrowings and trade payables are assumed to approximate to their carrying values due to their short-term nature.

The estimated fair values of long-term borrowings are calculated based on the effective market interest rates and the cash flow calculations are discounted accordingly.

For the estimated fair value of advances received from customers, it is assumed that the carrying value approximates to the fair value.

The fair value of the Group's financial liabilities approximates their carrying amount.

NOTE 5 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Preparation of special purpose consolidated financial statements necessitates the usage of estimations and assumptions that can affect amounts of reported assets and liabilities as of balance sheet date, the explanation for the contingent assets and liabilities and income and expenses reported during the accounting period. Although these estimations and assumptions are based on the best judgment of the Group management related with the current conditions and transactions, actual results may differ from these estimations. Estimations are revised on a regular basis; necessary adjustments and corrections are made; and they are included in the income statement when they accrue. Estimations and assumptions subject to the risk of leading to corrections in the registered value of the assets and liabilities in the next financial period are given below:

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NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENT AS AT 31 DECEMBER 2020

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 5 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Employee benefits

Termination and retirement benefits

The Group has operated in different countries and the local regulations and practices of the countries in question are applied in determination of defined benefit plan.

The retirement benefit liability recognised in the balance sheet represents the present value of the defined benefit obligation.

Current tax

Provisions for taxes, as reflected in the accompanying consolidated special purpose financial statements, have been calculated on a separate-entity basis.

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

Deferred tax

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENT AS AT 31 DECEMBER 2020

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NOTE 5 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Deferred tax (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets 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.

Determination of fair values of Floating Power plants

Property, plant and equipment, other than floating powerplants are stated at cost less accumulated depreciation and accumulated impairment, if any. Floating power plants are carried at fair value less accumulated depreciation using the revaluation method. The fair values of floating power plants are determined from market-based evidence by appraisal that is normally undertaken by professionally qualified valuers. The Group used the "cost approach" method for the floating power plants.

Calculation of loss allowance

When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The Group has determined the probability of default rate as 100% against all receivables over 180 days past due because historical experience has indicated that these receivables are generally not recoverable. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. Details of the key assumptions and inputs used are disclosed below;

	<u>31 December 2020</u>	<u>31 December 2019</u>
Loss given default rate	24.00% - 32.90%	45.00%
Probability of default rate	39.33% - 100%	0.68% - 27.27%

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NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENT AS AT 31 DECEMBER 2020

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 5 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Calculation of depreciation of Power Plant

Preparation of financial statements requires management to make estimations and assumptions which may affect the reported amounts of assets and liabilities as of the statement of financial position date, the disclosure of contingent assets and liabilities and the reported amounts of income and expenses during the financial period. The accounting assessments, estimates and assumptions are reviewed considering past experiences, other factors and reasonable expectations about future events under current conditions. Although the estimations and assumptions are based on the best estimates of the management's existing incidents and operations, they may differ from the actual results.

Starting from 2019, the management has decided to change the depreciation methodology for machineries and started to depreciate engines by using units of production method. This method is based on the actual working hours of related asset rather than depreciate them within a fixed timeframe.

Useful lives of property, plant and equipment

The Group reviews the estimated useful lives of its property, plant and equipment at the end of each reporting period. The Group takes into consideration the intended use of the property, plant and equipment, the advancement in technology related to the particular type of property, plant and equipment as well as other factors that may require management to extend or shorten the useful lives and the assets' related depreciation.

Impairment of Floating Power Plant

Management reviews the carrying amount of its floating power plant to determine whether there is any indication of impairment in accordance with IAS 36 Impairment of Assets. Management has determined that no indication of impairment exists as at reporting date. The recoverable amount (net realizable value) of floating power plant is the greater of net selling price and value in use.

The Group reviews the carrying values of its floating power plant for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cashgenerating units are written down to their recoverable amount. The recoverable amounts of floating power plants have been determined based on value-in-use calculations. These calculations require the use of estimates.

As of 31 December 2020, impairment test for the floating power plants are generated by comparing its carrying amount with the recoverable amount. The recoverable amount is determined taking the value in use calculation as basis. During these 13 and 25 years period calculations, estimated free cash flow were approved by board of directors. Estimated free cash flows are discounted to expected present value for future cash flows. Key assumptions are such as country specific fee rates, and target list. Beside that the cash flow model does not contain growth rate assumption. For impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets, cash generating units (Note 11). For the impairment test, 9.2% Weighted Average Cost of Capital ("WACC") were used for the year-end 31 December 2020. The cash flow projections are not WACC sensitive (Note 11).

