

(Convenience translation of a report and financial
statements originally issued in Turkish)

Akenerji Elektrik Üretim A.Ş.

Condensed consolidated financial statements for the
interim period ended 1 January - 30 September 2023

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

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AKENERJİ ELEKTRİK ÜRETİM A.Ş.**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2023 AND 31 DECEMBER 2022**

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

		Current period	Prior period
		Unaudited	Audited
	Notes	30 September 2023	31 December 2022
ASSETS			
Current assets			
Cash and cash equivalents		2.103.358.511	1.248.911.631
Financial investment		116.360.349	80.821.510
Trade receivables			
- Due from related parties	15	182.173.595	568.320.563
- Due from third parties		800.432.294	1.647.782.560
Other receivables			
- Due from third parties		23.133.944	6.388.819
Inventories		68.876.448	36.401.172
Prepaid expenses		76.170.394	125.214.113
Derivative instruments		16.285.605	-
Current income tax assets	9	2.839.321	2.008.870
Other current assets		69.230.779	38.692.237
Total current assets		3.458.861.240	3.754.541.475
Non - current assets			
Other receivables			
- Due from third parties		21.321.781	31.277.493
Financial investments		100.000	100.000
Inventories		32.706.704	26.130.255
Property, plant and equipment	4	18.226.332.820	18.304.784.854
Right of use assets		87.326.794	41.316.820
Intangible assets	5	158.854.791	149.586.152
Prepaid expenses		38.602.703	142.837.928
Deferred tax assets	9	668.541	5.814.865
Other non-current assets		209.931.090	122.313.398
Total non - current assets		18.775.845.224	18.824.161.765
TOTAL ASSETS		22.234.706.464	22.578.703.240

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

AKENERJİ ELEKTRİK ÜRETİM A.Ş.
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2023 AND 31 DECEMBER 2022**

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

		Current period	Prior period
		Unaudited	Audited
	Notes	30 September 2023	31 December 2022
LIABILITIES			
Current liabilities			
Short term portion of long-term borrowings			
- Bank loans	3	1.072.702.990	673.037.183
- Lease payables	3	44.940.670	28.848.894
Trade payables			
- Due to related parties	15	52.500.570	221.018.207
- Due to third parties		1.188.717.038	2.110.965.786
Employee benefit obligations		12.169.287	5.073.874
Other payables			
- Other payables to third parties		189.071.872	208.276.779
Derivative instruments	7	9.574.961	20.733.192
Current income tax liabilities		8.660	1.609.716
Deferred income		28.535.719	21.671.026
Short term provisions			
- Provisions for employee benefits		22.057.917	20.010.000
- Other short - term provisions	6	78.791.973	71.547.325
Total current liabilities		2.699.071.657	3.382.791.982
Non - current liabilities			
Long term borrowings			
- Bank loans	3	14.323.049.677	10.827.793.031
- Lease payables	3	224.061.324	160.241.385
Other payables			
- Due to third parties		599.714.088	430.338.432
Derivative instruments	7	-	1.634.321
Long term provisions			
- Provisions for employee benefits		43.860.252	34.611.874
Deferred tax liabilities	9	1.972.900.351	2.014.005.753
Total non - current liabilities		17.163.585.692	13.468.624.796
EQUITY			
Share capital	8	729.164.000	729.164.000
Adjustments to share capital	8	101.988.910	101.988.910
Share premiums		50.220.043	50.220.043
Other comprehensive income/(expense) not to be reclassified to profit/loss			
Gains/losses on revaluation and remeasurement			
- Increase on revaluation of property, plant and equipment		12.493.153.264	12.903.686.572
- Losses on re-measurement of defined benefit plans		(30.681.773)	(19.450.305)
Other comprehensive income/(expense) to be reclassified to profit/loss			
Losses on hedges			
- Losses on cash flow hedging		(91.888)	(1.949.699)
Restricted reserves			
- Legal reserves	8	12.053.172	12.053.172
- Other reserves		(4.322.722)	(4.322.722)
Accumulated losses		(7.633.570.201)	(6.473.542.581)
Net loss for the period		(3.345.863.690)	(1.570.560.928)
Total equity		2.372.049.115	5.727.286.462
TOTAL LIABILITIES AND EQUITY		22.234.706.464	22.578.703.240

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

AKENERJİ ELEKTRİK ÜRETİM A.Ş.**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE INTERIM PERIODS BETWEEN 1 JANUARY - 30 SEPTEMBER 2023 AND 2022**

