

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

GALATA WIND ENERJİ ANONİM ŞİRKETİ

**CONSOLIDATED FINANCIAL STATEMENTS
AT 1 JANUARY - 31 MARCH 2023**

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GALATA WIND ENERJİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

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

ASSETS	Notes	Unaudited Current Period 31 March 2023	Audited Prior Period 31 December 2022
Current assets		1,062,662,924	908,306,047
Cash and cash equivalents	4	756,622,141	659,079,070
Financial investments	24	153,334,103	76,299,442
Trade receivables			
-Due from related parties	23	1,939	1,842
- Due from third parties	6	104,855,905	84,126,572
Other receivables			
- Due from third parties		37,598	36,128
Inventories		818,695	818,695
Prepaid expenses	13	9,750,362	13,608,960
Other current assets	14	37,242,181	74,335,338
Non-current assets		1,660,321,032	1,558,052,323
Derivative instruments	15	66,659,108	65,081,022
Financial investments	24	100,000	100,000
Other receivables			
- Due from third parties		798,554	572,678
Property, plant and equipment	8	921,446,672	892,677,405
Intangible assets			
- Licenses	9	311,201,743	313,102,681
- Goodwill	3	27,629,554	27,629,554
- Other	9	433,243	658,843
Right of use assets	10	12,050,367	12,056,163
Deferred tax assets	22	156,016,451	148,834,186
Prepaid expenses	13	163,985,340	97,339,791
TOTAL ASSETS		2,722,983,956	2,466,358,370

The consolidated financial statements as of and for the period ended 31 March 2023 have been approved by the Board of Directors on 3 May 2023.

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

GALATA WIND ENERJİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

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

		<i>Unaudited Current Period</i>	<i>Audited Prior Period</i>
LIABILITIES	Notes	31 March 2023	31 December 2022
Current liabilities		415,445,591	107,312,562
Short-term portion of long-term borrowings			
Short-term portion of long-term borrowings from third parties			
- Bank borrowings	5	69,961,120	67,109,605
- Lease liabilities	5	964,165	864,969
- Short-term portion of long-term borrowings from related parties			
- Lease liabilities	5,23	255,278	304,868
Trade payables			
- Due to related parties	23	367,508	585,022
- Due to third parties	6	20,024,546	16,884,666
Other payables			
- Due to related parties	7	275,000,000	-
- Due to third parties	7	2,598,365	4,168,083
Payables related to employee benefits	12	617,478	4,124,117
Provision for period income tax	22	36,817,896	5,776,076
Short-term provisions			
- Other short-term provisions	11	5,608,798	5,539,797
- Short-term provisions for employment benefits	12	3,230,437	1,955,359
Non-current liabilities		456,459,529	468,808,456
Long-term borrowings			
- Long-term borrowings from third parties			
- Bank borrowings	5	431,097,009	444,308,980
- Lease liabilities	5	14,715,701	14,032,870
- Long-term borrowings from related parties			
- Lease liabilities	5,23	277,244	352,381
Long-term provisions			
- Other long term provisions	11	6,036,387	6,036,387
- Long-term provisions for employment benefits	12	4,333,188	4,077,838
EQUITY		1,851,078,836	1,890,237,352
Equity attributable to equity holders of the parent company		1,851,078,836	1,890,237,352
Share capital	16	534,791,458	534,791,458
Share premiums/(discounts)	16	4,000,000	4,000,000
Other comprehensive income (losses) that will not be reclassified in profit or loss			
- Actuarial gains (losses) on defined benefit plans	16	(1,384,231)	(1,384,231)
Restricted reserves	16	92,402,893	42,350,942
Retained earnings or accumulated losses		985,427,232	266,523,248
Net profit or loss for the period		235,841,484	1,043,955,935
TOTAL EQUITY AND LIABILITIES		2,722,983,956	2,466,358,370

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

GALATA WIND ENERJİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIODS 1 JANUARY – 31 MARCH 2023 AND 2022

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

		<i>Unaudited Current Period 1 January - 31 March 2023</i>	<i>Unaudited Prior Period 1 January - 31 March 2022</i>
PROFIT OR LOSS			
Revenue	17	337,130,632	290,017,674
Cost of sales (-)	17	(74,300,897)	(42,857,015)
GROSS PROFIT/ (LOSS)		262,829,735	247,160,659
General administrative expenses (-)	18	(8,984,968)	(4,173,643)
Marketing expenses (-)	18	(2,300,259)	(3,084,681)
Other operating income	20	36,077,844	27,385,552
Other operating expenses (-)	20	(2,072,624)	(5,049,101)
OPERATING PROFIT/ (LOSS)		285,549,728	262,238,786
OPERATING PROFIT/ (LOSS) BEFORE FINANCE (EXPENSE)/ INCOME		285,549,728	262,238,786
Finance expenses (-)	21	(24,522,492)	(33,020,728)
PROFIT/ (LOSS) BEFORE TAXATION FROM CONTINUED OPERATIONS		261,027,236	229,218,058
Tax income/(expense) from continued operations		(25,185,752)	(47,047,144)
Tax income/ (expense) for the period	22	(32,368,017)	(43,837,287)
Deferred tax income/ (expense)	22	7,182,265	(3,209,857)
PROFIT/ (LOSS) FOR THE PERIOD		235,841,484	182,170,914
Allocation of Profit/(Loss) For the Period			
Attributable to equity holders of the parent company		235,841,484	182,170,914
Earning/(Loss) Per Share Attributable to Equity Holders of the Parent Company	25	0,441	0,341
OTHER COMPREHENSIVE INCOME			
That will not be reclassified as profit or loss			
Actuarial gains (losses) on defined benefit plans	12	-	-
Taxes related to other comprehensive income that will not be reclassified as profit or loss			
Tax effect of actuarial gains (losses) on defined benefit plans	22	-	-
OTHER COMPREHENSIVE INCOME (LOSS)		-	-
TOTAL COMPREHENSIVE INCOME (LOSS)		235,841,484	182,170,914
Allocation of Total Comprehensive Income/(Loss)			
Attributable to non-controlling interests		-	-
Attributable to equity holders of the parent company		235,841,484	182,170,914

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

GALATA WIND ENERJİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS 1 JANUARY - 31 MARCH 2023 AND 2022

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

	Share capital	Share premium/ discounts	Other comprehensive income or expense not to be reclassified to profit or loss Actuarial gain/ (loss) on defined benefit plans	Restricted reserves	Retained earnings		Equity attributable to equity holders of parent company	Non-controlling interest	Total equity
					Retained earnings or accumulated loss	Profit (Loss) for Period			
Balance at 1 January 2022	534,791,458	4,000,000	21,037	25,773,899	262,187,432	170,912,859	997,686,685	-	997,686,685
Transfers	-	-	-	16,577,043	154,335,816	(170,912,859)	-	-	-
Dividends	-	-	-	-	(150,000,000)	-	(150,000,000)	-	(150,000,000)
Total comprehensive income	-	-	-	-	-	182,170,914	182,170,914	-	182,170,914
- Other comprehensive income/ (expense)	-	-	-	-	-	-	-	-	-
- Net profit for the period (loss)	-	-	-	-	-	182,170,914	182,170,914	-	182,170,914
Balance at 31 March 2022	534,791,458	4,000,000	21,037	42,350,942	266,523,248	182,170,914	1,029,857,599	-	1,029,857,599
Balance at 1 January 2023	534,791,458	4,000,000	(1,384,231)	42,350,942	266,523,248	1,043,955,935	1,890,237,352	-	1,890,237,352
Transfers	-	-	-	50,051,951	993,903,984	(1,043,955,935)	-	-	-
Dividends	-	-	-	-	(275,000,000)	-	(275,000,000)	-	(275,000,000)
Total comprehensive income	-	-	-	-	-	235,841,484	235,841,484	-	235,841,484
- Other comprehensive income/ (expense)	-	-	-	-	-	-	-	-	-
- Net profit for the period (loss)	-	-	-	-	-	235,841,484	235,841,484	-	235,841,484
Balance at 31 March 2023	534,791,458	4,000,000	(1,384,231)	92,402,893	985,427,232	235,841,484	1,851,078,836	-	1,851,078,836

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

GALATA WIND ENERJİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS 1 JANUARY - 31 MARCH 2023 AND 2022

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

		<i>Unaudited Current Period 1 January - 31 March 2023</i>	<i>Unaudited Prior Period 1 January - 31 March 2022</i>
	Notes		
A. NET CASH FROM OPERATING ACTIVITIES		312,403,274	247,552,209
Net profit (loss) for the period		235,841,484	182,170,914
Adjustments regarding reconciliation of net profit (loss) for the period:		31,082,022	72,182,459
Adjustments related to depreciation and amortization	8, 9, 10	16,388,815	16,848,035
Adjustments related to provisions			
- <i>Adjustments related to provisions for (reversal of) employee benefits</i>	12	1,545,635	306,018
- <i>Adjustments related to other provisions (reversals)</i>	11	-	(1,064,480)
Adjustments related to interest (income) and expenses			
- <i>Adjustments related to interest income</i>	20	(26,852,375)	(929,340)
- <i>Adjustments related to interest expenses</i>	21	4,773,612	8,885,257
Adjustments related to fair value (gains) losses		(3,541,537)	(9,978,035)
Adjustments related to tax (income)/expense	22	25,185,752	47,047,144
Adjustments related to changes in unrealised foreign exchange differences	5	13,582,120	11,067,860
Changes in working capital		31,840,393	15,031,640
Adjustments for decrease in inventories		-	16,327
Adjustments for decrease/ (increase) in trade receivables			
- <i>Decrease/ (increase) in trade receivables from related parties</i>		(97)	542,329
- <i>Decrease/ (increase) in trade receivables from non-related parties</i>		(20,729,333)	(26,991,983)
Increase/ (decrease) in payables due to employee benefits		(3,506,639)	(1,002,479)
Adjustments regarding decrease/ (increase) in other receivables on operations			
- <i>(Increase)/ decrease in other receivables regarding operations with non-related parties</i>		37,093,157	265,369
Adjustments regarding increase (decrease) in trade payables			
- <i>Increase/ (decrease) in trade payables to related parties</i>		(217,514)	246,948
- <i>Increase/ (decrease) in trade payables to non-related parties</i>		3,139,880	215,939
Adjustments regarding increase (decrease) in other payables on operations			
- <i>Increase/(decrease) in other payables regarding operations with non-related parties</i>		(1,569,718)	(684,080)
Adjustments for other increase (decrease) in working capital			
- <i>(Increase)/ decrease in other assets regarding operations</i>		17,630,657	42,423,270
Net cash from operating activities		298,763,899	269,385,013
Income tax refunds (payments)	22	(7,102,273)	(3,318)
Interest received		20,756,855	(22,619,736)
Payment of provisions for employee benefits		(15,207)	790,250

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

GALATA WIND ENERJİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS 1 JANUARY - 31 MARCH 2023 AND 2022

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

		<i>Unaudited Current Period 1 January - 31 March 2023</i>	<i>Unaudited Prior Period 1 January - 31 March 2022</i>
	Notes		
B. NET CASH FROM INVESTING ACTIVITIES		(186,412,486)	(1,704,502)
Acquisition of subsidiary, net of cash acquired	9	-	-
Cash outflows from the acquisition of shares or debt instruments of other enterprises or funds	24	(77,034,661)	-
Cash outflows from purchase of property, plant, equipment and intangible assets			
<i>Cash outflows from purchase of property, plant, equipment</i>	8	(43,133,883)	(1,465,228)
<i>Cash outflows from purchase of intangible assets</i>	9	(10,915)	(304,000)
Cash advance given		(66,645,550)	-
Cash inflows from sale of property, plant, equipment and intangible assets			
<i>Cash inflows from sale of property, plant, equipment</i>	8	412,523	-
<i>Cash inflows from sale of intangible assets</i>	9	-	-
Other cash inflows/(outflows)		-	64,726
C. NET CASH FROM FINANCING ACTIVITIES		(36,865,018)	(24,112,122)
Cash inflows from borrowings			
- <i>Cash inflows from borrowings</i>	5	-	11,712,000
Cash outflows on debt payments			
- <i>Cash outflows due to payments of bank borrowings</i>	5	(36,001,610)	(34,124,206)
- <i>Cash outflows due to payments of other borrowings</i>	5	-	-
Cash outflows due to payments of lease liabilities	5	(427,501)	(270,437)
Interest paid		(435,907)	(1,429,479)
Dividends paid		-	-
Other cash inflows/(outflows)		-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE FOREIGN CURRENCY TRANSLATION DIFFERENCES		89,125,770	221,735,585
D. EFFECT OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		8,551,545	21,848,072
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		97,677,315	243,583,657
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	652,849,306	158,918,753
F. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	4	750,526,621	402,502,410

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

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

Galata Wind Enerji Anonim Şirketi ("Galata Wind" or the "Company") was acquired and taken over from the İbrahimağaoğlu Family on 29 June 2012 as a Doğan Holding subsidiary.

While the Company operated as a subsidiary of Doğan Enerji Yatırımları Sanayi ve Ticaret A.Ş. ("Doğan Enerji") as part of Doğan Şirketler Grubu Holding A.Ş., it started to operate directly as a subsidiary of Doğan Şirketler Grubu Holding A.Ş. after the merger of Doğan Şirketler Grubu Holding A.Ş. and Doğan Enerji Yatırımları Sanayi ve Ticaret A.Ş. under Doğan Şirketler Grubu Holding A.Ş. on 2 March 2021. The ultimate joint shareholders of the Company are Aydın Doğan and Doğan Family (Işıl Doğan, Arzuhan Yalçındağ, Vuslat Sabancı, Hanzade V. Doğan Boyner and Y. Begümhan Doğan Faralyalı).

Galata Wind is subject to Capital Markets Legislation and Capital Markets Board ("CMB") regulations. Its shares have been traded on Borsa İstanbul A.Ş. ("Borsa İstanbul") since 22 April 2021. As per CMB Principle Decision No. 31/1059 dated 30 October 2014 and Principle Decision No. 21/655 dated 23 July 2010, and according to the records of Central Securities Depository ("CSD"), as of 3 March 2023, shares corresponding to 29.92% of Galata Wind's capital are accepted as being in circulation.

The main activities of the Company are establishing, operating and managing power plants and generating and selling electricity.