KARPOWER INTERNATIONAL B.V.**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENT
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NOTE 6 - CASH AND CASH EQUIVALENTS AND FINANCIAL ASSETS

Cash and cash equivalents	2020	2019
Cash	143,087	48,586
Cash at banks		
- USD denominated demand deposits	161,396,194	116,021,761
- Foreign currency denominated demand deposits	31,141,081	47,110,900
- USD denominated time deposits	23,013,320	9,009,449
- Foreign currency denominated time deposits	-	7,207
	215,693,682	172,197,903

Time deposits have less than one-month maturity and annual effective interest rate for IRR denominated deposits is 0.25% (2019: USD 0.5%).

Foreign currency denominated cash and cash equivalents	2020	2019
EUR	21,383,362	6,048,938
LBP	4,378,941	32,155,690
CFA	1,424,123	-
Other	3,954,655	8,913,479
	31,141,081	47,118,107

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Trade receivables	2020	2019
Trade receivables	652,385,095	524,332,468
Less: Provision for doubtful receivables	(181,996,270)	(78,765,596)
	470,388,825	445,566,872

The average maturity of trade receivables as of 31 December 2020 is 169 days (31 December 2019: 178 days).

USD 156,686,783 of the Group's trade receivables is neither due nor impaired as of 31 December 2020 (2019: USD 105,050,590).

The aging analysis of overdue but not impaired receivables as of 31 December 2020 and 2019 is as follows:

	2020	2019
Up to 3 months	179,030,289	42,629,681
3 - 12 months	115,153,747	215,291,268
More than one year	19,518,006	82,595,333
	313,702,042	340,516,282

KARPOWER INTERNATIONAL B.V.**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENT
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NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

The Group allocated a provision for its all doubtful trade receivables and movements of provision for doubtful trade receivables are as follows:

	2020	2019
1 January	(78,765,596)	(32,455,031)
Charge for the period (Note 18)	(104,529,575)	(46,310,565)
Provision released	1,298,901	-
31 December	(181,996,270)	(78,765,596)

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has determined the probability of default rate as 100% against all receivables over 180 days past due because historical experience has indicated that these receivables are generally not recoverable. The allocation and release of provision for doubtful receivables have been included in other operating income and expenses in the special purpose consolidated statement of profit or loss.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Trade payables

Short term trade payables	2020	2019
Payables to suppliers	171,292,106	147,966,808
Notes payable	3,650,916	1,722,030
	174,943,022	149,688,838

Short term trade payables as of 31 December 2020 and 2019 have an average maturity of six months.

Nature and level of risks arising from trade receivables and payables are disclosed under Note 4.

NOTE 8 - INVENTORIES

	2020	2019
Fuel oil and lube oil	29,348,908	32,328,138
Spare parts and consumables	13,189,261	8,508,816
Other inventories	613,210	1,284,566
	43,151,379	42,121,520

KARPOWER INTERNATIONAL B.V.

NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENT AS AT 31 DECEMBER 2020

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NOTE 9 - PREPAID EXPENSE AND DEFERRED INCOME

Current prepaid expenses	2020	2019
Advances given ⁽¹⁾	26,129,023	27,080,927
Prepaid expenses ⁽²⁾	7,439,880	5,507,707
Insurance expenses	3,365,022	3,211,006
Contractual acquisition cost	1,842,518	3,247,149
	38,776,443	39,046,789

Non - current prepaid expenses	2020	2019
Contractual acquisition cost	11,196,115	13,281,275
Prepaid expenses ⁽²⁾	30,190	3,163,282
	11,226,305	16,444,557

(1) Advances given comprise payments made for purchases of property, plant and equipment and inventories.

(2) Prepayments to supplier balances is mainly related with consulting services received or to be received in relation to sale of energy conversion works in Lebanon.

Short-term deferred income	2020	2019
Advances received from customers ⁽¹⁾	45,000	16,851,433
	45,000	16,851,433

Long-term deferred income	2020	2019
Advances received from customers ⁽¹⁾	4,500,000	13,220,269
	4,500,000	13,220,269

(1) The Group signed agreements with Mozambique, Sierra Leone and Lebanon for electricity sales through operating floating power plants. The major part of advance received balance amounting to USD 4,500,000 (2019: USD 13,220,269) belongs to advances received regarding these agreements.