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

	Notes	Current period	Prior period		
		Unaudited	Unaudited	1 July-	1 July-
		1 January -	1 January -	30 September 2023	30 September 2022
		30 September 2023	30 September 2022		
Revenue	10	13.666.955.067	9.740.721.497	4.770.301.619	5.852.704.965
Cost of sales (-)	11	(12.616.872.600)	(8.672.268.854)	(4.385.148.811)	(5.371.893.889)
GROSS PROFIT		1.050.082.467	1.068.452.643	385.152.808	480.811.076
General administrative expenses (-)	11	(196.899.661)	(93.975.255)	(73.992.964)	(31.719.009)
Other operating income	12	358.550.961	491.315.149	90.825.639	164.389.047
Other operating expenses (-)	12	(202.645.883)	(429.946.797)	(44.743.573)	(145.687.675)
OPERATING PROFIT		1.009.087.884	1.035.845.740	357.241.910	467.793.439
Income from investing activities	13	37.694.647	17.991	29.716.182	-
Expenses from investing activities	13	(524.977)	-	11.935	-
OPERATING PROFIT BEFORE FINANCIAL INCOME/ (EXPENSE)		1.046.257.554	1.035.863.731	386.970.027	467.793.439
Financial income	14	487.919.698	360.545.437	94.315.832	110.745.419
Financial expenses (-)	14	(4.897.163.029)	(3.437.906.532)	(1.117.335.947)	(1.180.233.558)
LOSS BEFORE TAX		(3.362.985.777)	(2.041.497.364)	(636.050.088)	(601.694.700)
Tax (Expense)/Income					
Current income tax income/expense (-)	9	(15.557.614)	(1.093.879)	756.518	(880.561)
Deferred tax income/expense (-)	9	32.679.701	334.297.613	(296.819.052)	110.740.659
NET LOSS FOR THE PERIOD		(3.345.863.690)	(1.708.293.630)	(932.112.622)	(491.834.602)
Net loss attributable to:					
Equity holders of the parent		(3.345.863.690)	(1.708.293.630)	(932.112.622)	(491.834.602)
		(3.345.863.690)	(1.708.293.630)	(932.112.622)	(491.834.602)
Earnings losses per shares (1.000 shares)		(4,589)	(2,343)	(1,278)	(0,675)

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

AKENERJİ ELEKTRİK ÜRETİM A.Ş.**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIODS BETWEEN 1 JANUARY - 30 SEPTEMBER 2023 AND 2022****(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated.)**

	Current period	Prior period		
	Unaudited	Unaudited		
	1 January - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2023	1 July - 30 September 2022
Net loss for the period	(3.345.863.690)	(1.708.293.630)	(932.112.622)	(491.834.602)
Other comprehensive income/(expense)				
To be reclassified to profit or loss				
Gains on cash flow hedging	2.322.258	2.322.246	782.612	782.583
Deferred tax effect	(464.447)	(464.449)	(156.512)	(156.515)
Not to be reclassified to profit or loss				
Actuarial gain/(loss) arising from defined benefit plans	(14.975.291)	(3.995.643)	(3.979.045)	253.166
Deferred tax effect	3.743.823	799.129	1.544.574	(50.633)
Other comprehensive income/(expense)	(9.373.657)	(1.338.717)	(1.808.371)	828.601
Total comprehensive expense	(3.355.237.347)	(1.709.632.347)	(933.920.993)	(491.006.001)

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

AKENERJİ ELEKTRİK ÜRETİM A.Ş.
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE INTERIM PERIODS BETWEEN 1 JANUARY - 30 SEPTEMBER 2023 AND 2022**

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

				Other comprehensive income /(expenses) not to be reclassified to profit or loss		Other comprehensive income /(expenses) to be reclassified to profit or loss	Restricted reserves				
	Share capital	Adjustments to share capital	Share premiums	Increase on revaluation of property, plant and equipment	Losses on re- measurement of defined benefit plans	Gains/(losses) on cash flow hedging	Other reserves	Legal reserves	Retained earnings/ (accumulated losses)	Net loss for the period	Total equity
1 January 2022	729.164.000	101.988.910	50.220.043	7.497.657.048	(3.786.335)	(4.433.563)	(4.322.722)	12.053.172	(4.270.074.525)	(2.530.261.924)	1.578.204.104
Transfers	-	-	-	-	-	-	-	-	(2.530.261.924)	2.530.261.924	-
Total comprehensive expense	-	-	-	-	(3.196.514)	1.857.797	-	-	-	(1.708.293.630)	(1.709.632.347)
Other adjustments (*)	-	-	-	(245.126.984)	-	-	-	-	245.126.984	-	-
30 September 2022	729.164.000	101.988.910	50.220.043	7.252.530.064	(6.982.849)	(2.575.766)	(4.322.722)	12.053.172	(6.555.209.465)	(1.708.293.630)	(131.428.243)
1 January 2023	729.164.000	101.988.910	50.220.043	12.903.686.572	(19.450.305)	(1.949.699)	(4.322.722)	12.053.172	(6.473.542.581)	(1.570.560.928)	5.727.286.462
Transfers	-	-	-	-	-	-	-	-	(1.570.560.928)	1.570.560.928	-
Total comprehensive expense	-	-	-	-	(11.231.468)	1.857.811	-	-	-	(3.345.863.690)	(3.355.237.347)
Other adjustments (*)	-	-	-	(410.533.308)	-	-	-	-	410.533.308	-	-
30 September 2023	729.164.000	101.988.910	50.220.043	12.493.153.264	(30.681.773)	(91.888)	(4.322.722)	12.053.172	(7.633.570.201)	(3.345.863.690)	2.372.049.115