In the scope of this purpose and field, the Company generates electricity using sustainable energy sources and sells this electricity to the Turkey Interconnected Grid.

The Company owns three wind power plants (WPP) and two solar power plants (SPP). Total installed capacity of these plants is 269 MW, 234.9 MW of which is comprised of WPPs, and 34.1 MW of which is comprised of SPPs. All power plants, except Mersin WPP and Şah WPP, sell the electricity generated to the feed-in-tariff system, within the scope of the Support Mechanism for Renewable Energy Sources ("YEKDEM"). As of March 2023, a total of 185,016 MWh of electricity was generated, 175,895 MWh from WPPs and 9,122 MWh from SPPs.

The WPPs with 49-year generation licenses are Şah WPP, Mersin WPP and Taşpınar WPP. Şah WPP in Bandırma/Balıkesir, which has 105MW of installed capacity, has been operating since 2011, and Mersin WPP in Mut/Mersin has 62.7 MW of installed capacity and has been operating since 2010. The 67.2 MW Taşpınar WPP installed in Nilüfer/Bursa was commissioned in October 2020 after its partial provisional acceptance. The installation of 10 turbines was completed at the end of 2020, and the project was commissioned at full capacity as of March 2021. Şah WPP and Mersin WPP changed owners with Doğan Group's acquisition of the Company and began operating as part of Doğan Group as of June 2012. In 2017, a capacity expansion investment was made for Mersin WPP. In the scope of this investment, six state-of-the-art wind turbines were installed in a more efficient part of the licensed site. The necessary permits were completed and construction began in 2020 for Taşpınar WPP, which was developed by the Company in-house, and as of March 2021, it was put into use at full capacity. Mersin WPP and Taşpınar WPP have the capacity for additional investments. The power plants have their own technical and administrative staff in the regions in which they operate. Each power plant employs one operating manager, five command operators, one administrative staff, one or two general employees, and four or five security guards. The service/maintenance of turbines is outsourced. The land where the turbines are installed is forested or belongs to the state treasury, and an easement was established for the duration of the license by the relevant establishments.

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

The unlicensed SPPs began operating on 19 December 2017 and 31 December 2018, with, respectively, 9.4MW of installed capacity in Merkez/Çorum and 24.7MW of installed capacity in Aziziye-Hınıs-Karayazı/Erzurum. Each SPP employs one electricity technician and five or six security guards. Service and maintenance of panels and other equipment is outsourced. The Company owns the land where Çorum SPP was established. For Erzurum SPP, the Aziziye and Hınıs power plants' lands belong to the Company, while the land in Karayazı has been leased.

Electricity sales prices are as follows:

- Şah WPP exited YEKDEM at the end of 2021. In this context, it sold the electricity generated in 2021 for the last time at a price of 73 USD/MWh. Since January 2022, it has been selling the generated electricity through bilateral agreements.
- The YEKDEM period for Taşpınar WPP began in 2021 and will continue until the end of 2030. In addition, since the equipment used at the Taşpınar WPP is domestically manufactured, the company will benefit from an additional local contribution price. Taşpınar WPP will sell the electricity it generates for USD 94/MWh (USD 73 + USD 21 local contribution) for 5 years. Taşpınar WPP will once again utilize YEKDEM in 2023. When YEKDEM expires, it will sell electricity at the spot price or through bilateral agreements.
- Mersin WPP, whose YEKDEM term expired at the end of 2020, has been selling its electricity since January 2021 through bilateral agreements.
- For SPPs, the 10-year YEKDEM period has begun from the date of operations. Çorum SPP will sell the electricity it generates until the end of 2027 and Erzurum SPP until the end of 2028 at a selling price of 133 USD/MWh through the distribution companies in the regions in which they operate.

In line with the Company's Board of Directors Resolution dated 31 December 2020; all of the shares of Sunflower Solar Güneş Enerjisi Sistemleri Ticaret A.Ş. ("Sunflower") owned by Doğan Enerji Yatırımları Sanayi ve Ticaret A.Ş., have been purchased and taken over by the Company at a nominal value of TL 1,000,000. As of 31 December 2020, the relevant share transfers of Sunflower are in its stock register, and the control of Sunflower was transferred to Galata Wind as of 31 December 2020. The ultimate parent company of Sunflower is Doğan Şirketler Grubu Holding A.Ş., and the above-mentioned share transfer was evaluated to be a transaction between entities under common control. The company's main fields of activity are: all types of renewable energy sources, systems that convert sunlight into energy; design and installation of systems to generate energy from sunlight in all types of residential buildings, sites, hotels, hospitals, factories, tourist facilities, resorts and similar facilities, campuses and buildings. Sunflower is currently engaged in the installation of rooftop solar energy systems. As of March 2023, Sunflower has provided turnkey project consulting and panel supply services for approximately 650 kW. In the following periods, the company will continue its activity in the field of rooftop solar projects.

A Share Purchase and Sale Agreement dated 23.09.2022 was entered into between the Company and Şık Mehmet Aslan to acquire all registered shares corresponding to 100% of the capital of Gökova Elektrik Üretim ve Ticaret A.Ş. ("Gökova") at a price of TRY 38,265,698. The subject of the purchase is the wind power plant project ("Alapınar WPP Project"), which will operate within the borders of Muğla Province, has an installed capacity of 9 MWm / 6.8 MWe and a generation license number EÜ/3519-37/2164. As of 23, 2022, corresponding share transfers are registered in the share register of Gökova. On September 23, 2022, control of Gökova was transferred to Galata Wind. Within the field coordinates included in Production License No. EU/3519-37/2164, the Company shall pay an additional fee of USD 1,750,000 in cash and in full to the Seller, provided that the obligation under the positive EIA decision is satisfied by the obligations under EMRA's decision dated September 1, 2022, No. 11159-7.

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

As of 31 March 2023, the main operations of the subsidiary of the Company (the Company and the subsidiary shall be together referred to as the "Group") and the country in which it operates are as follows:

Subsidiary	Main operation	Country registered
Sunflower Solar Güneş Enerjisi Sistemleri Ticaret A.Ş. ("Sunflower")	Energy	Türkiye
Gökova Elektrik Üretim ve Ticaret A.Ş. ("Gökova")	Energy	Türkiye

The Group had 56 employees as of 31 March 2023 (31 December 2022: 51).

The registered address of the group is as follows:

Burhaniye Mah. Kısıklı Cad. No: 65 34676 Üsküdar/Istanbul

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Preparation and Presentation of Financial Statements

Adopted Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with the Capital Markets Board's ("CMB") Communiqué Serial II, 14.1 "Principles of Financial Reporting in Capital Markets" ("Communiqué") published in the Official Gazette dated 13 June 2013 and numbered 28676. Turkish Financial Reporting Standards and their annexes and comments ("TFRSs") published by the Public Oversight Accounting and Auditing Standards Authority ("KGK") in accordance with Article 5 of the Communiqué. The consolidated financial statements have been prepared in accordance with the formats specified in the "Announcement on TFRS Taxonomy" published by POA on October 4, 2022 and the Financial Statement Examples and User Guide published by the CMB.

The Group maintains their legal books of accounts in Turkish Lira in accordance with the Tax Legislation, and the Uniform Chart of Accounts (General Communiqué on Accounting System Implementation) issued by the Ministry of Finance. These consolidated financial statements, except for the financial assets that are presented at fair value, are prepared on the basis of historical cost.

Adjustment to the financial statements in hyperinflationary periods

In accordance with the decision of CMB dated as 17 March 2005 and numbered 11/367, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with TFRS. Accordingly, No:29, "Financial Reporting in Hyperinflationary Economies" ("TAS 29"), has not been applied commencing from 1 January 2005.

The POA made an announcement on 20 January 2022 about Application of Financial Reporting in Hyperinflationary Economies for Turkish Financial Reporting Standards and Reporting Standards for Large and Medium Sized Entities. In accordance with the announcement, companies that apply TFRS should not adjust financial statements for TAS 29 - Financial Reporting in Hyperinflationary Economies for the year 2021. As of the preparation date of these consolidated financial statements, POA did not make an additional announcement and no adjustment was made to these consolidated financial statements in accordance with TAS 29.

Functional and Presentation Currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Turkish Lira, which is the functional and presentation currency of Group.

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.2 Consolidation Principles

(a) Subsidiaries

Subsidiaries comprise of the companies directly or indirectly controlled by Galata Wind.

Control is achieved when the Group:

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are indicators of a situation or an event that may cause any changes to at least one of the elements of control listed above.

When the Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in the relevant investee are sufficient to give it power, including:

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

Subsidiaries are consolidated by the date the Group takes the control and from the date the control is over, subsidiaries are excluded from the consolidation scope. Proportion of ownership interest represents the effective shareholding of the Group through the shares held by Galata Wind and/or indirectly by its subsidiaries.

Intercompany transactions and balances are eliminated on consolidation. The dividends arising from shares held by Group in its subsidiary are eliminated from equity and income for the period.

Subsidiaries acquired or disposed of during the accounting period are included in the consolidation from the date at which the control of operations are transferred to the Group and excluded from the consolidation when the control is lost. Even if non-controlling interests result in a deficit balance, total comprehensive income is attributed to the owners and to the non-controlling interests.

Income and expense of a subsidiary, acquired or disposed of the during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.2 Consolidation Principles (Continued)

Changes in ownership interests

The Group assesses transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their indirect interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity.

As of 31 March 2023 and 31 December 2022, Sunflower is the only subsidiary consolidated. The voting rights and effective ownership rates for Sunflower are shown below:

Subsidiaries	Direct voting Rights (%)		Proportion of effective ownership interest (%)	
	31 March 2022	31 December 2022	31 March 2022	31 December 2022
Sunflower	100	100	100	100
Gökova	100	100	100	100

Summary financial information of Sunflower as of 31 March 2023 and 31 December 2022 are as follows:

	31 March 2023	31 December 2022	31 March 2022
Current assets	1,684,741	1,711,367	1,101,720
Non-current assets	82,048	82,173	83,298
Current liabilities	16,999	6,979	137,033
Non-current liabilities	1,749,790	1,786,561	1,047,985
Net (loss)/ profit for the period	(36,771)	(287,626)	(26,203)

Summary financial information of Gökova as of 31 March 2023 and 31 December 2022 are as follows:

	31 March 2023	31 December 2022
Current assets	4,247,347	4,385,075
Non-current assets	1,186,737	931,129
Current liabilities	5,638	8,835
Non-current liabilities	5,428,446	5,307,369
Net (loss)/ profit for the period	105,408	144,779

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(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.2 Consolidation Principles (Continued)

(b) Non-Controlling Interests

Non-controlling interests of shareholders over the net assets and operational results of subsidiaries are classified as non-controlling interest and non-controlling profit/loss in the consolidated statement of financial position and consolidated statement of income.

2.1.3 Offsetting

Financial assets and liabilities are offset and the net amount is reported when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

To conform to the presentation of the current period's consolidated financial statements, comparative information is reclassified when deemed necessary and material differences are disclosed.

2.1.4 Comparative information and restatement of prior period financial statements

The Group's consolidated financial statements were prepared in comparison with the previous periods in order to determine financial position and performance trends. The Group prepared its consolidated statement of financial position as at 31 December 2022 in comparison with the consolidated statement of financial position as at 31 December 2021. The Group prepared its consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the interim period ending 1 January - 31 December 2023 in comparison with the consolidated financial statements for the period ending 1 January - 31 December 2022.

2.1.5 Changes in significant accounting policies, accounting estimates, errors and restatement of prior period financial statements

Changes of accounting policies resulting from the first-time implementation of the TAS are implemented retrospectively or prospectively in accordance with the transition provisions. Major accounting mistakes detected are applied retrospectively and the financial statements of previous period are revised. If the changes in accounting estimates only apply to one period, then they are applied in the current period when the change occurs; if the changes apply also to the future periods, they are applied in both the period of change and in the future period.

2.1.6 New and revised Turkish Financial Reporting Standards ("TFRS")

In the current period, there is no standard or interpretation that affects the Group's financial performance, statement of financial position, presentation or footnotes. However, below are the details of the standards valid in the current period that have no impact on the Group's financial statements, and the standards and interpretations that have not yet entered into force and that have not been adopted early by the Group:

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.6 New and revised Turkish Financial Reporting Standards ("TFRS") (Continued)

a) *Standards, amendments and interpretations applicable as of 31 March 2023:*

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **IFRS 17, ‘Insurance Contracts’;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

b) *Standards, amendments, and interpretations that are issued but not effective as of 31 March 2023:*

- **Amendment to IAS 1 – Non-current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
- **Amendment to IFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These accounting policies are applied consistently for the presented periods unless otherwise specified.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments without a significant risk over the change in their value, whose maturity at the time of purchase is three months or less (Note 4).

Trade receivables and provision for doubtful receivables

The Group's trade receivables from providing goods or services to customers are carried at net of unrealized finance income ("unearned financial income due to sales with maturity"). Trade receivables, net of unrealized finance income, are calculated by discounting future cash inflows of receivables carried at the original invoice amount using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition. Effective interest method is calculating the present value in accordance with the compound interest basis. The rate determined by compound interest basis and applied in this method is named "effective interest rate". Short term receivables with indefinite interest rate are carried at cost unless the effect of imputing interest is significant (Note 6).

When calculating the impairment of trade receivables, which are recognised based on the cost amortised in financial statements and do not include an important financing component, Group preferred to adopt "simplified approach" in TFRS 9.

TAS 39, "Financial Instruments" valid before 1 January 2018: Instead of "realised credit losses model" in Accounting and Measurement Standard, "expected credit loss model" was defined in TFRS 9 "Financial Instruments". Expected credit loss is estimated by weighting credit losses, expected to occur throughout the expected life of financial instruments, based on previous statistics. When calculating the expected credit losses, credit losses in the previous years and forecasts of the Group are considered.

The Group evaluates to recognize provision for doubtful receivables, whose payment was not made within the ordinary commercial activity cycle of the Group, considering whether the trade receivable is subject to administrative and/or legal proceeding, whether or not they have a guarantee and there is an objective finding. The amount of such provision is the difference between the book value of the receivable and the collectible amount. The collectible amount is the current value of the expected cash flow, including the amounts to be collected from guarantees and collaterals, which is discounted based on the original effective interest rate of the initial receivable.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Trade receivables and provision for doubtful receivables (Continued)

When trade receivables are not impaired for certain reasons along with realised impairment losses, Group recognises expected credit loss provision equal to lifetime expected credit loss for trade receivables as per TFRS 9. Expected credit loss is calculated by expected credit loss rates determined based on previous credit loss experiences of the Group and prospective macroeconomic indicators. Changes in expected credit loss provisions are recognised under other income and expenses from operating activities (Note 20).