NOTE 10 - OTHER ASSETS AND LIABILITIES

Other current assets	2020	2019
VAT receivables	119,867,077	90,379,764
Income accrual	21,569,309	17,599,650
Prepaid taxes	8,239,242	3,426,153
Other	2,280,980	546,281
	151,956,608	111,951,848

Other non-current assets	2020	2019
VAT receivables	2,289,694	3,030,555
	2,289,694	3,030,555

Other current liabilities	2020	2019
Expense accruals ⁽¹⁾	22,869,200	24,082,967
Taxes and funds payable	9,786,610	6,518,145
Payables to personnel	2,414,873	2,017,098
Other	355,438	240,369
	35,426,121	32,858,579

(1) Expense accruals comprise the services provided to the powerships in operating countries such as technical services, consultancy, food and beverage, security and other supplies whose invoices are not received.

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(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT, NET

	1 January 2020	Additions (*)	Disposals	Transfers	Currency translation differences	Fair value change	31 December 2020
Cost:							
Land improvements	75,828,440	1,562,902	-	5,131,273	(2,180,604)	-	80,342,011
Floating power plants	3,018,545,930	95,754,265	(274,806)	52,703,680	(139,693)	25,602,490	3,192,191,866
Motor vehicles	52,166,111	20,605,332	(35,542,654)	221,042	(1,619,764)	-	35,830,067
Furniture and fixtures	9,559,491	1,345,222	(123,950)	12,717	(283,761)	-	10,509,719
Construction-in-progress ⁽¹⁾	491,329,003	150,418,684	(665,548)	(58,068,712)	(3,839,268)	-	579,174,159
	3,647,428,975	269,686,405	(36,606,958)	-	(8,063,090)	25,602,490	3,898,047,822
Accumulated depreciation and impairment:							
Land improvements	40,548,211	7,780,775	(270,800)	-	(108,094)	-	47,950,092
Floating power plants	481,429,367	95,561,339	26,464	-	(51,989)	-	576,965,181
Motor vehicles	16,210,035	6,339,889	(6,555,754)	-	(466,005)	-	15,528,165
Furniture and fixtures	4,057,782	1,597,127	(18,943)	-	(49,090)	-	5,586,876
	542,245,395	111,279,130	(6,819,033)	-	(675,178)	-	646,030,314
Net book value	3,105,183,580						3,252,017,508

(1) Construction in progress comprise ongoing floating power plant investments.

In the twelve month period ended at 31 December 2020, USD 4,752,922 (2019: USD 4,475,087) of depreciation and amortisation expense is accounted for under general administrative expenses and USD 106,543,400 (2019: USD 102,460,203) of the depreciation expense is accounted for under cost of sales.

As of 31 December 2020, there are mortgages amounting to USD 3,237,073,367 on property, plant and equipment (2019: USD 2,987,803,917).

(*) Addition amounts consist of capitalized borrowing costs amounting to USD 14,700,271 and advance given amounting to USD 27,080,927 for the year ended 31 December 2020 (2019: USD 13,194,301 and USD 28,513,487).

Floating power plants are measured at their fair values as of 31 December 2020. The fair value of the Group's Floating power plants have been arrived by the accredited independent values whose appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The floating power plants have been classified within the third level of the fair value hierarchy.

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NOTES TO SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT, NET (Continued)

	1 January 2019	Additions	Disposals	Transfers	Currency translation differences	Fair value change	31 December 2019
Cost:							
Land improvements	69,753,398	5,714,285	(11,376,692)	11,130,646	606,803	-	75,828,440
Floating power plants	2,644,766,939	22,531,063	(4,656,602)	184,568,171	2,196,429	169,139,931	3,018,545,931
Motor vehicles	37,413,380	47,723,408	(18,534,192)	(13,605,179)	(831,306)	-	52,166,111
Furniture and fixtures	13,118,945	2,474,833	(231,529)	(5,722,474)	(80,284)	-	9,559,491
Construction-in-progress ⁽¹⁾	446,321,866	227,903,826	(5,759,236)	(176,446,073)	(691,379)	-	491,329,004
	3,211,374,528	306,347,415	(40,558,251)	-	1,200,263	169,139,931	3,647,428,977
Accumulated depreciation and impairment:							
Land improvements	37,088,843	12,399,843	(9,532,769)	1,073	591,220	-	40,548,210
Floating power plants	394,226,944	87,423,331	(203,871)	(8,011)	(9,023)	-	481,429,370
Motor vehicles	10,623,874	5,701,488	(8,022)	-	(107,305)	-	16,210,035
Furniture and fixtures	2,886,681	1,388,919	(158,669)	(67,971)	8,822	-	4,057,782
	444,826,342	106,913,581	(9,903,331)	(74,909)	483,714	-	542,245,397
Net book value	2,766,548,186						3,105,183,580

(1) Construction in progress comprise ongoing floating power plant investments.