(*) As of 30 September 2023, the depreciation difference between the acquisition cost and the carrying values of the assets subject to revaluation method amounting to TL 410.533.308 (30 September 2022: TL 245.126.984), were reclassified to accumulated losses from revaluation fund of property, plant and equipment.

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

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIODS BETWEEN 1 JANUARY - 30 SEPTEMBER 2023 AND 2022

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

		Current period Unaudited 1 January - 30 September 2023	Prior period Unaudited 1 January - 30 September 2022
	Notes		
A. Cash flows from operating activities		2.135.106.185	1.942.535.065
Net loss for the period		(3.345.863.690)	(1.708.293.630)
Adjustments to reconcile net loss for the period		5.357.983.768	3.443.581.159
Adjustments for depreciation and amortization expenses	11	636.605.930	383.658.607
Adjustments for provisions			
- Adjustment for provisions for employee benefits		34.133.524	14.364.495
- Adjustments for litigation provisions	6	800.799	10.788.474
- Adjustments for other provisions	6	6.443.849	9.607.417
Adjustments for interest income		(68.144.861)	(33.350.942)
Adjustments for interest expense		1.018.899.750	918.821.155
Adjustments for financial investments		(37.667.713)	-
Adjustments for unrealized foreign exchange differences	3	3.821.711.885	2.447.177.045
Fair value adjustments			
-Adjustments for fair value of derivative financial instruments		(37.650.374)	25.718.642
Adjustments for tax (income)/expense	9	(17.122.087)	(333.203.734)
Adjustments for (gain)/loss on sale of property, plant and equipment	13	(26.934)	-
Changes in working capital		178.787.748	221.183.572
Increase/decrease in trade receivables from related parties		386.146.968	(222.716.518)
Increase/decrease in trade receivables from third parties		847.350.266	(878.916.875)
Increase/decrease in other receivables from related parties		-	(610.560)
Increase/decrease in other receivables from third parties		(6.789.413)	(17.787.788)
Increase/decrease in inventories		(39.051.725)	(7.338.747)
Increase/decrease in prepaid expenses		191.545.791	(145.549.073)
Increase/decrease in other assets		(118.156.234)	(66.842.530)
Increase/decrease in trade payables to related parties		(168.517.637)	61.402.012
Increase/decrease in trade payables to third parties		(922.248.748)	1.548.469.549
Increase/decrease in derivative financial instruments		8.572.217	(36.957.493)
Increase/decrease in deferred income		6.864.693	240.211
Increase/decrease in employee benefit obligations		7.095.413	1.026.324
Increase/decrease in other payables		(14.023.843)	(13.234.940)
Cash flows from operating activities		2.190.907.826	1.956.471.101
Payments related to provisions for employee benefits		(37.812.520)	(10.991.039)
Tax (payments)/receipts		(17.989.121)	(2.944.997)
B. Cash flows from investing activities		(595.885.616)	(121.060.697)
Cash inflows due to sale of property, plant and equipment		939.376	46.429
Cash outflows due to purchase of property, plant and equipment	4	(587.733.203)	(120.965.602)
Cash outflows due to purchase of intangible assets	5	(11.220.663)	(141.524)
Other cash outflows		2.128.874	-
C. Cash flows from financing activities		(894.207.040)	(1.011.147.259)
Cash outflows due to repayment of borrowings	3	(409.626.479)	(432.049.000)
Payments of lease liabilities	3	(41.552.065)	(25.356.593)
Interest paid	3	(301.740.006)	(243.103.811)
Interest received		68.144.861	33.350.942
Other cash inflows/(outflows) (*)		(209.433.351)	(343.988.797)
Net increase/(decrease) in cash and cash equivalents		645.013.529	810.327.109
Cash and cash equivalents at the beginning of the period (*)		1.187.099.480	617.938.309
Cash and cash equivalents at the end of the period (*)		1.832.113.009	1.428.265.418

(*) Cash and cash equivalents at the beginning of the period and at the end of the period does not include interest accruals and restricted deposits, and the changes in restricted deposits are provided in "Other cash inflows / (outflows)".