If there is a partial or whole collection over the doubtful receivable amount subsequent to the recognition of a provision for doubtful receivables, the collected portion is recognized as other income from operating activities following the write-down of the total provision amount (Note 6; 20).

Inventories

Inventories are valued at the lower of cost or estimated selling price less estimated costs necessary to make a sale (net realizable value). Cost elements included in inventory are purchasing costs and other costs necessary to prepare the asset for its intended use. Cost elements included in inventories are materials, labor and production overheads. The unit cost of inventories is determined on the weighted average basis. The inventories item includes the solar panels that Sunflower trades.

When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in the consolidated statement of profit or loss in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of the changing economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the initial impairment.

Property, plant and equipment

Property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on property, plant and equipment on a straight-line basis (except land) (Note 8). Land is not subject to depreciation since useful life is assumed to be infinite.

The estimated useful lives of the tangible assets are as follows;

	<u>Years</u>
Land and land improvements	50 years
Buildings	50 years
Wind turbines, transformers and switchyard	10 - 30 years
Solar panels	20 years
Motor vehicles	4 - 5 years
Furniture and fixtures	4 - 11 years

Expected useful life, residual value and depreciation method are reviewed annually for possible effects of changes in estimates and are recognized prospectively if there is a change in estimates.

An item of property, plant and equipment is derecognized in the consolidated statement of financial position upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized as income or expenses from investing activities in profit or loss.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Property, plant and equipment (Continued)

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount provided to allocate provision. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset plus the residual value of the related assets as of the statement of financial position date.

Repair and maintenance expenses are charged to the statement of profit or loss as they are incurred. Capital expenditures that increase the present value of the future cash flows expected to be derived from property, plant and equipment by increasing its capacity is added to the cost of tangible fixed asset.

Gain and losses regarding sale of property, plant and equipment are accounted as other income and expenses from investing activities.

Construction in progress for the installation of electricity energy production, which is classified under property, plant and equipment, includes the following cost elements in brief:

- Purchase price after deducting discounts, including import duties and non-refundable taxes,
- Any costs related to the conditions that the asset will be placed and installed in order to work properly as the management aimed,
- Costs related to employee benefits arising from the construction or by the direct acquisition of tangible assets,
- Costs related to the preparation of the place,
- Costs associated with the first delivery,
- Setup and installation costs,
- Professional fees,
- General and administrative expenses that are directly related to the acquisition or construction of fixed assets,
- Financing costs that could be added to the cost of property, plant and equipment in the scope of TAS 23 "Borrowing Costs",
- Expropriation costs for the construction of the power plant.

Intangible assets and related amortization

Intangible assets are carried at cost and amortized by using the straight-line method (Note 9).

Estimated useful lives of intangible assets that have a finite useful life are as follows:

Rights	39 - 49 years
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Intangible assets with estimated useful lives are tested to determine whether there is an indication that the intangible assets may be impaired and if the carrying value of the intangible asset is higher than the recoverable amount, the carrying value of the intangible asset is written down to its recoverable amount provided to allocate provision. The amount recoverable from an intangible asset is either the discounted net cash flows generated from the use of that intangible asset or the net sales value of that intangible asset depending whether the former or the latter being higher. Provision for impairment is recognised under the statement of profit or loss in the related period.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Goodwill

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

The cash-generating unit, where the goodwill is allocated, is tested for impairment annually. If there is any indication that the unit is impaired, the impairment test is performed more frequently.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated financial statements. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Impairment of assets excluding goodwill and intangible assets with infinite useful lives

At each statement of consolidated financial position date, the Group evaluates whether there are any indications that an asset other than goodwill or infinite life intangible assets may be impaired. When an indication of impairment exists, carrying value of the assets is compared with the net realizable value which is the higher of value in use and fair value less costs to sell. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment exists if the carrying value of an asset or a cash generating unit including that asset is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. Impairment losses are recognized in the statement of profit or loss.

Business Combinations

The acquisition of businesses is accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquire and the equity interests issued by the Group in exchange for control of the acquire. Acquisition-related costs are generally recognised as cost as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with TAS 12 *Income Taxes* and TAS 19 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquire or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquire are measured in accordance with TFRS 2 *Share-based Payment* at the acquisition date;
- Assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Business Combinations (Continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after revaluation, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another TAS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with if it is found to be within the standard of TFRS 9 *Financial Instruments: Recognition and Measurement*, the mentioned conditional price is measured at its fair value and the gain or loss arising out of the change is recognised under profits, losses or other comprehensive income. Those not covered under the scope of TFRS 9, is recognized in profit or loss as per TAS 37 *Provisions* or other suitable "TAS".

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Business Combinations (Continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date (Note 3).

Legal mergers between entities controlled by the Group are not considered within the scope of TFRS 3 "Business Combinations". Therefore, goodwill is not calculated in such mergers. Besides, transactions occurring between the parties in legal mergers are subject to adjustments during the preparation of the consolidated financial statements. In the accounting of share transfers under common control, assets and liabilities subject to business combination are included in the consolidated financial statements with their carrying values. Mergers between entities under common control are recognized by "Pooling of Interests" method. In applying the "Pooling of Interests" method, the consolidated financial statements are adjusted as if the acquisition was performed as of the beginning at the relevant reporting period in which the common control is carried out and they are presented comparatively as of the beginning of the relevant reporting period. As a result of these transactions, no goodwill or negotiable purchase effect is calculated (Note 3). Business combinations under common control are not within the scope of TFRS 3 "Business Combinations" and the Group does not recognize any goodwill with respect to such transactions. If the carrying amount of the acquired net assets on the date of the merger exceeds the transferred value, the difference is considered as the additional capital contributions of the shareholders and reflected to the Share Premiums. On the contrary, when the net transaction consideration exceeds the carrying amount of the net assets of the entity on the date of the transaction, the difference is reflected in "Effects of Mergers of Entities Under Common Control" as an item decreasing the equity.

Leases

If a contract regulates the right to control the use of an asset that is defined in the contract for a certain period and for a specific price, this contract is considered as a lease in its nature or includes a lease transaction. At the beginning of a contract, the Group assesses whether the contract is a lease or include a lease transaction. The Group considers the following conditions when assessing whether or not a contract transfers the right to control the use of a defined asset for a specified period of time:

- a) The existence of a clearly or implicitly identifiable asset that constitutes the subject of the lease,
- b) The lessee has the right to obtain almost all of the economic benefits from the use of the defined asset that constitutes the subject of the lease,
- c) The lessee has the right to manage the use of the defined asset that constitutes the subject of the lease. According to circumstances listed below, the tenant is deemed to have the right to manage the defined asset constituting the subject of the lease;
 - i. The lessee has the right to operate the property for the duration of its use (or to direct others to operate the property in its own way) and the lessor does not have the right to change these operating instructions or
 - ii. Designing the asset (or certain features of the asset) in advance in a manner of how and for what purpose the asset will be used during its occupancy by the lessee.

In case that the contract fulfills these conditions, the Group reflects a right of use asset and a lease liability to the consolidated financial statements at the date of the lease's actual start.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Leases (Continued)

The right of use assets

The right-of-use asset is initially recognized by the cost method and includes the followings:

- a) The first measurement amount of the lease liability to be recognized as the right of use asset,
- b) Deduction of all leasing incentives related to the lease, from the first measurement amount of the lease liability recorded as a right of use asset,
- c) All direct costs, that are related to the lease, incurred by the Group to be added to the first measurement amount of the lease liability, which will be recognized as a right of use asset, and
- d) Estimated costs to be incurred by the Group shall be added to the initial measurement amount in relation to the dismantling and transporting of the defined asset constituting the subject of the lease, the restoration of the area in which it is placed, or the restoration of the defined asset as required by the terms and conditions of the lease.

In applying the cost method, the Group measures the right of use asset by:

- a) deducting the accumulated depreciation and accumulated impairment losses and,
- b) measuring the cost of the lease in accordance with the re-measurement of the lease liability.

The Group applies depreciation provisions in "TAS 16 Property, Plant and Equipment" while depreciating the right of use asset. In order to determine whether the right of use asset has been impaired or not and to recognize any impairment losses the "TAS 36 Impairment of Assets" standard is implemented.

Lease liability

At the effective date of the lease, the Group measures its leasing liability at the present value of the lease payments not realized at that date. If the interest rate on the lease can be easily determined, this rate is used in discount; if the implied interest rate cannot be easily determined, the payments are discounted by using the alternative borrowing interest rate of the lessee.

Lease payments that are included in the measurement of the lease liability of the Group and the payments that have not occurred on the date when the lease is actually started consist of the following:

- a) Amount deducted from all types of rental incentive receivables from fixed payments,
- b) Lease payments based on an index or a rate, lease payments made using an index or a rate at the time the initial measurement was actually started,
- c) The penalty for termination of the lease in cases the lessee shows a sign of it will use an option to terminate the lease.

After the effective date of the lease, the Group measures its lease liability as follows:

- a) Increasing the book value by reflecting interest on lease liability,
- b) Reducing the book value by reflecting the lease payments made
- c) Re-measures the book value to reflect any re-evaluations and reconfigurations, if any. The Group reflects the remeasured amount of the lease obligation to the consolidated financial statements as adjustment in the use of right.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Leases (Continued)

Extension and early termination options

A lease obligation is determined by considering the extension of the contracts and early termination options. Most of the extension and early termination options included in the contracts consist of options that are jointly applicable by the Group and the lessor. However, if such extension and early termination options are at the Group 's discretion in accordance with the contract and the use of the options is reasonably certain, the lease term shall be determined by taking this issue into account. If there is a significant change in the conditions, the evaluation is reviewed by the Group.

Facilitative applications

Contracts related to IT equipment leases (mainly printer, laptop, mobile phone, etc.), which are determined by the Group as low value, short-term lease agreements with a period of 12 months and less, have been assessed under the exemption granted by the TFRS 16 "Leases", and payments for these contracts are recognized as an expense in the period in which they are incurred.

Financial assets

Group classified its financial assets in two categories; financial assets carried at amortized cost, financial assets carried at fair value through profit or loss. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

(a) Financial assets carried at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than 12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Group's financial assets carried at amortized cost comprise "trade receivables", "other receivables" and "cash and cash equivalents" in the statement of financial position.

Impairment

Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision is not provided to the trade receivables as a result of a specific event, Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectation based on the macroeconomic indications.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Financial assets (Continued)

(b) Financial assets carried at fair value

Assets that are held by the management for collection of contractual cash flows and for selling the financial assets are measured at their fair value. If the management do not plan to dispose these assets in 12 months after the statement of financial position, they are classified as non-current assets. Group makes a choice that cannot be changed later for the equity instruments during the initial recognition and elect profit or loss or other comprehensive income for the presentation of fair value gain and loss.

Financial assets at fair value through profit or loss consist of "derivative instruments" in statement of financial position. Derivative instruments are recognised as asset if their fair value is positive and as liability if their fair value is negative. Group's derivative instruments consist of transactions concerning cross currency and interest swap. Financial assets that are measured by their fair value and associated with the profit or loss statement are initially reflected on the statement of financial position with their costs including the transaction cost. These financial assets are valued based on their fair value after they are recognised. Realised or unrealised profit and losses are recognised under "financing income/(expense)". Financial assets including the derivative products not determined as hedging instruments are classified as financial assets whose fair value difference is reflected as profit or loss (Note 15).

(c) Financial assets carried at value through other comprehensive income

Financial assets carried at fair value through other comprehensive income comprise of "financial assets" in the statement of financial position. In addition, trade receivables collected from factoring companies due to without recourse factoring activities are classified as financial assets carried at fair value through other comprehensive income since the collection risk of these receivables are transferred to the factoring companies and management's business plan for them is "hold to sell". When the financial assets carried at fair value through other comprehensive income are sold, fair value gain or loss classified in other comprehensive income is classified to retained earnings.

Derivative financial instruments and hedge accounting

Derivative financial instruments are comprised of cross currency and interest swap agreements. Derivative financial instruments are subsequently remeasured at their fair value. Fair values of derivative financial instruments are obtained from quoted market prices or discounted cash flow models as appropriate. Based on positive or negative fair value, derivative financial instruments are carried as assets or liabilities in the statement of financial position respectively (Note 15).

In the case of future cash flows being subject to cash flow hedges and related transactions being effective, the effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in equity directly whereas the ineffective portion is recognized immediately in the statement of profit or loss.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Derivative financial instruments and hedge accounting (Continued)

If the cash flow hedge of a firm commitment or an expected forward transaction result in the recognition of an asset or liability, at the initial recognition of this asset or liability the gain or loss previously recognized under equity related to derivatives is included in the measurement of the initial amount of the asset or liability. In a hedge accounting that does not result in the recognition of an asset or a liability, the amounts previously recognized under equity are transferred to statement of profit or loss in the period in which the hedged item has an effect on profit or loss. The changes in the fair value of derivatives that do not meet the criteria for hedge accounting are recognized in the statement of profit or loss.

The Group utilizes foreign exchange derivatives to protect future significant transactions and cash flows from financial risk. Group has signed various forward exchange contracts regarding the management of fluctuations in exchange rates and fuel prices. The derivative instruments purchased are mainly denominated in foreign currencies in which the Group operates.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in equity remains in equity until the forecast transaction or firm commitment affects profit or loss. If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or losses previously recognized in equity are transferred to the statement of profit or loss.

Financial borrowings and borrowing costs

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in the profit or loss as finance expense over the period of the borrowings. The borrowing costs which are directly related with the acquisition, manufacturing or production of a specialty good (means that a long period of time is required to make available for sale and use as purposed) are capitalized as a part of the related asset (Note 5).

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. If trade payable is less than or equal to 1 year (or if it is longer as long as it is in the Group's normal operational cycle), these payables are classified as short-term payables, Otherwise, these are classified as long-term payables (Note 6).