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT, NET (Continued)

The Group's power plants are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Group's power plants as at 31 December 2020 and 31 December 2019 were performed by independent valuers not related to the Group. Valuation company have appropriate qualifications and recent experience in the fair value measurement of power plants in the relevant locations.

The fair value of the power plants was determined based on the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence/other methods. The revaluation surplus was credited to other comprehensive income and is shown in 'revaluation reserve' in shareholders' equity.

There has been no change to the valuation technique during the year.

	31 December 2020	Fair value as at 31 December 2020		
		Level 1 USD	Level 2 USD	Level 3 USD
Floating power plants	2,615,226,685	-	-	2,615,226,685

	31 December 2019	Fair value as at 31 December 2019		
		Level 1 USD	Level 2 USD	Level 3 USD
Floating power plants	2,537,116,561	-	-	2,537,116,561

NOTE 12 - BANK BORROWINGS

	2020		2019	
	Annual effective interest rate (%)	USD	Annual effective interest rate (%)	USD
USD denominated bank borrowings	4.50%	13,851,103	4.25%	12,517,028
EUR denominated bank borrowings	6.00%	36,372,748	6.90%	16,346,041
USD denominated letter of credit		16,532,630		18,464,701
EUR denominated letter of credit		28,438,361		171,100,607
Short term bank borrowings		95,194,842		218,428,377
USD denominated bank borrowings	6.78%	476,698,789	6.12%	413,291,994
EUR denominated bank borrowings	5.39%	172,848,012	6.00%	75,642,691
Short term portion of long term borrowings		649,546,801		488,934,685
Total short term bank borrowings		744,741,643		707,363,062
USD denominated bank borrowings	7.06%	504,335,592	6.53%	729,857,847
EUR denominated bank borrowings	5.88%	61,184,038	6.06%	110,884,404
Long term bank borrowings		565,519,630		840,742,251
Total bank borrowings		1,310,261,273		1,548,105,313

KARPOWER INTERNATIONAL B.V.**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 12 - BANK BORROWINGS (Continued)

The borrowings are repayable as follows:

	2020	2019
Up to 3 months	163,094,874	134,533,731
3 - 12 months	581,646,769	572,829,331
1 - 5 years	565,519,630	840,742,251
	1,310,261,273	1,548,105,313

The movement of borrowings as of 31 December 2020 and 2019 are as follows:

	2020	2019
Opening	1,548,105,313	1,347,240,922
Addition	491,017,994	583,828,770
Payment	(756,391,222)	(381,633,975)
Foreign exchange loss	28,749,297	(790,876)
Change in interest accrual	(1,220,109)	(539,528)
	1,310,261,273	1,548,105,313

NOTE 13 - COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

Guarantees received	2020	2019
Guarantee letters received	184,299,552	155,291,419
Advance payment guarantee	48,284,469	11,956,775
Guarantee cheques received	558,769	1,386,908
Guarantee notes received	223,757	394,220
	233,366,547	169,029,322

On 2 October 2019 and 29 August 2017 Karpowership Ghana has received guarantee letters amounting to USD 66,500,000 and USD 79,000,000 respectively (2019: USD 155,000,000) from Electricity Company of Ghana Limited. These guarantee letters expire on 29 September 2021, 21 July 2021 respectively.

Most of other advanced payment guarantees are received from main suppliers in return for the guarantees given in the normal course of business.