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

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 SEPTEMBER 2023

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

NOTE 1 - ORGANISATION OF GROUP AND NATURE OF OPERATIONS

Akenerji Elektrik Üretim A.Ş. ("the Company" or "Akenerji") is engaged in establishing, renting and operating facilities of electrical energy production plant, producing electricity and trading electricity to the customers. The Company was established by Akkök Sanayi Yatırım ve Geliştirme A.Ş. in 1989 (Akkök Sanayi Yatırım ve Geliştirme A.Ş. is registered as Akkök Holding A.Ş. on 13 May 2014). On 14 May 2009, the Company has become a joint venture between Akkök Holding A.Ş. and CEZ a.s.

The Company is registered in Turkey and its registered address is as follows;

Miralay Şefik Bey Sokak No: 15 Akhan Kat: 3-4 Gümüşsuyu / Istanbul - Turkey

The Company is registered to the Capital Markets Board ("CMB"), and its shares are publicly traded in Istanbul Stock Exchange ("ISE"). As of 30 September 2023, 25,28% the publicly listed shares are 25,28% of total shares (31 December 2022: 25,28%).

As of 30 September 2023, the number of employees employed by Akenerji and its subsidiaries (Akenerji and its subsidiaries will be referred called as the "Group") is 336 (31 December 2022: 291).

These condensed consolidated financial statements for the interim period 1 January - 30 September 2023 have been approved for the issue by the Board of Directors at 6 November 2023.

The nature of business and registered addresses of the entities included in the consolidation ("Subsidiaries") are presented below:

Subsidiaries	Nature of business	Registered address
Akenerji Elektrik Enerjisi İthalat-İhracat ve Toptan Ticaret A.Ş. ("Akenerji Toptan")	Electricity trading	Gümüşsuyu/Istanbul
Akel Kemah Elektrik Üretim ve Ticaret A.Ş. ("Akel Kemah")	Electricity production and trading	Gümüşsuyu/Istanbul
Akenerji Doğalgaz İthalat İhracat ve Toptan Ticaret A.Ş. ("Akenerji Doğalgaz")	Natural gas trading	Gümüşsuyu/Istanbul
Akel Sungurlu Elektrik Üretim A.Ş. ("Akel Sungurlu")	Electricity production	Gümüşsuyu/Istanbul
5ER Enerji Tarım Hayvancılık A.Ş. ("5ER Enerji")	Electricity production	Gümüşsuyu/Istanbul
Akenerji Company For Electric Energy Import And Export and Wholesale Trading/Contribution Branch ("Akenerji Toptan Khabat")	Electricity trading	Erbil/Iraq
Aken Europe B.V. ("Aken B.V.")	Electricity trading	Amsterdam/Netherlands

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

Principles of Preparation of Interim Condensed Consolidated Financial Statements

The accompanying consolidated financial statements are prepared in accordance with Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" ("the Communiqué") of Capital Market Board ("CMB") of Turkey published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Accounting Standards / Turkish Financial Reporting Standards ("TAS"/"TFRS") issued by Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA").

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 SEPTEMBER 2023**

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

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

The condensed consolidated financial statements are presented in accordance with "Announcement regarding with TAS/IFRS Taxonomy" which was published on 4 October 2022 by POA and the format and mandatory information recommended by CMB.

In accordance with the TAS 34 "Interim Financial Reporting", entities are allowed to prepare a complete or condensed set of interim financial statements. In this respect, the Group has preferred to prepare condensed consolidated financial statements in the interim periods. Accordingly, these interim condensed consolidated financial statements does not include all required explanatory notes as should be provided and should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2022.

The Group and its Turkish subsidiaries, associates and joint ventures maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. The consolidated financial statements are based on the statutory records, which are maintained under historical cost conventions except for the derivative financial instruments, financial investments and revaluated property, plant and equipment presented a fair values, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS/IFRS.