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Share capital and dividends

Ordinary shares are classified as equity. Dividend income is recognized by the Group as income when the right to receive the dividend arises in the consolidated financial statements. Dividend distribution to the Group's shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Ordinary General Assembly (Note 16).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Taxation

Taxation on income includes current period income taxes and deferred taxes. Current year tax liability consists of tax liability on period income calculated according to currently enacted tax rates and tax legislation in force as of statement of financial position date and includes adjustments related to the previous year's tax liabilities. Turkish tax legislation does not allow the parent company to file a tax return over the consolidated financial statements of its subsidiaries. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated separately for all companies included in the scope of consolidation.

Deferred income tax is provided, using the liability method, on temporary differences arising between the statutory tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises 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.

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 balance sheet date. 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 (Note 22).

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they are related to income taxes levied by the same taxation authority.

Current and deferred tax

Tax is included in the statement of profit or loss, unless it is related to an operation that is accounted directly under equity. Otherwise, tax is accounted under equity as well as the related transaction (Note 22).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Employment termination benefits

The provision for employment termination benefit represents the present value of the estimated total reserves of the future probable liability of the Group arising from the retirement of the employees measured in accordance with the Turkish Labour and Press Labour Laws (Note 12).

According to the amendment in TAS 19, the Group calculated employment benefit in accordance with the report prepared by the actuarial firm and recognised all actuarial loss and gains in the other comprehensive statement of profit or loss as of the statement of financial position date.

Provisions, contingent assets and liabilities

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

Contingent liabilities are assessed continually to determine whether an outflow of resources comprising economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously treated as a contingent liability, a provision is recognized in the financial statements of the period in which the change in probability occurs except in the extremely rare circumstances where no reliable estimate can be made.

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

Possible assets or obligations that arise 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 are not included in financial tables and are treated as contingent assets or liabilities. A contingent asset is disclosed where an inflow of economic benefit is probable.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably (Note 11).

Revenue recognition

The Group earns electricity sales income by generating electricity with solar and wind power plants and selling it. Since electricity is a service provided in a series that the client receives and consumes simultaneously, it is recognised as one performance obligation, point of time and through the output method (Note 17).

When the Group meets its performance obligation by transferring a product or service that it previously committed to, the revenue is recognised in consolidated financial statements. When the customer takes control of an asset, the asset is deemed to have been transferred.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 MARCH 2023**

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Revenue recognition (Continued)

The Group recognises revenue based on the following five principles:

- Identification of customer contracts,
- Identification of performance obligations,
- Determination of the transaction price in the contracts,
- Allocation of transaction price to the performance obligations,
- Recognition of revenue when the performance obligations are satisfied.

If all the below-mentioned conditions are met, Group recognises an agreement made with the client as revenue:

- Parties to the agreement approved the agreement (in writing, orally or in other means in line with commercial practices) and committed to meet their respective obligations,
- Group can define the rights of each party concerning the goods or services to be transferred,
- Group can define payment conditions concerning the goods or services to be transferred,
- The agreement is commercial in essence.
- It is possible that the Group will collect money in return for goods and services to be transferred to the client.

When determining whether the money can be collected, Group only considers its client's ability and intention to pay the money in time. At the beginning of the agreement, Group evaluates the goods or services committed to the client in the agreement and defines each commitment to transfer goods or services as performance obligation.

At the beginning of the agreement, Group evaluates the goods or services committed to the client in the agreement and defines each commitment to transfer goods or services as performance obligation as follows:

- a) Different goods or service (goods or service packages) or
- b) A group of different goods or services which are similar in a great extent and transferred to the client with the same method.

A group of different goods or services are subject to the same transfer method if the below conditions are met:

- a) Each different product or service that the Group committed to transfer to the client must meet required conditions and constitute a performance obligation to be met in time and
- b) As per the relevant paragraph of the standard, using the same method to measure the progress of the Group in meeting its obligation to transfer each product or service included in the group to the client.

The Group signed a Balancing Group agreement to manage imbalances arising in the electricity market operated by EPIAŞ. Should a positive or negative imbalance arise in the production estimates entered in the system the day before the electricity delivery date, the entity managing the Balancing Group can purchase and sell on behalf of the Group in the intraday market (IDP). As a result of these transactions, invoices for income or expense of IDP transactions reflected to the Group by EPIAŞ according to the monthly Settlement results are then directly reflected to the entity managing the balancing group.

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(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Revenue recognition (Continued)

Because the entity managing the Balancing Group bears all other imbalance costs on the system, there is no other imbalance cost. IDP amounts coming from EPIAŞ are recognised as expense as a result of the Settlement reflected by the Group to the entity managing the Balancing Group, and for IDP receivable amounts are recognised as income since the Group is invoiced by the entity managing the Balancing Group. Such income and expense transactions are offset in these financial statements.

Related Parties

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

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

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

Under the guidance of the explanations mentioned above and also in compliance with TAS 24, Group directly or indirectly has participation, including any entities under common control; real persons and/or legal entities that have direct or indirect individual or joint control over the company and their close family members (relatives up to second-degree) and legal entities having direct or indirect individual or joint control by them and legal entities having significant effect over the Group or their key management personnel: Group's subsidiaries and members of the Board of Directors, key management personnel and their close family members (relatives up to second-degree) and real persons and/or legal entities that are directly or indirectly controlled individually or jointly (Note 23).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amount expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Statement of cash flows

In the statement of cash flows, cash flows during the period are classified under operating, investing or financing activities.

The cash flows raised from operating activities indicate cash flows due to the Group’s activities.

The cash flows due to investing activities indicate the Group cash flows that are used for and obtained from investments (investments in property, plant and equipment and financial investments).

The cash flows due to financing activities indicate the cash obtained from financial arrangements and used in their repayment.

Cash and cash equivalents include cash and bank deposits and the investments that are readily convertible into cash and highly liquid with three months or less to maturity.

Earnings/(loss) per share

Earnings/(loss) per share is determined by dividing net income/(loss) by the weighted average number of shares that have been outstanding during the period concerned.

In Turkey, companies can increase their issued capital by making a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings. For the purpose of earnings per share computations, such bonus share issuances are regarded as issued shares for all of the periods presented in the consolidated financial statements (Note 25).

Segment reporting

The information used by group management to evaluate performance and allocate resources belongs to the “energy production” section in Turkey, which operates in a single line of work. Therefore, no segment reporting footnote is presented.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, under finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis under other income or other expenses.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Foreign currency transactions and balances (Continued)

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised under other comprehensive income.

Events after the reporting period

The Group adjusts the amounts recognised in the consolidated financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influences on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements (Note 27).

2.1.8 Critical Accounting Estimates, Assumptions and Decisions

The evaluation, expectation and estimation of accounting are made by considering past experience, other factors and reasonable expectations for situations in the future. These expectations and estimations may vary even if management made their estimation using their best knowledge. Estimations which can affect assets and liabilities in the next financial reporting period stated below.

a) Useful lives of tangible and intangible fixed assets

Estimated useful lives of tangible and intangible fixed assets are related to the judgement based on experience with similar assets. Future financial benefits derived from assets are essentially the benefits gained from use. However, other factors, such as technical or commercial impairment and wear and tear, generally reduce the financial benefits of assets. Management evaluates the remaining useful lives of the assets based on the current technical status of the assets and the estimated period when the assets will bring benefits to the Group. The following key factors are taken into account: (a) estimated period of use of the assets, (b) estimated physical wear and tear based on operational factors and the maintenance schedule, (c) technical or commercial impairment due to changes in market conditions.

b) Classification of value added tax ("VAT") as long-term and short-term

VAT classified as long-term under non-current assets, is calculated by considering VAT amounts that will arise as the result of cash flows projected by the Group for a duration longer than one year.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.8 Critical Accounting Estimates, Assumptions and Decisions (Continued)

c) Covid-19

In late 2019, Covid-19 (coronavirus) appeared in China, and a limited number of cases were reported to the World Health Organisation. In the first months of 2021, the virus spread internationally and its negative impact grew. The Covid-19 pandemic had an impact on supply, manufacturing and demand globally and a direct effect on many industries.

In this period, the Group's production continued normally. Measures such as remote work for personnel, social distancing in the workplace, preventative hygiene practices and online trainings for the staff were taken. Because the Group sold its electricity at a fixed rate in the scope of YEKDEM in 2022, Covid-19 did not have a significant impact on the Group's work, electricity generation or liquidity.

d) Deferred Tax

The Group recognises deferred tax assets and liabilities because of the differences between taxable financial statements and financial statements prepared as per TFRSs published by POA. Deferred tax assets which are partially or wholly recoverable were projected under the current conditions. In the assessment, future profit projections, expire dates of unused tax losses and other tax assets and approaches to be implemented as per tax legislation were considered.

NOTE 3 – GOODWILL

	31 March 2023	31 December 2022
Goodwill	27,629,554	27,629,554
	27,629,554	27,629,554
Movement of goodwill is as follows:		
	<u>2023</u>	<u>2022</u>
1 January	27,629,554	27,629,554
Addition during the year	-	-
31 December	27,629,554	27,629,554

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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NOTE 4 - CASH AND CASH EQUIVALENTS

	31 March 2023	31 December 2022
Banks (*)	756,622,141	659,079,070
- Demand deposits	1,613,997	82,322
- Time deposits (less than 3 months)	755,008,144	658,996,748
	756,622,141	659,079,070

(*) As of 31 March 2023, the Group's overnight time deposits are 26% in TRY, 0.5% in USD and 0.5% in EUR (effective interest rate in EUR as of 31 December 2022 is 1%, effective interest rate in USD as of 31 December 2022 is 1%) and their maturities are less than 3 months. The Group has no blocked deposits as of 31 March 2023 (31 December 2022: None).

Cash and cash equivalents included in the cash flow statements in 31 March 2023 and 31 December 2022 are as follows:

	31 March 2023	31 March 2022
Cash and cash equivalents	756,622,141	402,641,823
Interest accruals(-)	(6,095,520)	(139,413)
Total	652,849,306	402,502,410

NOTE 5 - SHORT AND LONG-TERM BORROWINGS

The summary on short and long-term bank borrowings is as follows:

Short-term portion of long-term borrowings:	31 March 2023	31 December 2022
Short-term portion of long-term bank borrowings from third parties	69,961,120	67,109,605
Lease liabilities from third parties	964,165	864,969
Lease liabilities from related parties	255,278	304,868
	71,180,563	68,279,442
Long-term borrowings:	31 March 2023	31 December 2022
Long-term bank borrowings from third parties	431,097,009	444,308,980
Lease liabilities from third parties	14,715,701	14,032,870
Lease liabilities from related parties	277,244	352,381
	446,089,954	458,694,231

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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NOTE 5 - SHORT AND LONG-TERM BORROWINGS (Continued)

a) Bank borrowings

Details of the bank borrowings as of 31 March 2023 and 31 December 2022 are as follows:

	31 March 2023		
	Interest rate per annum (%)	Original currency	TRY
Short-term portion of long-term bank borrowings:			
- EUR denominated bank borrowings	Libor+0.65 - 0.80	3,350,227	69,961,120
Long term bank borrowings:			
- EUR denominated bank borrowings	Libor+0.65 - 0.80	20,643,937	431,097,009
Total bank borrowings			501,058,129

	31 December 2022		
	Interest rate per annum (%)	Original currency	TRY
Short-term portion of long-term bank borrowings:			
- EUR denominated bank borrowings	Libor+0.65 - 0.80	3,360,386	67,109,605
Long term bank borrowings:			
- EUR denominated bank borrowings	Libor+0.65 - 0.80	22,247,931	444,308,980
Total bank borrowings			511,418,585

The redemption schedule of long-term bank borrowings as of 31 March 2023 and 31 December 2022 is as follows:

	31 March 2023	31 December 2022
In 2 years	66,990,820	64,066,097
In 3 years	66,990,820	64,066,097
In 4 years	66,990,820	64,066,097
More than 5 years	230,124,549	252,110,689
	431,097,009	444,308,980

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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NOTE 5 - SHORT AND LONG-TERM BORROWINGS (Continued)

a) Bank borrowings (Continued)

As of 31 March 2023 and 31 December 2022, the distribution of the Group's financial liabilities with fixed and floating interest rates is as follows:

	31 March 2023	31 December 2022
Financial borrowings with fixed floating rates	501,058,129	511,418,585
	501,058,129	511,418,585

The Group have a financial commitment to comply with in its loan agreements. In accordance with the bank loan agreement, the measurement date of financial ratios is 31 December 2023.

As of 31 March 2023, the remaining credit limit of the Group in banks is TRY 2,912,013,589. (31 December 2022: TRY 2,607,284,364).

Commitments related to financial liabilities are presented in Note 11.