Guarantees given	2020	2019
Mortgages on floating power plant	3,237,073,367	2,987,803,917
Guarantees given on behalf of the related parties	1,127,044,250	1,178,607,304
Guarantees given to government		
due to performance obligations	33,353,613	50,972,525
Guarantee given to third parties	-	26,205,102
Guarantee letters given	179,722	1,376,335
Bid bonds	-	11,000,000
	4,397,650,952	4,255,965,183

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NOTE 13 - COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES (Continued)

Bank borrowings are secured by mortgages on Group's property, plant and equipment and breakdown of mortgages by degrees is as follows:

	2020	2019
First degree	2,615,102,724	2,670,679,409
Second degree	621,970,643	317,124,508
	3,237,073,367	2,987,803,917

Karpowership Lebanon has issued a performance bond amounting to USD 14,293,692 (2019: USD 28,578,384) as of 31 December 2020 in favour of Electricite du Liban represented by Ministry of Energy and Water of the Government of the Republic of Lebanon under the electricity generation services contract with the Republic of Lebanon dated 19 October 2018. The maturity date of the bond is 31 December 2021.

PT Indonesia has issued a performance bond amounting to IDR 170,105,184,000 (USD 12,059,921) (2019: IDR 170,105,184,000 (USD 12,252,124)) as of 31 December 2020 in favour of PT PLN (Persero) regarding the electricity generation services contract. The maturity dates of the bonds are between 21 February 2021 and 11 September 2021.

In accordance with the agreements related to operating leases of floating power plants, total "take or pay" income on the basis of allocation of capacity for the contract periods is amounting to USD 3,084,857,212. USD 826,264,551 of such income was to be recognised in 2021, and the remaining part of USD 2,258,592,701 is to be recognised in the period between 2022 and 2032.

NOTE 14 - EQUITY

Share capital

The Group's authorized and issued capital consists of 2,061,624 shares (2019: 1,362,898) issued on bearer with a nominal value of USD 624.84 each (2019: USD 624.84). The Group does not have any preferred stock.

Share capital has been increased by USD 436,500,000 in 2020 which, were paid in cash (2019: USD 280,337,000).

The Group's shareholders and their shareholding at 31 December 2020 and 2019 are as follows:

	2020		2019	
	USD	Share (%)	USD	Share (%)
Karkey Karadeniz Elektrik Üretim A.Ş. ("Karkey")	1,288,185,010	100	851,685,010	100
Share capital	1,288,185,010		851,685,010	
Total capital	1,288,185,010		851,685,010	

The Company declared and paid dividends of USD 0.24 per share amounting to USD 308,000,000 during the year (2019: USD 321,239,967).

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NOTE 14 – EQUITY (Continued)**Revaluation fund**

The movements of revaluation funds of floating power plants are as follows:

	2020	2019
1 January	698,464,340	639,029,368
Revaluation of floating power plants (Note 11)	25,602,490	169,139,931
Transfer of depreciation of revalued powerships	(33,894,879)	(109,704,959)
31 December	690,171,951	698,464,340

The movements of non-controlling interests are as follows:

	2020	2019
1 January	36,335,490	294,640
Share of profit for the year	3,086,992	(209,150)
Changes in ownership rates	-	36,250,000
31 December	39,422,482	36,335,490

NOTE 15 – INVESTMENTS***Financial assets measured at******amortised cost***

	2020	2019
Government bonds	14,861,703	33,304,543
Blocked deposits	5,006,001	54,250,000
Total investments	19,867,704	87,554,543

The investments in listed corporate bond issued by Government of Ghana are paying a coupon rate of 20.00% and originally the bonds will mature on 9 August 2027. Nominal value of the bond approximates fair value.

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NOTE 16 - REVENUE AND COST OF SALES

	2020	2019
Floating power plants rent income	846,837,146	726,634,171
Sales of fuel	396,538,979	331,075,255
Other (1)	9,109,779	6,440,299
	1,252,485,904	1,064,149,725

(1) Other sales primarily comprise of service income to non-consolidated companies and electricity sales from land based plants.

Cost of sales	2020	2019
Fuel, spare parts and consumables	402,870,708	349,521,421
Depreciation (Note 11)	106,543,400	102,460,203
Personnel expenses	55,675,268	49,794,605
Insurance expenses	23,828,279	19,342,540
Transportation, shipment and travel expenses	4,790,683	8,203,002
Shipyard Expenses	4,509,515	4,291,390
Consultancy expenses	2,847,565	4,044,493
Rent expenses	1,675,530	1,638,506
Repair maintenance expenses	819,686	517,044
Other (1)	25,211,274	26,328,364
	628,771,908	566,141,568

(1) Other cost of sales expenses comprise of powership operations, embarkments, sludge, sea store expenses etc

NOTE 17- GENERAL ADMINISTRATIVE EXPENSES

	2020	2019
Consultancy expenses	48,849,248	48,781,989
Personnel expenses	9,993,370	8,929,578
Depreciation and amortisation (Note 11)	4,752,992	4,475,087
Taxes and duties	2,560,911	2,034,362
Travel and transportation expenses	984,202	2,077,576
Other (1)	5,522,830	5,804,751
	72,663,553	72,103,343

(1) Other general administrative expenses comprise of utility expenses, rent expenses tax and duty, food and beverage expenses, representation expenses etc.