POA made an announcement on January 20, 2022 in order to eliminate the hesitations about for the entities which apply Turkish Financial Reporting Standards ("IFRS") will apply TAS 29, "Financial Reporting in Hyperinflationary Economies" (IAS 29 Financial Reporting in Hyperinflationary Economies) or not for the year ended 30 September 2023. In accordance with the announcement, companies that apply IFRS shall not adjust financial statements for TAS 29 - Financial Reporting in Hyperinflationary Economies, Afterwards, no new statement was made by the POA about the TMS 29 application. As of the preparation date of the consolidated financial statements, POA did not make an additional announcement and no adjustment was made to the consolidated financial statements in accordance with TAS 29.

2.2 Basis of consolidation

- a) The consolidated financial statements include the accounts of the parent company, Akenerji, and its Subsidiaries on the basis set out in sections (b) to (c) below. The financial statements of the companies included in the scope of consolidation have been prepared at the date of the consolidated financial statements and have been prepared in accordance with TAS/IFRS by applying uniform accounting policies and presentation. The results of operations of Subsidiaries are included or excluded from their effective dates of acquisition or disposal respectively.
- b) Subsidiaries are companies in which Akenerji has the power to control the financial and operating policies for the benefit of itself, either through the power to exercise more than 50% of voting rights related to shares in the companies as a result of shares owned directly and/or indirectly by itself.

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 SEPTEMBER 2023

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

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

The table below sets out all Subsidiaries and demonstrates the proportion of ownership interest which is equal to the effective interest rate of the Group over the subsidiary as of 30 September 2023 and 31 December 2022:

Subsidiaries	Effective shareholding (%)		Ownership interest (%)	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Akenerji Toptan	100,00	100,00	100,00	100,00
Ak-el Kemah	100,00	100,00	100,00	100,00
Akenerji Doğalgaz	100,00	100,00	100,00	100,00
Akel Sungurlu (*)	-	-	100,00	100,00
5ER Enerji (*)	-	-	100,00	100,00
Akenerji Toptan Khabat (**)	-	-	100,00	100,00
Aken B.V. (***)	100,00	-	100,00	-

(*) Akenerji Toptan has a free purchase options of Akel Sungurlu and 5ER Enerji's shares at any time and Akenerji Toptan has the controlling power within the scope of the capacity lease agreement and usufruct right agreement, so Akel Sungurlu and 5ER Enerji has been consolidated in the financial statements using the full consolidation method.

(**) Branch of the Subsidiary, which operate in a different country, are separately presented.

(***) It was established on July 31, 2023, and has been incorporated into the consolidated financial statements using the full consolidation method.

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are deconsolidated from the date that the control ceases. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Carrying values of the Subsidiaries' shares held by the Company are eliminated against the related equity of subsidiaries. Intercompany transactions and balances between Akenerji and its subsidiaries are eliminated on consolidation. Dividends arising from shares held by the Company in its subsidiaries are eliminated from income for the period and equity, respectively.

2.3 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as at 30 September 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TAS/IFRS and TFRIC interpretations effective as of 1 January 2023. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at 30 September 2023 are as follows:

- Narrow scope amendments to TAS 1, Practice statement 2 and TAS 8,
- Amendment to TAS 12 – Deferred tax related to assets and liabilities arising from a single transaction,
- IFRS 17, 'Insurance Contracts',
- Amendment to TAS 12 - International tax reform - pillar two model rules.

These standards do not have a significant impact on the financial position and performance of the Group.

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

ii) Standards, amendments and improvements issued but not yet effective and not early adopted as at 30 September 2023:

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

- Amendment to TAS 1 – Non-current liabilities with covenants,
- Amendment to TFRS 16 – Leases on sale and leaseback,
- Amendments to TAS 7 and TFRS 7 on Supplier finance arrangements,
- Amendments to TAS 21 - Lack of Exchangeability,
- TSRS S1, 'General requirements for disclosure of sustainability-related financial information,
- TSRS S2, 'Climate-related disclosures'.

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

2.4 Restatement and errors in the accounting policies and estimates

Any change in the accounting policies resulted from the first time adoption of a new standard is made either retrospectively or prospectively in accordance with the transition requirements. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. If changes in accounting estimates are related to only one period, they are recognized in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively.

2.5 Comparatives and restatement of prior year financial statements

The Group prepares comparative consolidated financial statements, to enable readers to determine financial position and performance trends. For the purposes of effective comparison, comparative financial statements can be reclassified when deemed necessary by the Group, where descriptions on significant differences are disclosed.

2.6 Critical accounting estimates and judgments

The preparation of condensed consolidated financial statements necessitates the use of estimates and judgments that affect asset and liability amounts reported as of the balance sheet date, explanations of contingent liabilities and assets; and income judgments and expense amounts reported for the accounting period. Although these estimates and assumptions are based on all management information related to the events and transactions, actual results may differ from them.