The movement table of the financial borrowings as of 31 March 2023 and 2022 is as follows:

	2023	2022
1 January	511,418,585	632,282,167
Additions	-	11,712,000
Payments	(36,001,610)	(34,124,206)
Interest accruals	3,507,489	6,629,886
Unrealized exchange rate difference	22,133,665	32,915,932
31 March	501,058,129	649,415,779

The reconciliation of the net financial borrowings as of 31 March 2023 and 31 December 2022 are as follows:

	31 March 2023	31 December 2022
Cash and cash equivalents (Note 4)	756,622,141	659,079,070
Short-term borrowings	(69,961,120)	(67,109,605)
Long-term borrowings	(431,097,009)	(444,308,980)
Short-term lease liabilities	(1,219,443)	(1,169,837)
Long-term lease liabilities	(14,992,945)	(14,385,251)
Net financial (liability)/assets	239,351,624	132,105,397

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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NOTE 5 - SHORT AND LONG-TERM BORROWINGS (Continued)

a) Bank borrowings (Continued)

	Long and short-term borrowings	Lease liabilities	Cash and cash equivalent	Net financial (asset)/liabilities
1 January 2023	511,418,585	15,555,088	(659,079,070)	(132,105,397)
Cash flow effect	(36,001,610)	(172,916)	(82,896,006)	(119,070,532)
Foreign currency adjustment	22,133,665	-	(8,551,545)	13,582,120
Interest accruals	3,507,489	830,216	(6,095,520)	(1,757,815)
31 March 2023	501,058,129	16,212,388	(756,622,141)	(239,351,624)
	Long and short-term borrowings	Lease liabilities	Cash and cash equivalent	Net financial (asset)/liabilities
1 January 2022	632,282,167	15,883,743	(158,919,076)	489,246,834
Cash flow effect	(22,412,206)	(204,797)	(221,735,262)	(244,352,265)
Foreign currency adjustment	32,915,932	-	(21,848,072)	11,067,860
Interest accruals	6,629,886	825,892	(139,413)	7,316,365
31 March 2022	649,415,779	16,504,838	(402,641,823)	263,278,794

b) Lease liabilities

Details of the lease liabilities as of 31 March 2023 and 31 December 2022 are as follows:

	31 March 2023		
	Interest rate per annum (%)	Original Currency	TRY
Short-term portion of long-term lease liabilities:			
TRY denominated lease borrowings from third parties	18.79 - 22.55	964,165	964,165
TRY denominated lease liabilities from related parties	18.00	255,278	255,278
Total short-term portion of long-term lease liabilities:			1,219,443
Long-term lease liabilities:			
TRY denominated lease liabilities from third parties	18.79 - 22.55	14,715,701	14,715,701
TRY denominated lease liabilities from related parties	18.00	277,244	277,244
Total long-term lease liabilities			14,992,945
Total lease liabilities			16,212,388

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 5 - SHORT AND LONG-TERM BORROWINGS (Continued)

b) Lease liabilities (Continued)

	31 December 2022		
	Interest rate per annum (%)	Original Currency	TRY
Short-term portion of long-term lease liabilities:			
TRY denominated lease liabilities from third parties	18,79 - 22,55	864,969	864,969
TRY denominated lease liabilities from related parties	18,00	304,868	304,868
Total short-term portion of long-term lease liabilities:			1,169,837
Long-term lease liabilities:			
TRY denominated lease liabilities from third parties	18,79 - 22,55	14,032,870	14,032,870
TRY denominated lease liabilities from related parties	18,00	352,381	352,381
Total long-term lease liabilities			14,385,251
Total lease liabilities			15,555,088

The movement table of the lease liabilities as of 31 March 2023 and 2022 are as follows:

1 January	15,883,743	15,883,743
Additions	254,585	164,030
Payments	(427,501)	(270,437)
Interest expense	830,216	825,892
Early termination	-	(98,390)
31 March	16,212,388	16,504,838

NOTE 6 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables		
	31 March 2023	31 December 2022
Trade receivables from third parties	104,855,905	84,126,572
Trade receivables from related party	1,939	1,842
Provision for doubtful receivables (-)	-	-
	104,857,844	84,128,414

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 6 - TRADE RECEIVABLES AND PAYABLES (Continued)

The movement of provision for doubtful receivables during the current year is as follows:

	2023	2022
1 January 2022	-	(511,192)
Provisions no longer required	-	-
31 March	-	(511,192)

The average maturity of short-term trade receivables is 27 days as of 31 March 2023 (31 December 2022: 27 days).

Short-term trade payables

	31 March 2023	31 December 2022
Trade payables to third parties	367,508	585,022
Trade payables to related party	20,024,546	16,884,666
	20,392,054	17,469,688

The average maturity of trade payables is 26 days as of 31 March 2023 (31 December 2022: 26).

NOTE 7 - OTHER RECEIVABLES AND PAYABLES

Other short-term payables to related parties

	31 March 2023	31 December 2022
Other payables to related parties (*)	275,000,000	-
	275,000,000	-

(*) It was decided to distribute a dividend of TRY 275,000,000 at the rate of 51.42% of the 'Issued Capital' and to start the dividend distribution on 31 May 2023 at the latest according to the Company's Ordinary General Assembly dated 29 March 2023. The dividend amount that has not yet been distributed is reported under other payables to related parties as of March 31, 2023.

Other short-term payables to third parties

	31 March 2023	31 December 2022
Taxes and funds payable	2,594,518	4,151,346
Other short-term payables	3,847	16,737
	2,598,365	4,168,083

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT

Movements of the property, plant and equipment for the periods ended 31 March 2023 and 2022 are as follows:

	1 January 2023	Additions	Transfers	Disposals	31 March 2023
Cost					
Land and land improvements	31,110,740	160,000	-	-	31,270,740
Buildings	7,454,936	-	-	-	7,454,936
Wind turbines, transformer and switchyard	1,011,862,403	-	-	-	1,011,862,403
Motor vehicles	884,081	-	-	-	884,081
Furniture and fixtures	27,561,985	282,496	-	(22,186)	27,822,295
Construction in progress	74,891,647	42,691,387	(314,244)	-	117,268,790
Leasehold improvements	4,730,251	-	-	-	4,730,251
Other fixed assets	19,365	-	-	-	19,365
Total cost	1,158,515,408	43,133,883	(314,244)	(22,186)	1,201,312,861
Accumulated depreciation					
Land and land improvements	(2,270,510)	(333,297)	-	-	(2,603,807)
Buildings	(974,150)	(38,718)	-	-	(1,012,868)
Wind turbines, transformer and switchyard	(252,698,767)	(13,018,096)	-	-	(265,716,863)
Motor vehicles	(514,344)	(40,514)	-	-	(554,858)
Furniture and fixtures	(9,170,270)	(573,113)	-	6,520	(9,736,863)
Leasehold improvements	(189,580)	(30,968)	-	-	(220,548)
Other fixed assets	(20,382)	-	-	-	(20,382)
Total accumulated depreciation	(265,838,003)	(14,034,706)	-	6,520	(279,866,189)
Net book value	892,677,405				921,446,672

As of 31 March 2023, there are no capitalized borrowing costs in property, plant and equipment, (31 March 2022: None). As of 31 March 2023, there is no mortgage on property, plant and equipment (31 March 2022: None). There is no property, plant and equipment acquired by financial leasing.

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2022	Additions	Transfers	Disposals	31 March 2022
Cost					
Land and land improvements	27,791,653	-	-	-	27,791,653
Buildings	7,454,936	-	-	-	7,454,936
Wind turbines, transformer and switchyard	1,008,227,247	-	-	-	1,008,227,247
Motor vehicles	490,204	-	-	-	490,204
Furniture and fixtures	26,091,873	111,716	-	-	26,203,589
Construction in progress	16,347,647	1,353,512	-	-	17,701,159
Leasehold improvement	4,578,037	-	-	-	4,578,037
Other fixed assets	20,382	-	-	-	20,382
Total cost	1,091,001,979	1,465,228	-	-	1,092,467,207
Accumulated depreciation					
Land and land improvements	(1,148,721)	(275,794)	-	-	(1,424,515)
Buildings	(819,280)	(38,718)	-	-	(857,998)
Wind turbines, transformer and switchyard	(200,839,370)	(13,703,882)	-	-	(214,543,252)
Motor vehicles	(361,964)	(24,671)	-	-	(386,635)
Furniture and fixtures	(7,033,923)	(516,759)	-	-	(7,550,682)
Leasehold improvement	(93,614)	(23,357)	-	-	(116,971)
Other fixed assets	(20,382)	-	-	-	(20,382)
Total accumulated depreciation	(210,317,254)	(14,583,181)	-	-	(224,900,435)
Net book value	880,684,725				867,566,772

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 9 - INTANGIBLE ASSETS

Movements of the intangible assets for the periods ended 31 March 2023 and 2022 are as follows:

	1 January 2023	Additions	Transfers	Disposals	31 March 2023
Cost					
Rights (*)	2,168,011	-	314,244	(390,337)	2,091,918
Licenses	394,187,534	10,915	-	-	394,198,449
Total cost	396,355,545	10,915	314,244	(390,337)	396,290,367
Accumulated amortization					
Rights	(1,509,168)	(181,875)	-	32,369	(1,658,674)
Licenses	(81,084,853)	(1,911,854)	-	-	(82,996,707)
Total accumulated amortization	(82,594,021)	(2,093,729)	-	32,369	(84,655,381)
Net book value	313,761,524				311,634,986

(*) As of 31 March 2023, there are 115,025 tons of carbon credit sales rights.

	1 January 2022	Additions	Transfers	Disposals	31 March 2022
Cost					
Rights	1,874,371	-	-	-	1,874,371
Licenses	357,940,442	304,000	-	-	358,244,442
Total cost	359,814,813	304,000	-	-	360,118,813
Accumulated amortization					
Rights	(1,063,095)	(94,474)	-	-	(1,157,569)
Licenses	(73,437,439)	(1,911,854)	-	-	(75,349,293)
Total accumulated amortization	(74,500,534)	(2,006,328)	-	-	(76,506,862)
Net book value	285,314,279				283,611,951

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 10 - RIGHT OF USE ASSETS

	1 January 2023	Additions	Disposals	31 March 2023
Cost:				
Land	12,675,663	-	-	12,675,663
Motor vehicles	1,883,004	-	-	1,883,004
Offices	572,765	254,585	-	827,350
	15,131,432	254,585	-	15,386,017
Accumulated amortization:				
Land	(1,237,846)	(83,151)	-	(1,320,997)
Motor vehicles	(1,264,659)	(113,583)	-	(1,378,242)
Offices	(572,764)	(63,647)	-	(636,411)
	(3,075,269)	(260,381)	-	(3,335,650)
Net book value	12,056,163			12,050,367

	1 January 2022	Additions	Disposals	31 March 2022
Cost:				
Land	12,675,663	-	-	12,675,663
Motor vehicles	1,990,218	-	(107,214)	1,883,004
Offices	408,735	164,030	-	572,765
	15,074,616	164,030	(107,214)	15,131,432
Accumulated amortization:				
Land	(905,240)	(83,151)	-	(988,391)
Motor vehicles	(809,449)	(112,295)	11,591	(910,153)
Offices	(408,735)	(63,080)	-	(471,815)
	(2,123,424)	(258,526)	11,591	(2,370,359)
Net book value	12,951,192			12,761,073

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTES 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Other short-term provisions:

	31 March 2023	31 December 2022
EMRA claim provision	4,370,448	4,370,448
Provision for lawsuit	1,238,350	1,169,349
	5,608,798	5,539,797

b) Other long term provisions:

	31 March 2023	31 December 2022
EMRA claim provision	6,036,387	6,036,387
	6,036,387	6,036,387

EMRA claim provision

Based on the Investigation Report of EMRA Audit Department dated 31 May 2021 and report numbered 381, EMRA board resolutions dated 30 December 2021 numbered 10696-30 (Board decision on warning the company for violation of legislation), 10696-31 (Board decision regarding the collection of the total amount of RES by EPIAŞ), 10696-32 (Board decision on warning the company for violation of legislation), 10696-33 (Board decision regarding the collection of the total amount of RES by EPIAŞ) regarding our Şah WPP and Mersin WPP were applied on the grounds that extra YEKDEM income were obtained in violation of the legislation by exceeding the maximum production amount that can be realized hourly with the installed power (electrical) registered and temporarily accepted in our licenses despite the necessary defenses made in due time by us regarding this report.

In accordance with the Debt Payment Agreement signed between EPIAŞ and Galata Wind, which was commissioned by EMRA on collection, on 11 February 2022, it has been decreed that the Group pay a principal amount of TRY 9,390,570, a default interest of TRY 1,016,265, VAT of TRY 1,873,230 resulting a total claim amount of TRY 12,280,065. The amount will be collected in 30 installments until 17 June 2024 by deducting from the settlement amounts of the relevant months as a retrospective correction item.

As of December 31, 2021, the Group has recognized a provision of TL 10,406,835 for the corresponding amount. Depending on the repayment schedule, EPIAŞ deducted the corresponding amount as a retroactive adjustment item from the settlement amount of the respective months between January 1 and May 31, 2022. The actions for annulment that we have filed before the Ankara Administrative Court are for the annulment of the relevant notices. It was decided to suspend the execution of the Board resolutions numbered 10696-31 and 10696-33 regarding the collection of the total costs of YEK on July 05 and 18, 2022, pursuant to these resolutions, the fees deducted from the settlement amount in the previous periods were returned to our Company by the EPIAŞ. Decisions based on appeals by the defendant EMRA against the suspension decisions as a result of the examination before the Regional Administrative Court, EMRA's appeals were dismissed and the suspension decisions became final, as a result of the proceedings before the Ankara Administrative Court in December 2022. Board Resolutions 10696-31 and 10696-33 were annulled as illegal. The District Court's decision was submitted by EMRA to the Regional Administrative Court, a higher instance, for review. As such, since the ruling stands, the provision established as of December 31, 2021 continues to be protected in the financial statements presented as of March 31, 2023.

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTES 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

c) Conditional Liabilities, Guarantee, Pledge, Mortgage, Bail and other

Collateral, Pledge and Mortgage ("CPM") positions as of 31 March 2023 and 31 December 2022 are presented below:

31 March 2023	TRY equivalent	TRY	EUR
A, GPM's given for companies own legal personality			
- Guarantee ⁽¹⁾	356,117,899	192,444,517	7,851,925
- Pledge	-	-	-
- Mortgage	-	-	-
B, GPM's given on behalf of fully consolidated companies	-	-	-
C, GPM's given for continuation of its economic activities on behalf of third parties	-	-	-
D, Total amount of other GPM's	-	-	-
i, Total amount of GPM's given on behalf of the majority shareholder		-	-
ii, Total amount of GPM's given to on behalf of other group companies		-	-
which are not companies which are not in scope of B and C	-	-	-
iii, Total amount of GPM's given on behalf of third parties which are not in scope of C	-	-	-
Total	356,117,899	192,444,517	7,851,925

31 December 2022	TRY equivalent	TRY	EUR
A, GPM's given for companies own legal personality			
- Guarantee ⁽¹⁾	374,683,994	205,812,517	8,455,920
- Pledge	-	-	-
- Mortgage	-	-	-
B, GPM's given on behalf of fully consolidated companies	-	-	-
C, GPM's given for continuation of its economic activities on behalf of third parties	-	-	-
D, Total amount of other GPM's	-	-	-
i, Total amount of GPM's given on behalf of the majority shareholder		-	-
ii, Total amount of GPM's given to on behalf of other group companies		-	-
which are not companies which are not in scope of B and C	-	-	-
iii, Total amount of GPM's given on behalf of third parties which are not in scope of C	-	-	-
Total	374,683,994	205,812,517	8,455,920

⁽¹⁾ Represents the guarantee letters provided. The Group provided guarantee letters to the Energy Market Regulation Authority and financial institutions. The details of these guarantee letters are as follows:

The ratio of other GPMs given by the Group to the Group's equity is 0% as of 31 March 2023 (31 December 2022: 0%).