The functional breakdown of depreciation and amortisation expenses is as follows:

Depreciation and amortisation expenses	2020	2019
Cost of sales	106,543,400	102,460,203
General administrative expenses	4,752,992	4,475,087
	111,296,392	106,935,290

The functional breakdown of personnel expenses is as follows:

Personnel expenses	2020	2019
Cost of sales	55,675,268	49,794,605
General administrative expenses	9,993,370	8,929,578
	65,668,638	58,724,183

KARPOWER INTERNATIONAL B.V.

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NOTE 18 - OTHER OPERATING INCOME AND EXPENSES

Other operating income	2020	2019
Foreign exchange gains from trade payables and receivables	53,936,279	29,025,989
Interest income from trade receivables	20,308,432	7,268,641
Gain on sale of property, plant and equipment	14,236,649	141,902
Gain on insurance claim	5,423,679	8,330,071
Reversal of ELC Provision (Note 7)	1,298,901	-
Other	12,279,677	11,939,662
	107,483,617	56,706,265

Other operating expenses	2020	2019
Expected credit loss (Note 7-21)	112,910,675	48,183,702
Foreign exchange losses from trade payables and receivables	56,646,673	12,032,819
Other	7,763,376	12,190,462
	177,320,724	72,406,983

NOTE 19 - FINANCIAL INCOME AND EXPENSES

Financial income	2020	2019
Interest income	4,217,277	1,778,567
Foreign exchange gains	-	698,398
	4,217,277	2,476,965

Financial expenses	2020	2019
Interest expenses	107,711,671	126,075,581
Less: amounts included in cost of qualifying asset	(14,700,271)	(13,194,301)
	93,011,400	112,881,280
Foreign exchange losses	29,478,405	314,917
Commission expenses (1)	20,018,474	9,059,524
	142,508,279	122,255,721

(1) Commission expenses comprise of commissions for guarantee letters and borrowings obtained.

NOTE 20 - TAXES ON INCOME

	2020	2019
Corporation taxes currently payable	44,878,951	27,781,465
Less: Prepaid taxes	(23,853,358)	(21,413,403)
Current income tax liabilities, net	21,025,593	6,368,062

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NOTE 20 - TAXES ON INCOME (Continued)

	2020	2019
Current tax expenses (*)	(44,878,951)	(27,781,465)
Deferred tax (expense) / income	(4,532,558)	84,934
	(49,411,509)	(27,696,531)

(*) Remaining prepaid taxes in the special purpose consolidated financial statements are classified under other current assets (Note 10), stemming from different subsidiaries of the Group, operating in different taxation jurisdictions.

The principal tax rates for each country are as follows:

Country	Corporate tax rate (%)	
	2020	2019
Mozambique	32.00	32.00
Sierra Leone	25.00	30.00
Gambia	27.00	27.00
Ghana	25.00	25.00
Indonesia	22.00	25.00
Turkey	22.00	22.00
The Netherlands	25.00	25.00
Singapore	17.00	17.00
Lebanon ⁽¹⁾	17.00	17.00
Northern Cyprus	1.00	1.00
Malta	35.00	35.00
Senegal	30.00	30.00
Ukraine	18.00	-
Isle of Man	-	-
Marshall Islands	-	-
Guinea Bissau	-	-
Guinea Conakry	-	-
United Arab Emirates	-	-

(1) Calculated over 17% of 15% of collection excluding VAT.

The reconciliation of tax expense disclosed in the special purpose consolidated statement of comprehensive income and tax expense calculated using enacted tax rate over income before tax for the twelve-month periods ended 31 December 2020 and 2019 is as follows:

Deferred income tax

	2020	2019
Profit before taxation on income	342,797,690	290,150,920
Expected tax charge at the applicable tax rate (20%)	(68,559,538)	(58,030,184)
Effect of tax exemption, the rate differences and other reconciling items	19,148,029	30,333,653
Current period tax expense	(49,411,509)	(27,696,531)

KARPOWER INTERNATIONAL B.V.**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in US Dollars ("USD") unless otherwise indicated.)