The estimates and judgments that are material to the carrying values of assets and liabilities are outlined below:

Deferred tax assets for the carry forward tax losses

Deferred tax assets are accounted for only where it is likely that related temporary differences and accumulated losses will be recovered through expected future profits or will be offsetted from the deferred tax liabilities incurred on the temporary differences will be recovered at the same date.

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

As a result of the studies performed, the Group recognized no deferred tax assets on carry forward tax losses (31 December 2022: None) as of 30 September 2023. Carry forward tax losses amounting to TL 3.184.053.156 (31 December 2022: TL 1.947.611.587) (Note 9). As of 30 September 2023, the deferred tax asset has not been calculated by taking into account the foreseeable future profit expectations prepared by the Group and the deferred tax liabilities in the relevant periods.

Explanations for revaluation method and fair value measurement

The Group has chosen revaluation method instead of historical cost model as an accounting policy among application methods mentioned under TAS 16 for lands, land improvements, buildings, machinery and equipment belonging its power plants commencing from 30 September 2015.

An independent valuation firm has been authorized for revaluation because using of long-term price expectation, electricity generation expectation, discount rate, profit margin between electricity and natural gas prices ("spark spread"), and capacity utilization rate forecasts which are sensitive to sectoral and economic variables and also complexity of inputs and calculations. As of 31 December 2022, the fair value which is determined with valuation study by an independent valuation company which has CMB license, is used for lands, land improvements, buildings, machinery and equipment. In the aforementioned valuation and impairment studies, "income reduction method - discounted cash flow analysis " was applied.

Income Approach, discounted cash flow analysis (Level 3) is used by the valuation company for valuation reports of 31 December 2022 aims to determine fair value of lands, land improvements, buildings, machineries and equipment of Uluabat hydroelectric power plant (HPP), Ayyıldız wind farm power plant (WFPP), Burç HPP, Feke I HPP, Feke II HPP, Bulam HPP, Gökkaya HPP, Sungurlu biomass power plant (BPP), Himmetli HPP and Erzin Natural Gas Combined Cycle Power Plant (NGCCPP) which are belong to Akenerji assets.

Since long term electricity prices and spark spreads are the most important inputs of "Income Approach - discounted cash flow analysis", an independent consultancy and technology firm, which operates in energy market, has been hired. The most important inputs of model determine long term electricity prices are; long term electricity demand, entrance of new plants, exit of old plant, renewable total capacity, evolution of capacity factor, carbon market expectations, natural gas and coal prices, evolution of electricity import - export, and development in the efficiency of thermal plants.

Change in the spark spreads used in model affect the generation for Erzin natural gas combined cycle power plant. For generation, feasibility studies, which is calculated with 50-year hydrology information and historical data used for hydros, Sungurlu and Ayyıldız. The discount rate used in valuation models prepared on the basis of USD has been determined as reel 10,28% which is in line with the current macroeconomic market conditions.

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

2.7 Going concern

The Group considers it is appropriate to prepare its consolidated financial statements on a going concern basis in a foreseeable future.

In 2023, the Group maintained its successful performance from 2022, leveraging its balanced, efficient, and flexible production portfolio, as well as its extensive trading experience in domestic and international markets. In the period ended on September 30, 2023, the Group's total generation amount increased by 22% with the high capacity utilization rate of Erzin power plant compared to the same period of the previous year. As of 30 September 2023, the Group's earnings before interest, taxes, depreciation, and amortization (EBITDA) reached TL 1.645.693.814 (30 September 2022: TL 1.419.504.347) and the cash flows generated from its operations amounted to TL 2.135.106.185 (30 September 2022: TL 1.942.535.065). The Group has met all its obligations to banks for the first nine months of 2023 using the cash flows generated from its operations. In addition, the Group has reduced its future financial obligations by paying off 15 million USD of its debt early using its cash surplus. "The 'Source-Based Support Mechanism' implemented as of April 2022, which caused a loss in revenue in especially our renewable production plants continued to decrease in the first nine months of 2023. Despite the fact that, the Group has made a positive contribution to the consolidated gross profit with the revenues obtained from the ancillary services (Secondary Frequency Control, 0 -1 coded instructions, Capacity Mechanism, etc.) provided with a high level of operational availability. As of October 2023, The 'Source-Based Support Mechanism' has been terminated.

Furthermore, the Group has continued its physical electricity export and financial electricity product transactions in 2023, concentrating its commercial activities in this area and significantly increasing its foreign currency income.