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTES 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

c) Conditional Liabilities, Guarantee, Pledge, Mortgage, Bail and other (Continued)

	31 March 2023		31 December 2022	
	Original currency	TRY equivalent	Original currency	TRY equivalent
Letter of guarantees - TRY	192,444,517	192,444,517	205,812,517	205,812,517
Letter of guarantees - EUR	7,851,925	163,673,382	8,455,920	168,871,477
Total		356,117,899		374,683,994

d) Letters of guarantee and collateral bills received

The letters of guarantee and collateral bills received consist of guarantee letters received from the responsible entity for imbalance and subcontractors related to Taşpınar WPP. The details of the Group's letters of guarantee and collateral bills are as follows:

	31 March 2023		31 December 2022	
	Original currency	TRY equivalent	Original currency	TRY equivalent
Guarantee letter – TRY	348,029,227	348,029,227	177,443,945	177,443,945
Guaranteed bill - TRY	10,000	10,000	10,000	10,000
Total		348,039,227		177,453,945

NOTES 12 - PROVISION FOR EMPLOYMENT BENEFITS

Short-term provision for employee benefits:

	31 March 2023	31 December 2022
Provision for unused vacation	3,230,437	1,955,359
	3,230,437	1,955,359

The movements of the provisions for the unused vacations is as follows:

	2023	2022
1 January 2023	1,955,359	1.228.708
Period cost	1,290,286	160.504
Payments	(15,208)	(3.318)
31 March	3,230,437	1.385.894

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTES 12 - PROVISION FOR EMPLOYMENT BENEFITS (Continued)

Long-term provision for employee benefits:

	31 December 2022	31 December 2022
Provisions for employment termination benefits	4,333,188	4,077,838
	4,333,188	4,077,838

Except for the following legal obligations of the Group in Turkey. The Group does not have any pension commitments.

Under the Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies and achieves the retirement age. As of 31 March 2023, the maximum amount payable equivalent to one month of salary is TRY 19,983 (31 December 2022: TRY 15,371) for each year of service. The retirement pay provision ceiling TRY 19,983 which is effective from 1 January 2023, is taken into consideration in the calculation of provision for employment termination benefits (31 December 2022: 1 January 2023: TRY 19,983).

Provision for employment termination benefits is calculated by estimating the present value of the future probable obligation arising from the retirement of the employees of the Group.

The standard TAS 19 "Employee Benefits" envisages the development of actuarial valuation methods in order to estimate the provision of severance pay. Accordingly, the following actuary estimations were used in the calculation of the provision.

The main assumption is that the maximum liability amount for each year of service will increase in parallel with inflation. Therefore, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Therefore, in the accompanying financial statements as of 31 March 2023, the provisions are calculated by estimating the present value of the future probable obligation arising from the retirement of the employees.

Discount rate applied as 10.60% ⁽¹⁾ (31 December 2022: 10.60%), inflation rate is applied as 9.90% (31 December 2022: 9.90%) and increase in wages applied as 9.90% (31 December 2022: 9.90%) in the calculation ⁽²⁾.

Age of retirement is based on considering the Group's historical average age of retirement;

- (1) The gross discount rate used for calculation of the severance payment liability is determined by considering Government Bond with 10 years' maturity compound interest rate and the swap rates with 10-15 years maturity, Based on this, the net discount rate was determined as 0.64% (31 December 2022: 0.64%).
- (2) Calculation of employee termination benefits are determined by considering the 2023 inflation rate reports of the Central Bank of Republic of Turkey.

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTES 12 - PROVISION FOR EMPLOYMENT BENEFITS (Continued)

Long-term provision for employee benefits: (Continued)

The movement of provision for employment termination benefits within the period is as follows:

	2023	2022
1 January 2023	4,077,838	1,692,950
Service cost	153,429	65,081
Interest cost	101,921	80,433
31 March	4,333,188	1,838,464

Payables related to employee benefits:

	31 March 2023	31 December 2022
Social security premiums payable	617,478	535,567
Payables to personnel	-	3,588,550
	617,478	4,124,117

NOTES 13 - PREPAID EXPENSES

Short-term prepaid expenses

	31 March 2023	31 December 2022
Prepaid expenses (**)	8,011,486	11,870,084
Advances given	1,738,876	1,738,876
	9,750,362	13,608,960

Long-term prepaid expenses

	31 March 2023	31 December 2022
Advances given (*)	140,195,349	72,983,412
Prepaid expenses (**)	23,789,991	24,356,379
	163,985,340	97,339,791

(*) It includes advances paid for the "Taşpınar Combined Renewable Electricity Production Facility (Solar Power Plant Addition) Project" planned to be made by our company in Korubaşı Mahallesi/Nilüfer/Bursa,

(**) TRY 2,277,997 in short-term prepaid expenses and TRY 15,665,896 in long-term prepaid expenses of the related balances include prepaid insurance fees for a 10-year-term new loan amounting to EUR 20,000,000 used from abroad in 2021.

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 14 - OTHER ASSETS

Other current assets

	31 March 2023	31 December 2022
Value added tax ("VAT") (*)	37,046,570	74,241,563
Job advances	28,761	67,356
Other	166,850	26,419
	37,242,181	74,335,338

(*) According to the merger transaction, which was approved at the Extraordinary General Assembly meeting dated 26 July 2019 and registered on 30 July 2019, the Group took over D Yapım Reklamcılık ve Dağıtım A.Ş. ("D Yapım") in accordance with the relevant articles of Turkish Commercial Code and Corporate Tax Law. VAT amounts in other current and other non-current assets comprise of VAT receivables that D Yapım was charged but not deducted until the merger date. VAT amount which was classified as long-term under other non-current assets, is calculated by taking into account the VAT amounts that will arise because of the cash flows projected by the Group over a one-year term.

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY AND 31 MARCH 2023

(Amount expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 15 - DERIVATIVE FINANCIAL INSTRUMENTS

	31 March 2023			31 December 2022		
	Notional amount	Currency	Fair value asset	Notional amount	Currency	Fair value asset
Cross currency and interest swap	163,967,829	TL	66,519,108	168,567,920	TL	65,081,022
			66,519,108			65,081,022

- (*) The Group has used derivative instruments for some of its loans in other currencies in order to avoid financial risk as it earns USD indexed income within the scope of YEKDEM. The Group has a cross currency and interest swap transaction with a maturity date of 31 July 2029 in return for the loan with a nominal amount of EUR 7,851,925 (TRY 163,967,829) with equal principal repayment every 6 months. The fair value of these contracts as of 31 March 2023 is TRY 66,519,108 (31 December 2022: TRY 65,081,022).

GALATA WIND ENERJİ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY AND 31 MARCH 2023

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 16 - EQUITY

Paid Capital:

The ultimate shareholders of the Group are Aydın Doğan and Doğan Family (Işıl Doğan, Arzuhan Yalçındağ, Vuslat Sabancı, Hanzade V, Doğan Boyner and Y, Begümhan Doğan Faralyalı). The shareholders of the Group and the historical values of shares in equity at 31 March 2023 and 31 December 2022 are as follows:

Shareholder	Share (%)	31 March 2023	Share (%)	31 December 2022
Doğan Şirketler Grubu Holding A.Ş.	70,00	374,354,018	70,00	374,354,018
Publicly traded on Borsa İstanbul (1)	30,00	160,437,440	30,00	160,437,440
Nominal equity	100	534,791,458	100	534,791,458

- (1) In accordance with the "CMB" Resolution No: 31/1059 issued on 30 October 2014 and 21/655 issued on 23 July 2010, it is regarded that 160,022,380 shares corresponding to 29.92% of Galata Wind's capital are outstanding as of 3 May 2023 based on the Central Security Depository's ("CSD") records,

Capital Markets Board decision no, 79/1618 dated 31/12/2021 approves Doğan Holding A.Ş.'s takeover of Doğan Enerji Yatırımları Sanayi ve Ticaret A.Ş, by way of a facilitated merger, resulting in Doğan Holding A.Ş, holding 100% of the shares. The merger process is ongoing as of the date of report signing and it has been registered.

The Group's authorized share capital consist of 53,479,145,765 shares with a nominal value of 1 per share (31 December 2022: 53,479,145,765 shares).

Share premiums/ (discounts)

This account represents the differences that occur when the carrying amount of the net assets of the entities, acquired in a business combination transaction involving entities under common control, exceeds the transferred price at the date of the merger.

	31 March 2023	31 December 2022
Share premiums	4,000,000	4,000,000
Total	4,000,000	4,000,000

Restricted reserves

Restricted reserves are reserved from the prior period profit due to legal or contractual obligations or for certain purposes other than the profit distribution (for example, to obtain the tax advantage of gain on sale of associates). Restricted reserves are in the scope of solo legal records in accordance with TCC and TPL.

General Statutory Legal Reserves are reserved in accordance with the Article 519 of Turkish Commercial Code and used in accordance with the principles set out in this article. The afore-mentioned amounts should be classified in "Restricted Reserves" in accordance with the TAS.

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NOTE 16 - EQUITY (Continued)

The details of restricted reserves as of 31 March 2023 and 31 December 2022 as follows:

	31 March 2023	31 December 2022
Restricted Reserves	92,402,893	42,350,942
Total	92,402,893	42,350,942

Other Comprehensive Income and Losses that will not be Reclassified in Profit or Loss

The Group's actuarial losses of defined benefit plan that aren't reclassified in accumulated other comprehensive income and expenses are summarized below:

i. Actuarial gains (losses) on defined benefit plans

Provision for employment termination benefits is calculated by estimating the present value of the future probable obligation arising from the retirement of the employees of the Group. The Group recognised all actuarial gains and losses in other comprehensive income, Remeasurement gain on defined benefit plans amounting to TRY 1,384,231 is accounted under shareholders' equity (31 December 2022: TRY 1,384,231).

Capital Reserves and Retained Earnings

Subsequent to the first inflation adjusted financial statements, equity items such as; "Capital, Emission Premiums, General Statutory Legal Reserves, Statutory Reserves, Special Reserves and Extraordinary Reserves" are carried at carrying value in the statement of financial position and their adjusted values based on inflation are collectively presented in equity accounts group.

In accordance with the CMB regulations, "Issued capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amounts. The valuation differences resulted due to the inflation adjustment shall be disclosed as follows:

- If the difference is due to the "Issued Capital" and has not yet been transferred to capital, it should be classified under "Capital adjustment difference";
- If the difference is due to "Restricted Reserves" and "Share Premium" and the amount has not been subject to dividend distribution or capital increase yet, it shall be classified under "Retained Earnings/(Losses)".

Other equity items are carried at the amounts valued in accordance with TAS.

Capital adjustment differences have no other use than to be included to the share capital.

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NOTE 16 - EQUITY (Continued)

Dividend Distribution

The Group decides to distribute dividend and makes dividend distribution in accordance with the Turkish Commercial Code ("TCC"), Tax Legislations, other related statutory legislation and Articles of Association and Resolutions of General Assembly.

At the general shareholders meeting of the Group on 29 March 2023 the following legislation was considered; the Turkish Commercial Code ("TCC corporate tax, income tax and other relevant legal legislation and the legislation relevant to the Main Agreement of the Group.

According to the audited consolidated financial statements for the period 1 January 2022 - 31 December 2022 that are prepared in accordance with the Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") published by the Public Oversight, Accounting and Auditing Standards Board (POA), when "Deferred Tax Expense" and "Tax Expense for the Period" are considered together, a "Net Profit for the Period" amounting to TRY1,043,955,935 was observed, After the "General Legal Reserve" amounting to TRY19,243,701.08 and the "Donations" amounting to TRY5,747,506 was deducted, a "Net Distributable Period Profit" of TRY1.030.459.739,92 was calculated, which is in line with paragraph (1) of Article 519 of the TCC.

In the Legal Statutory Records ("Statutory Records") for the period 1 January 2022 - 31 December 2022, kept as per tax legislation and prepared as per the Uniform Chart of Accounts issued by the Republic of Turkey Ministry of Finance, after "Tax Expense for the Period" was allocated, a "Net Period Profit" of TRY384.874.021,54 was calculated; after the "General Legal Reserve" amounting to TRY19.243.701,07 was deducted, a "Net Distributable Period Profit" amounting to TRY365.630.320,46 was observed which was calculated as per paragraph (1) of Article 519 of the TCC.

The first dividend of TRY 26.739.572,88, which is 5% of the issued capital, will be allocated from the 2022 "Net Distributable Period Profit" of TRY 365.630.320,46 which is in the legal accounting records.

As per paragraph (c) of article 519 of the Turkish Commercial Code, after the "General Legal Reserve" of TRY30.808.249,78 is allocated, a second dividend of TRY248.260.427,12 will be allocated by including the entire net distributable period profit in the allocation.

In accordance with the rules, a total of 51.42% of the "Issued Capital" will be distributed gross TRY275.000.000, dividends, a net cash dividend of TRY247.500.000 will be distributed and the dividend distribution will start on 31 May 2023 at the latest.

As per the Public Oversight Accounting and Auditing Standards Authority ("POAAS") and Capital Market Board of Turkey ("CMB") regulations, after the above-mentioned legal reserves were allocated in the consolidated financial statements prepared in line with TAS and TFRS, non-distributed profit of TRY718.903.984,14 will be recognised under "Previous Years' Profit or Loss".

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NOTE 17 - REVENUE AND COST OF SALES

	1 January - 31 March 2023	1 January - 31 March 2022
Electricity sales from wind energy	288,151,925	269,610,890
Electricity sales from solar energy	22,867,376	15,199,085
Gain of sales of carbon emission certificate rights (*)	26,090,224	5,162,601
Other	21,107	45,098
Sales proceeds	337,130,632	290,017,674
(*) Wind and solar power plants generate electricity from renewable energy sources; thus, are issued emission reduction certificates because they do not emit CO2 into the atmosphere. The corresponding revenues come from the sales of these acquired certificate rights. By March 31, 2023, 230,849 tons of CO2 certificates were sold (March 31, 2022: 50,000 tons).		
	1 January - 31 March 2023	1 January - 31 March 2022
General production expenses	(43,561,333)	(19,753,136)
Service and maintenance expenses (*)	(16,475,854)	(10,691,236)
Distribution and system usage fees (**)	(27,085,479)	(9,061,900)
Amortization and depreciation expense	(16,170,308)	(16,659,161)
Insurance expenses	(3,579,907)	(1,497,100)
Personnel expenses	(2,959,247)	(1,081,982)
Consultancy expenses	(2,941,197)	(929,987)
Security expenses	(2,310,968)	(1,226,688)
Other	(2,777,937)	(1,708,961)
Cost of sales	(74,300,897)	(42,857,015)
Gross profit	262,829,735	247,160,659

(*) Includes annual maintenance expenses for turbines.