NOTE 20 - TAXES ON INCOME (Continued)**Deferred income tax (Continued)**

The Group recognizes deferred income tax assets and liabilities based upon the temporary differences between its financial statements as reported in accordance with IFRS and its statutory tax financial statements. For the calculation of deferred income tax asset and liabilities resulted from the temporary differences, above mentioned tax rates are applied for each subsidiary.

The breakdown of cumulative temporary differences and the resulting deferred income tax assets/ (liabilities) provided at 31 December 2020 and 2019, using enacted tax rates at the balance sheet dates, are as follows:

	2020	2019
1 January	116,350	(279,949)
Charged to profit or loss	(4,532,558)	84,934
Credited to other comprehensive income	2,395	(142,111)
Currency translation differences	(3,399)	453,476
31 December	(4,417,212)	116,350

The movements of deferred income taxes are as follows:

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Since the effective tax rate is zero for the most of the significant temporary differences, the group has recognized limited amount of deferred tax asset or liability.

	2020	2019
1 January	116,350	(279,949)
Charged to profit or loss	(4,532,558)	84,934
Credited to other comprehensive income	2,395	(142,111)
Currency translation differences	(3,399)	453,476
31 December	(4,417,212)	116,350

KARPOWER INTERNATIONAL B.V.**NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 21 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES**i) Balances with related parties:**

Due from related parties	2020	2019
Non-Trade Receivable	61,202,175	38,417,561
- Karmol LNG Company Limited(*)	60,253,446	30,894,188
- Karkey Karadeniz Elektrik Üretim Anonim Şirketi	-	2,654,314
- Other	948,729	4,899,062
Trade Receivable (**)	39,935,294	27,044,510
- Karen Dış Ticaret ve Enerji A.Ş.	24,796,415	14,973,963
- Karpowership (Cyprus) Company Limited	15,138,879	12,070,547
	101,137,469	65,492,074

(*) Due from related party balances consist of USD 60,253,446 (2019: USD 30,894,188) receivables related with financing activities. All of the receivables from Karmol LNG have interest rate of 1%+3M LIBOR and they have short term maturity date.

(**) Trade receivables from related party balances amounting to USD 39,935,294 (2019: 27,044,510) consists of receivables from Sudan and Cuba operations in relation to the revenue generated from Time Charter Plus Agreements of the floating power plants.

Trade receivables from related parties	2020	2019
Trade receivables from related parties	50,189,531	28,917,647
Less: Provision for doubtful receivables	(10,254,237)	(1,873,137)
	39,935,294	27,044,510

The Group allocated a provision for its all doubtful trade receivables and movements of provision for doubtful due from related parties are as follows:

	2020	2019
1 January	(1,873,137)	-
Charge for the period (Note 18)	(8,381,100)	(1,873,137)
31 December	(10,254,237)	(1,873,137)

Group calculated expected credit loss provisions for the receivables from Sudan and Cuba operations considering the Time Charter Plus Agreements.

Due to related parties	2020	2019
Karpowership (Cyprus) Company Limited	6,379,536	684,284
Karadeniz Holding Anonim Şirketi	381,423	1,449,847
Karkey Karadeniz Elektrik Üretim Anonim Şirketi	34,998	13,724,115
Other	157,979	576,460
	6,953,936	16,434,706

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NOTE 21 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**ii) Sales and purchases of goods/services:**

The transactions with related parties for the years ended 31 December 2020 and 2019 are as follows:

a) Sales to related parties:	2020	2019
Karen Dış Ticaret ve Enerji A.Ş.	57,086,857	24,758,206
Karpowership Cyprus	18,838,003	13,803,132
Karkey Karadeniz Elektrik Üretim Anonim Şirketi	2,832,400	3,717,481
Karmol LNG Company Limited	1,239,533	401,549
Other	49,101	63,092
	80,045,894	42,743,460

b) Purchase of goods and services from related parties:	2020	2019
Karadeniz Holding Anonim Şirketi	1,594,052	1,988,713
Karpowership Cyprus	1,584,218	-
Pamuk Gayrimenkul Yatırımları A.Ş.	1,572,493	637,109
Karyek Karadeniz Elektrik Üretim A.Ş.	1,069,727	773,211
Karen Dış Ticaret ve Enerji A.Ş.	334,543	1,323,834
	6,155,033	4,722,866