Natural gas purchases have an important place in the production costs due to the production activities of the Group's Erzin combined natural gas cycle power plant. In 2023; due to the high natural gas import costs and increasing exchange rate natural gas supply continues to be provided by Botaş. On the other hand, due to the expected high temperatures in 2023, the expected increase in gas demand in Europe and Asia, and the high storage occupancy rates, falling natural gas import prices are closely monitored and studies continue on opportunities to reduce natural gas costs on a monthly basis.

The Group has been extended its liabilities to 13 years by restructuring its USD 859 million loan and also restructuring the payment of the loan condition to 1,5 year without any payment as TL and USD on 11 November 2019 which signed with Yapı ve Kredi Bankası A.Ş. as the implementation of "Financial Restructuring". With the aforementioned Loan Agreement, the repayment schedule of the loan was arranged according to the estimated cash-generating capacity of the Group, which has been a factor that reduced the pressure on the cash flow, thereby positively affecting the financial sustainability and competitive strength of the Group. As of Financial Restructuring date decreasing the tranches of USD liabilities within total bank loans from 87% to 55% has also significantly reduced the foreign currency risk the Group is exposed to.

As part of its daily operations, the Group considers all opportunities that could be in favor of the Group and may positively affect the cash flows of the Group. The Group prepares its consolidated financial statements with the assumption that the business will continue its activities in a predictable future, as a result of the actions it has taken to increase its operational profitability and cash flows from its operations, and Group does not foresee any risk regarding the continuity of the business.

2.8 Seasonality of Group's operations

Business volume shows seasonal changes according to the structure of the industry in which the Group operates. In the hydroelectric power plants, business volumes are higher in the second quarters and for the wind power plant, business volume are higher in the first quarters of the year. Seasonality does not have a significant impact on the remaining business volume of the Group.

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NOTE 3 - BORROWINGS

The details of borrowings of the Group as of 30 September 2023 and 31 December 2022 are as follows:

	30 September 2023	31 December 2022
Short-term portion of long-term borrowings		
-Bank loans	1.072.702.990	673.037.183
-Lease liabilities	44.940.670	28.848.894
Total short-term portion of long-term borrowings	1.117.643.660	701.886.077
Long term borrowings		
-Bank loans	14.323.049.677	10.827.793.031
-Lease liabilities	224.061.324	160.241.385
Total long-term borrowings	14.547.111.001	10.988.034.416
Total short-term and long-term borrowings	15.664.754.661	11.689.920.493

Letters of guarantee given, pledges and mortgages related to financial liabilities are disclosed in Note 6.

As of 30 September 2023 and 31 December 2022, the original currencies and weighted average interest rates for short and long-term financial liabilities are as follows:

			30 September 2023	
	Currency	Effective Interest rate %	Original Amount	Amount in TL
Short-term portion of long-term bank loans	USD	7,92	39.183.064	1.072.702.990
Short-term portion of long-term lease liabilities	EUR	3,40	1.380.079	40.064.385
Interest cost of short-term portion of long-term lease liabilities (-)	EUR	3,40	(195.855)	(5.685.766)
Short-term portion of long-term lease liabilities	TL	18,34	10.562.051	10.562.051
Total short-term borrowings				1.117.643.660
Long term bank loans	USD	7,92	395.720.126	10.833.511.170
Long term bank loans	TL	12,28	3.489.538.507	3.489.538.507
Long-term lease liabilities	EUR	3,40	5.915.075	171.717.599
Interest cost of long-term lease liabilities (-)	EUR	3,40	(984.454)	(28.579.187)
Long-term lease liabilities	TL	18,34	80.922.912	80.922.912
Total long-term borrowings				14.547.111.001

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NOTE 3 - BORROWINGS (Continued)

			31 December 2022	
	Currency	Effective Interest rate %	Original Amount	Amount in TL
Short - term portion of long - term bank loans	USD	7,92	35.994.565	673.037.183
Short - term portion of long - term lease liabilities	EUR	3,40	1.420.291	28.313.363
Interest cost of short - term portion of long - term lease liabilities (-)	EUR	3,40	(232.741)	(4.639.663)
Short - term portion of long - term lease liabilities	TL	18,45	5.175.194	5.175.194
Total short - term borrowings			701.886.077	
Long term bank loans	USD	7,92	407.946.823	7.627.912.080
Long term bank loans	TL	12,28	3.199.880.951	3.199.880.951
Long - term lease liabilities	EUR	3,40	7.225.092	144.031.482
Interest cost of long - term lease liabilities (-)	EUR	3,40	(1.180.309)	(23.529.337)
Long - term lease liabilities	TL	18,45	39.739.240	39.739.240
Total long - term borrowings			10.988.034.416	

As of 30 September 2023, all of the Euro finance lease liabilities of the Group are subject to floating interest rate of Euribor + 3,4% (31 December 2022: All of the Euro finance lease liabilities of the Group are subject to floating interest rate of Euribor + 3,4%).