(**) Distribution and system usage fees paid based on the annual generation at the tariff defined by EPİAŞ.

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NOTE 18 - OPERATING EXPENSES

a) General Administrative Expenses

	1 January - 31 March 2023	1 January - 31 March 2022
Personnel expenses	(5,627,539)	(2,192,106)
Consultancy expenses	(1,481,617)	(729,757)
Depreciation and amortization expenses	(171,284)	(162,689)
Transportation expenses	(146,939)	(28,501)
Various taxes	(31,536)	(19,842)
Other	(1,526,053)	(1,040,748)
	(8,984,968)	(4,173,643)

b) Marketing Expenses

	1 January - 31 March 2023	1 January - 31 March 2022
Personnel expenses	(1,657,295)	(746,130)
Consulting expenses	(435,169)	(2,223,242)
Depreciation and amortization expenses	(47,223)	(26,185)
Transportation expenses	(44,807)	(21,069)
Other	(115,765)	(68,055)
	(2,300,259)	(3,084,681)

NOTE 19 - EXPENSES BY NATURE

Expenses are presented functionally for the periods ended 31 March 2023 and 2022, the details are given in Note 17 and Note 18.

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NOTE 20 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

a) Other income from operating activities

	1 January - 31 March 2023	1 January - 31 March 2022
Interest income	26,852,375	929,340
Foreign exchange gain from operating activities	8,551,545	26,418,437
Late interest income	313,899	-
Other	360,025	37,775
	36,077,844	27,385,552

b) Other expenses from operating activities

	1 January - 31 March 2023	1 January - 31 March 2022
Donation and grants	(1,838,739)	(50,050)
Foreign exchange loss from operating activities	(144,461)	(4,999,040)
Lawsuit provision	(69,000)	-
Other	(20,424)	(11)
	(2,072,624)	(5,049,101)

(*) Includes donations and aids amounting to TL 1,584,139 made for the earthquake disaster that occurred in our country on February 6, 2023.

NOTE 21 – FINANCE INCOME AND EXPENSES, NET

	1 January - 31 March 2023	1 January - 31 March 2022
Foreign exchange (loss)/gain from bank borrowings, net	(22,133,665)	(32,915,932)
Interest expense on bank borrowings	(3,943,396)	(8,059,365)
Derivative transaction income / (expense)	3,541,537	9,978,035
Interest expense related to lease liabilities	(830,216)	(825,892)
Bank commission expenses	(639,170)	(489,772)
Other	(517,582)	(707,802)
	(24,522,492)	(33,020,728)

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NOTE 22 - TAXATION ON INCOME

	31 March 2023	31 December 2022
Current income tax expense	38,144,093	104,817,056
Less: Prepaid taxes	(1,326,197)	(99,040,980)
Total tax (liabilities)/ asset	36,817,896	5,776,076

Corporate tax is payable on the total income of the Group after adjusting for certain disallowable expenses, corporate income tax exemptions (exemption for participation in subsidiaries, etc.) and corporate income tax deductions (such as research and development expenditures deduction). No further tax is payable unless there is dividend distribution.

Companies calculate corporate tax quarterly at the rate of 25% over their corporate income and these amounts are disclosed by the end of 14th day and paid by the end of the 17th day of the second month following each calendar quarter-end. Advance taxes paid in the period are offset against the following period's corporate tax liability. If there is an outstanding advance tax balance as a result of offsetting, the related amount may either be refunded in cash or used to offset against for other payables to the government.

The Corporate Tax Law amendment promulgated in Official Gazette No, 31462 dated 22 April 2022, states the tax rate on corporate earnings shall be 20% for 31 March 2023 (31 December 2022: 23%). Article 35 of Law No, 7256 and Corporate Tax Law With the provision added to Article 32, it is stated that the corporations whose shares are offered to the public at a rate of at least 20% for the first time in Borsa Istanbul Equity Market will be offered with a discount of 2 points for the corporate tax rate for 5 accounting periods, starting from the accounting period in which they are first offered to the public. As of 31 March 2023, the company's corporate tax rate has been calculated over 18%. As per this law, deferred tax assets and obligations were calculated in the financial statements dated 31 March 2023, applying a tax rate of 20% for temporary differences' portion.

In Turkey there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate.

Tax authorities can review accounting records within five years and if they determine any errors on the accounting records, tax payable can be reassessed as a result of another tax assessment.

Deferred income taxes

The Group recognizes deferred tax assets and liabilities based on temporary differences between its financial statements prepared in accordance with Turkish Financial Reporting Standards. The temporary differences arise from the accounting treatment in different reporting periods based on the applicable tax laws and the transfer of financial losses.

Deferred taxes are calculated on temporary differences that are expected to be realized or settled based on taxable income in future years using the liability method at tax rates enacted at the statement of financial position date as disclosed in the table and explanations above.

Deferred tax assets and liabilities are presented net in the Group's consolidated financial statements as they are also presented net in the financial statements of the subsidiaries, each of which is an individual taxpayer. Temporary differences, deferred tax assets and deferred tax liabilities are presented in the table below on the basis of gross amounts.

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NOTE 22 - INCOME TAXES (Continued)

Deferred income taxes (Continued)

The composition of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred tax has been provided at 31 March 2023 and 31 December 2022 using the enacted tax rates are as follows.

	Cumulative temporary differences		Deferred tax assets / (liabilities)	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
Net differences between the tax base and carrying values of				
property, plant and equipment	(822,044,760)	(787,515,612)	164,408,952	157,503,122
Lease liabilities	(16,212,388)	(15,555,088)	3,242,478	3,111,018
Right of use asset	10,438,106	10,443,901	(2,087,621)	(2,088,780)
EMRA claim provision	(10,406,835)	(10,406,835)	2,081,367	2,081,367
Derivative instrument	66,659,108	65,081,022	(13,331,822)	(13,016,204)
Exchange rate effects on monetary liabilities	(1,917,694)	(913,867)	383,539	182,773
Provision for employment termination benefits	(2,576,603)	(2,321,253)	515,321	464,251
Exchange rate effects on monetary assets	554,316	248,226	(110,863)	(49,645)
Provision for lawsuit	(1,238,349)	(1,169,349)	247,670	233,870
Other	(3,230,437)	(1,955,359)	667,430	412,414
Deferred tax asset / (liabilities), net			156,016,451	148,834,186

Conclusions of netting has been reflected to consolidated statement of financial position of Galata and its subsidiaries which are separate taxpayer companies, have booked their deferred tax assets and liabilities by netting in their financial statements that were prepared in accordance with the TAS. Temporary differences and deferred tax assets and liabilities shown above have been prepared based on gross values.

Movements for net deferred taxes for the periods ended at 31 March 2023 and 2022 are as follows:

Deferred tax liability	2023	2022
Opening balance as of 1 January	148,834,186	(75,106,918)
Recognised under profit or loss statement	7,182,265	(3,209,857)
Closing balance as of 31 March	(156,016,451)	(78,316,775)

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NOTE 22 - INCOME TAXES (Continued)

The taxes on income reflected to statement of profit or loss for the periods ended 31 March 2023 and 2022 are summarized below:

	1 January - 31 March 2023	1 January - 31 March 2022
Income tax expense	(32,368,017)	(42,273,233)
Prior period tax expense	-	(1,564,054)
Deferred tax (expense)/income	7,182,265	(3,209,857)
Total tax expense	(25,185,752)	(47,047,144)

The reconciliation of the taxation on income in the statement of profit or loss for periods ended 31 March 2023 and 2021 and the tax calculated at the corporate tax rate based on the income before minority interests and taxation on income are as follows:

	31 March 2023	31 March 2022
Profit before tax	261,027,236	229,218,058
Tax rate of 18% (31 March 2022: 21%)	(46,984,902)	(48,135,792)
Prepaid tax for revaluation of fixed assets	-	(1,564,054)
Tax effect of fixed assets revaluation (*)	23,600,101	-
Exceptions and deductions	582,267	2,135,053
Effect of tax rate changes	(2,332,367)	561,364
Non-deductible expenses	(449,679)	(372,166)
Tax base increase	-	328,451
Other	398,828	-
Tax expense recognized in statement of profit or loss	(25,185,752)	(47,047,144)

(*) The Group has revalued its tangible assets, taking into account the rate of increase of the Domestic Purchase Price Index in accordance with the "Law on the Restructuring of Certain Receivables and Amendments to Some Laws" dated 3 June 2021 and numbered 7326. The differences resulting from this valuation were recognized in the statutory accounting records. However, the recorded valuation difference is an inflation indexation method, which is not appropriate for the TFRS revaluation model, as the increase in value determined by indexation does not serve the fair value under TFRS 13. The Group continues to account for the relevant tangible in its TFRS financial statements using the historical cost method. Accordingly, the deferred tax income arising from the reduction of temporary differences between statutory accounting and TFRS as a result of such revaluation is recognized in the consolidated statement of profit or loss.

NOTE 23 - RELATED PARTY DISCLOSURES

As of the date of consolidated statement of financial position, due from and to related parties and related party transactions for the periods ending 31 March 2023 and 31 December 2022 are disclosed below:

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NOTE 23 - RELATED PARTY DISCLOSURES (Continued)

i) Related party balances

Related party balances	31 March 2023			31 December 2022		
	Receivable		Payable	Receivable		Payable
	Current Trade	Short-term Other receivables	Current Trade	Current Trade	Short-term Other receivables	Current Trade
Değer Merkezi Hizmetler ve Yönetim Danışmanlığı A.Ş. (1)	-	-	321,275	-	-	551,452
Aytemiz Akaryakıt Dağıtım, A.Ş. (2)	-	-	32,291	-	-	24,319
Suzuki Motorlu Araçlar Pazarlama A.Ş.	-	-	3,053	-	-	2,454
D-Market Elektronik Hizm,Tic A.Ş. (3)	-	-	9,747	-	-	5,121
Doğan Trend	-	-	1,142	-	-	1,676
Begümhan Doğan Faryalı	-	-	-	-	-	-
Boyabat Elektrik Üretim ve Ticaret A.Ş.	1,361	-	-	1,121	-	-
Aslancık Elektrik Üretim A.Ş.	578	-	-	721	-	-
	1,939	-	367,508	1,842	-	585,022

(1) Financial, legal, information technology and other consultancy service purchases and overhead bills such as vehicle and office rent, cleaning, heating and building maintenance,

(2) Payables related to purchase of fuel oil,

(3) Warehouse rent expenses,

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NOTE 23 - RELATED PARTY DISCLOSURES (Continued)

i) Related party balances (Continued)

Other payables to related parties:

	31 March 2023	31 December 2022
Other payables to related parties (*)	275,000,000	-
	275,000,000	-

(*) At the Company's Ordinary General Assembly dated March 29, 2023, it was resolved to distribute a gross dividend of TL 275,000,000 equal to 51,42% of the "Issued Capital" and to commence dividend distribution no later than May 31, 2023. In the financial statements as of 31 March 2023, the amount of dividend that has not yet been distributed has been included in other payables to related parties.

Short-term portions of long-term lease liabilities from related parties

	31 March 2023	31 December 2021
Değer Merkezi Hizmetler ve Yönetim Danışmanlığı A.Ş. (*)	255,278	304,868
	255,278	304,868

(*) Represents the lease liabilities recognised in accordance with TFRS 16 standard.

Long-term lease liabilities to related parties:

	31 March 2023	31 December 2022
Değer Merkezi Hizmetler ve Yönetim Danışmanlığı A.Ş. (*)	277,244	352,381
	277,244	352,381

(*) Represents the lease liabilities recognised in accordance with TFRS 16 standard.

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NOTE 23 - RELATED PARTY DISCLOSURES (Continued)

ii) Related party transactions

Transactions with related parties	1 January – 31 March 2023			1 January – 31 March 2022		
	Purchases of Goods and services	Sales of Goods and services	Financial Expenses	Purchases of Goods and services	Sales of Goods and services	Financial Expenses
Değer Merkezi Hizmetler ve Yönetim Danışmanlığı A.Ş.(1)	1,076,393	-	-	771,259	-	-
Suzuki Motorlu Araçlar Pazarlama A.Ş.	171,885	-	-	-	-	-
Doğan Trend Otomotiv Ticaret Hizmetve Teknoloji A.Ş.	158,264	-	-	88,115	-	-
Aytemiz Akaryakıt Dağıtım, A.Ş.	117,857	-	-	-	-	-
D-Market Elektronik Hizm.Tic A.Ş.	70,412	-	-	-	-	-
Other	-	2,306	-	339,264	1,125	-
	1,594,811	2,306	-	1,198,638	1,125	-

(1) Financial, legal, information technology and other consultancy service purchases and overhead bills such as vehicle and office rent, cleaning, heating and building maintenance.

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NOTE 23 - RELATED PARTY DISCLOSURES (Continued)

Benefits provided for the key management

The key management team of the Group is made up of members of the Board of Directors, General Manager, Deputy General Manager and directors. Benefits provided for the key management members within the period are as the follows:

	1 January - 31 March 2023	1 January - 31 March 2022
Salaries and other short term benefits	2,016,876	1,062,738
	2,016,876	1,062,738

NOTE 24 - FINANCIAL INSTRUMENTS

Financial investments

Short-term financial investments

Group' financial assets of the classified under short-term financial investments are as follows:

Assets recorded at fair value in other comprehensive income:	31 March 2023	31 December 2022
Investment funds (*)	153.334.103	-
Private sector bonds (**)	-	76,299,442
Total	153.334.103	76,299,442

(*) A significant portion of mutual funds in short-term financial investments consists of money security and equity funds and various acquired financing instruments.

(**) The Group has purchased two short-term private sector bonds with a total nominal value of USD 2,500,000 and USD 1,500,000 on 29 September 2022 and 14 October 2022, respectively.