c) Financial income from related parties:	2020	2019
Karmol LNG Company Limited	757,920	583,488
Karkey Karadeniz Elektrik Üretim Anonim Şirketi	21,607	89,976
Karadeniz Holding Anonim Şirketi	-	15,536
	779,527	689,000

d) Financial expenses to related parties:	2020	2019
Karkey Karadeniz Elektrik Üretim Anonim Şirketi	567,724	819,805
Karadeniz Holding Anonim Şirketi	-	1,329,258
	567,724	2,149,063

iii) Key management compensation

The Group classifies the member of board of directors, director, coordinator and general manager as key management personnel. Total compensation provided to key management personnel by the Group for the year amounts to USD 2,261,247 (2019: USD 2,316,926). The Group did not provide key management with post-employment benefits, benefits due to outplacement, share-based payment and other long-term benefits in the periods 1 January - 31 December 2020 and 2019.

NOTE 22 - INVESTMENTS ON A JOINT VENTURE

According to the agreement which was signed between Karpower International B.V. and Mitsui O.S.K. Lines Ltd. as at 13 November 2018, Karmol LNG Company Limited has been established. The parties formed a partnership for business opportunities relating to LNG to Powership Project in Mozambique.

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NOTE 22 - INVESTMENTS ON A JOINT VENTURE (Continued)

	2020		2019	
	USD	Share (%)	USD	Share (%)
Karmol LNG Company Limited	12,789,417	50.00	8,821,529	50.00
	12,789,417		8,821,529	

Relating to investment in associate, total assets and liabilities and profit/ (loss) for the period of as of 31 December 2020 and 2019 were as follows:

	2020	2019
Current Asset	22,638,895	22,356,122
Non-Current Asset	134,332,444	64,723,644
Current Liabilities	(127,352,422)	(13,845,233)
Non-Current Liabilities	-	(54,788,376)
Net Assets	29,618,917	18,446,157
Proportion of the Group's ownership		
interest in the joint venture	50%	50%
Other adjustments(*)	(2,020,042)	(401,550)
	12,789,417	8,821,529

(*) The amount consists of the service provided by the Group (31 December 2019: the amount consists of service provided by the Group).

	2020	2019
Revenue	-	-
Loss for the year	(249,288)	(548,840)
Proportion of the Group's ownership		
interest in the joint venture	50%	50%
	(124,644)	(274,420)

	2020	2019
Group's Share of Gain / (Loss) for the period	(124,644)	(274,420)
	(124,644)	(274,420)

The movement of investments in associate for the years ended as of 31 December 2020 and 2019 are as follows:

	2020	2019
1 January	8,821,529	4,896,797
Capital increase	5,711,023	4,600,701
Gain / (Loss) from associates	(124,644)	(274,420)
Service provided by the Group	(1,618,491)	(401,549)
31 December	12,789,417	8,821,529

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NOTE 23 - EVENTS AFTER THE REPORTING PERIOD

PT Karpowership Indonesia and Indonesian Electric Utility PT Pln (Persero) extended the Leasing Marine Vessel Power Plant with Amurang contract on 26 January 2021 for 6 months.

Karpowership Senegal and Senegal Electric Utility (SENELEC) expanded capacity contract to from 120 MW to 220 MW starting on 1 May 2021. In addition, first FSRU ship under the Karmol LNG, Karmol LNG Africa is setting sail to Senegal. It is expected to arrive in Senegal mid-May and start its operation in June.

In accordance with the relevant clause in the contract of Guinea Conakry, the contract term was automatically extended for another 12 months in February 2021 (until February 2022).

A new contract with South Africa has been signed for a period of 20 years, with an effective commencement date of 2022. A total of 1,220 MW will be provided in three different locations.

Karpower International B.V. distributed USD 45,000,000 dividend to Karkey Karadeniz Elektrik A.Ş.

PT Kar Energi Indo (Karendo) was established on 1 February 2021.

Karpowership Dominican Republic SAS was established on 8 February 2021.

NOTE 24 - APPROVAL OF SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS

This special purpose consolidated financial statements as of and for the period between 1 January - 31 December 2020 have been approved and signed on 21 April 2021 on behalf of the Board of Directors by Orhan Remzi Karadeniz, Managing Director of Karpower International B.V.