Long term financial investments

	31 March 2023		31 December 2022	
	TRY	%	TRY	%
Enerji Piyasaları İşletme A.Ş.	100,000	<1	100,000	<1
	100,000		100,000	

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NOTE 25 - EARNING/LOSS PER SHARE

	1 January - 31 March 2023	1 January - 31 March 2022
Net profit for the period attributable to equity holders of the Parent Company	235,841,484	182,170,914
Weighted average number of shares with face value of TRY 1 each	53,479,145,765	53,479,145,765
Earning per Share	0.441	0.341

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments and financial risk management

The Group's activities expose it to a variety of financial risks; these risks are credit risk, market risk including the effects of changes in debt and equity market prices, foreign currency exchange rates, fair value interest rate risk and cash flow interest rate risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments in a limited manner to hedge these exposures.

a) Market risk

a.1) Foreign currency risk

The Group is exposed to foreign currency risk due to conversion of its foreign currency denominated liabilities to local currency. This risk monitored and limited by analyzing foreign currency position.

The Group is exposed to foreign exchange risk arising primarily from the USD and EUR.

	31 March 2023	31 December 2022
Foreign currency assets	395,966,341	137,975,305
Foreign currency liabilities	(509,981,501)	(522,183,438)
	(114,015,160)	(384,208,133)

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NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Net foreign currency position

The table below summarizes the foreign currency position risk of the Group as of 31 March 2023 and 31 December 2022. The carrying amounts of foreign currency assets and liabilities held by the Group in terms of foreign currencies (in terms of TRY) are as follows:

		31 March 2023		
		TRY Equivalent (Functional currency)	USD	EUR
1,	Trade receivables	-	-	-
2a,	Monetary financial assets	395,966,341	8,088,581	11,563,642
2b,	Non-monetary financial assets	-	-	-
3,	Other	-	-	-
4,	Current assets (1+2+3)	395,966,341	8,088,581	11,563,642
5,	Trade receivables	-	-	-
6a,	Monetary financial assets	-	-	-
6b,	Non-monetary financial assets	-	-	-
7,	Other	-	-	-
8,	Non-current assets (5+6+7)	-	-	-
9,	Total assets (4+8)	395,966,341	8,088,581	11,563,642
10,	Trade payables	8,923,372	53,530	378,128
11,	Financial liabilities	69,961,120	-	3,350,227
12a,	Other monetary liabilities	-	-	-
12b,	Other non-monetary liabilities	-	-	-
13,	Short term liabilities (10+11+12)	78,884,492	53,530	3,728,355
14,	Trade payables	-	-	-
15,	Monetary liabilities	431,097,009	-	20,643,937
16a,	Other monetary liabilities	-	-	-
16b,	Other non-monetary liabilities	-	-	-
17,	Long term liabilities (14+15+16)	431,097,009	-	20,643,937
18,	Total liabilities (13+17)	509,981,501	53,530	24,372,292
19,	Net assets / liability position of off-balance sheet derivatives (19a-19b)	-	-	-
19a,	Off-balance sheet foreign currency derivative assets	-	-	-
19b,	Off-balance sheet foreign currency derivative liabilities	-	-	-
20,	Net foreign currency asset/(liability) position (9-18+19)	(114,015,160)	8,035,051	(12,808,650)

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NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Net foreign currency position (Continued)

		31 December 2022		
		TRY Equivalent (Functional currency)	USD	EUR
1,	Trade receivables	-	-	-
2a,	Monetary financial assets	137,975,305	7,365,572	171
2b,	Non-monetary financial assets	-	-	-
3,	Other	-	-	-
4,	Current assets (1+2+3)	137,975,305	7,365,572	171
5,	Trade receivables	-	-	-
6a,	Monetary financial assets	-	-	-
6b,	Non-monetary financial assets	-	-	-
7,	Other	-	-	-
8,	Non-current assets (5+6+7)	-	-	-
9,	Total assets (4+8)	137,975,305	7,365,572	171
10,	Trade payables	10,764,853	322,169	236,845
11,	Financial liabilities	67,109,605	-	3,360,386
12a,	Other monetary liabilities	-	-	-
12b,	Other non-monetary liabilities	-	-	-
13,	Short term liabilities (10+11+12)	77,874,458	322,169	3,597,231
14,	Trade payables	-	-	-
15,	Monetary liabilities	444,308,980	-	22,247,931
16a,	Other monetary liabilities	-	-	-
16b,	Other non-monetary liabilities	-	-	-
17,	Long term liabilities (14+15+16)	444,308,980	-	22,247,931
18,	Total liabilities (13+17)	522,183,438	322,169	25,845,162
19,	Net assets / liability position of off-balance sheet derivatives (19a-19b)	-	-	-
19a,	Off-balance sheet foreign currency derivative assets	-	-	-
19b,	Off-balance sheet foreign currency derivative liabilities	-	-	-
20,	Net foreign currency asset/(liability) position (9-18+19)	(384,208,133)	7,043,403	(25,844,991)

The effect of the Group's foreign currency positions in Euro and US Dollars on the net profit/loss and shareholders' equity for the period, assuming a 20% appreciation and depreciation of TRY against foreign currencies and all other variables constant, are stated below:

	31 March 2023		31 December 2022	
	ABD Doları	Avro	ABD Doları	Avro
% 20 Appreciation	30,834,991	(53,495,322)	26,387,406	(103,229,032)
% 20 Depreciation	(30,834,991)	53,495,322	(26,387,406)	103,229,032

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NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

a) Interest rate risk

The Group is exposed to interest risk because of its interest generating liabilities. As of 31 March 2023 and 31 December 2022, the financial liabilities in the Group mainly consist of fixed rate borrowings.

Interest rate position	31 March 2023	31 December 2022
Financial instruments with fixed rate		
Financial assets		
Banks (Note 4)	755,008,144	658,996,748
Financial investments (Note 24)	153,334,103	76,299,442
Lease liabilities (Note 5)	16,212,388	15,555,088
Financial instruments with floating rate		
Bank borrowings (Note 5)	501,058,129	511,418,585

As of 31 March 2023, if interest rates on Euro denominated borrowings variable rate financial liabilities not protected by interest rate swap transactions had been higher/lower by 100 basis points with all other variables held constant, profit before income taxes would have been TRY 1,243,360 (31 December 2022: TRY 4,970,420) higher/lower, mainly as a result of additional interest expense on floating rate borrowings.

b) Credit risk

Credit risk involves the risk that counterparties may be unable to meet the terms of their agreements.

These risks are monitored by limiting the aggregate risk to any individual counterparty (excluding related parties) and receiving collateral when needed.

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NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

b) Credit risk (Continued)

31 March 2023

	Trade receivables		Other receivables		Cash on deposit
	Third party	Related party	Third party	Related party	
Maximum net credit risk as of 31 March 2023	104,855,905	1,939	836,152	-	756,622,141
The part of maximum risk under guarantee with collateral	-	-	-	-	-
A, Net book value of financial assets that are either past due or not impaired	104,855,905	1,939	836,152	-	756,622,141
-Secured portion by guarantees	-	-	-	-	-
B, Book value of restructured otherwise accepted as past due and impaired financial assets					
- Secured portion by guarantees	-	-	-	-	-
C, Net book value of financial assets that are past due and not impaired					
- Secured portion by guarantees	-	-	-	-	-
D, Net book value of the impaired assets	-	-	-	-	-
- Past due (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- The secured part with net worth with collateral etc,	-	-	-	-	-
- Secured portion of the net book value by guarantees etc,	-	-	-	-	-

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NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

b) Credit risk (Continued)

31 December 2022

	Trade receivables		Other receivables		
	Third party	Related party	Third party	Related party	Cash on deposit
Maximum net credit risk as of					
31 December 2022	84,126,572	1,842	608,806	-	659,079,070
The part of maximum risk under guarantee with collateral	-	-	-	-	-
A, Net book value of financial assets that are either past due or not impaired	84,126,572	1,842	608,806	-	659,079,070
-Secured portion by guarantees	-	-	-	-	-
B, Book value of restructured otherwise accepted as past due and impaired financial assets					
- Secured portion by guarantees	-	-	-	-	-
C, Net book value of financial assets that are past due and not impaired					
- Secured portion by guarantees	-	-	-	-	-
D, Net book value of the impaired assets	-	-	-	-	-
- Past due (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- The secured part with net worth with collateral etc,	-	-	-	-	-
- Secured portion of the net book value by guarantees etc,	-	-	-	-	-

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NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

c) Liquidity risk

Conservative liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Due to the dynamic nature of the underlying business, the Group aims maintaining flexibility in funding by keeping committed credit lines available.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities and its derivative financial instruments. The tables below have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. Interests to be paid over these obligations are included in the table below. Derivative financial liabilities are based on undiscounted net cash inflows and outflows. Forwards are netted for future transactions that are to be paid gross and are realized by using undiscounted gross cash inflows and outflows.

31 March 2023	Book value	Total Contractual Cash outflow	Less than 3 months	3-12 months	1 - 5 years	More than 5 years
Short-term and long-term						
Financial liabilities (Note 5)	501,058,129	576,375,393	-	85,798,385	317,206,331	173,370,677
Lease liabilities (Note 5)	16,212,388	108,287,623	848,227	2,231,242	12,418,102	92,790,052
Trade payable to third parties						
Third parties (Note 6)	20,024,546	20,024,546	20,024,546	-	-	-
Trade payables to related parties (Note 23)	367,508	367,508	367,508	-	-	-
Other payables						
To related parties (Note 7)	275,000,000	275,000,000	275,000,000	-	-	-
Other payables						
To third parties (Note 7)	2,598,365	2,598,365	2,598,365	-	-	-
Payables related to						
employee benefits (Note 12)	617,478	617,478	617,478	-	-	-
Other short-term provisions (Note 11)	5,608,797	5,608,797	-	5,608,797	-	-
Other long term provisions (Note 11)	6,036,387	6,036,387	-	-	6,036,387	-
Total Liabilities	827,523,598	994,916,097	299,456,124	93,638,424	335,660,820	266,160,729

31 December 2022	Book value	Total Contractual Cash outflow	Less than 3 months	3-12 months	1 - 5 years	More than 5 years
Short-term and long-term						
Financial liabilities (Note 5)	511,418,585	532,481,566	32,438,139	65,709,755	267,681,623	166,652,049
Lease liabilities (Note 5)	15,555,088	108,385,346	97,723	2,917,308	12,153,113	93,217,202
Trade payable to third parties						
Third parties (Note 6)	16,884,666	16,884,666	16,884,666	-	-	-
Trade payables to related parties (Note 23)	585,022	585,022	585,022	-	-	-
Other payables						
To third parties (Note 7)	4,168,083	4,168,083	4,168,083	-	-	-
Payables related to						
employee benefits (Note 12)	4,124,117	535,567	535,567	-	-	-
Other short-term provisions (Note 11)	5,539,797	5,539,797	-	5,539,797	-	-
Other long term provisions (Note 11)	6,036,387	6,036,387	-	-	6,036,387	-
Total Liabilities	564,311,745	674,616,434	54,709,200	74,166,860	285,871,123	259,869,251

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**NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

d) Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments are determined by the Group, using available market information and appropriate valuation methodologies for each segment of the Group. However, judgment 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 realize in a current market exchange.

The following methods and assumptions are used in the estimation of the fair value of the financial instruments for which it is practicable to estimate fair value:

Monetary assets

The fair values of balances denominated in foreign currencies, which are translated at the period end exchange rates, are considered to approximate carrying value.

The fair values of certain financial assets carried at cost, including fair values of cash and due from banks are considered to approximate their respective carrying values due to their short-term nature and immateriality of losses on collectability, the fair value of investment securities has been estimated based on the market prices at the statement of financial position dates.

Trade receivables are disclosed at their amortized cost using the effective interest rate method and the carrying values of trade receivables along with the related allowances for collectability are estimated to be at their fair values,

Monetary liabilities

The fair value of bank borrowings and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Long-term borrowings, which are principally at variable rates, and denominated in foreign currencies, are translated at the period-end exchange rates and accordingly, their fair values approximate their carrying values.

Trade payables are disclosed at their amortized cost using the effective interest rate method and accordingly their carrying amounts approximate their fair values.

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NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Long-term borrowings, which are principally at variable rates, and denominated in foreign currencies, are translated at the period-end exchange rates and accordingly, their fair values approximate their carrying values.

Trade payables are disclosed at their amortized cost using the effective interest rate method and accordingly their carrying amounts approximate their fair values.

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

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

Based on the fair value hierarchy, the Group's financial assets and liabilities are categorized as follows:

	31 March 2023	Fair value level as of reporting date		
		Level 1 TRY	Level 2 TRY	Level 3 TRY
Financial assets				
Derivative instruments held for sale at fair value through profit or loss (Note 15)	66,659,108	-	66,659,108	-
Fair value difference other comprehensive financial reflected in the income statement assets (Note 24)	153,334,103	-	153,334,103	-
Total	219,993,211	-	219,993,211	-
Financial liabilities				
Derivative instruments held for sale at fair value through profit or loss (Note 15)	-	-	-	-
Total	-	-	-	-

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NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2022	Fair value level as of reporting date		
		Level 1 TRY	Level 2 TRY	Level 3 TRY
Financial assets				
Derivative instruments held for sale at fair value through profit or loss (Note 15)	65,081,022	-	65,081,022	-
Fair value difference other comprehensive financial reflected in the income statement assets (Note 24)	76,299,442	-	76,299,442	-
Total	141,380,464	-	141,380,464	-
Financial liabilities				
Derivative instruments held for sale at fair value through profit or loss (Note 15)	-	-	-	-
Total	-	-	-	-

As of 31 March 2023 and 31 December 2022, the fair value level of derivative instruments in the statement of financial position is Level 2.

e) 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, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the net liability/total equity ratio. Net liability is calculated as the total liability less cash and cash equivalents, derivative instruments and tax liabilities. Total equity is calculated as the total of net liability and the equity as shown in the statement of financial position.

Net liabilities/total equity rates at 31 March 2023 and 31 December 2022 are as below:

	31 March 2023	31 December 2021
Total liabilities (*)	835,087,224	570,344,942
Less: Cash and cash equivalence	(756,622,141)	(659,079,070)
Net debt	78,465,083	(88,734,128)
Total shareholders' equity	1,851,078,836	1,890,237,352
Total capital	1,929,543,919	1,801,503,224
Net Debt/Equity Ratio	4.07%	(4.93%)

(*) The amounts are calculated by deducting income tax payable, derivative financial instruments and deferred tax liability accounts from total liabilities.

NOTE 27 - SUBSEQUENT EVENTS

None.

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