The details of redemption schedule of the long - term bank borrowings as of 30 September 2023 and 31 December 2022 are as follows:

	30 September 2023	31 December 2022
Up to 1 - 2 years	6.910.246.008	5.711.101.659
Up to 2 - 3 years	1.120.451.169	688.419.290
Up to 3 - 4 years	1.193.471.133	747.722.356
Up to 4 - 5 years	1.141.780.391	783.134.801
More than 5 years	3.957.100.976	2.897.414.925
	14.323.049.677	10.827.793.031

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NOTE 3 - BORROWINGS (Continued)

The principal repayment schedule of the Group's long-term finance lease obligations as at 30 September 2023 and 31 December 2022 is as follows:

	30 September 2023	31 December 2022
Up to 1-2 years	41.161.898	26.013.197
Up to 2-3 years	36.917.541	25.398.259
Up to 3-4 years	34.607.105	24.220.183
Up to 4-5 years	37.612.374	24.023.431
Up to 5-6 years	1.634.802	25.694.547
Up to 6-7 years	252.212	960.866
Up to 7-8 years	744.546	425.819
Up to 8-9 years	837.654	347.074
Up to 9-10 years	223.803	390.477
More than 10 years	70.069.389	32.767.532
	224.061.324	160.241.385

As of 30 September 2023 and 2022, the movements of borrowings are as follows:

	2023	2022
1 January	11.689.920.493	9.244.482.317
Foreign exchange differences	3.821.711.886	2.447.177.045
Change in interest accruals	852.382.900	699.482.022
Changes in lease liabilities	53.657.932	12.752.334
Cash flow impact	(752.918.550)	(700.509.404)
30 September	15.664.754.661	11.703.384.314

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NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2023	Additions	Disposals	30 September 2023
Cost				
Lands	1.035.877	-	-	1.035.877
Land improvements (*)	10.819.596.251	16.349.936	-	10.835.946.187
Buildings	2.063.724.603	77.161.301	-	2.140.885.904
Machinery and equipment (**)	7.145.223.274	453.318.182	(699.766)	7.597.841.690
Motor vehicles	4.937.071	2.752.815	-	7.689.886
Furnitures and fixtures	18.626.274	9.015.046	(273.832)	27.367.488
Leasehold improvements	12.151.149	20.983.773	-	33.134.922
Construction in progress	206.821.032	(30.068.610)	-	176.752.422
	20.272.115.531	549.512.443	(973.598)	20.820.654.376
Accumulated depreciation				
Land improvements	(739.125.074)	(281.185.239)	-	(1.020.310.313)
Buildings	(148.233.301)	(47.036.485)	-	(195.269.786)
Machinery and equipment	(1.064.466.440)	(295.456.734)	26.967	(1.359.896.207)
Motor vehicles	(2.228.028)	(789.396)	-	(3.017.424)
Furnitures and fixtures	(11.644.610)	(1.946.927)	34.189	(13.557.348)
Leasehold improvements	(1.633.224)	(637.254)	-	(2.270.478)
	(1.967.330.677)	(627.052.035)	61.156	(2.594.321.556)
Net book value	18.304.784.854			18.226.332.820

(*) Within the capacity increase project of Ayyıldız wind power plant, the cost of land improvement acquired through finance lease on 27 January 2017 is amounting to TL 495.485. As of 30 September 2023, the total amount of accumulated depreciation of related land improvement is TL 88.014.

(**) Within the capacity increase project of Ayyıldız wind power plant, the cost of machinery and equipment acquired through finance lease on 27 January 2017 is amounting to TL 49.219.854. As of 30 September 2023, the total amount of accumulated depreciation of the related machinery and equipment is TL 33.223.400.

Current period depreciation expense amounting to TL 625.432.719 has been included in cost of sales and TL 1.619.316 has been included in general administrative expenses.

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NOTE 4 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2022	Additions	Disposals	30 September 2022
Cost				
Lands	477.108	-	-	477.108
Land improvements (*)	5.697.107.633	5.282.383	-	5.702.390.016
Buildings	1.488.895.630	3.929.228	-	1.492.824.858
Machinery and equipment (**)	5.576.803.115	75.025.161	-	5.651.828.276
Motor vehicles	3.403.627	1.516.502	-	4.920.129
Furnitures and fixtures	15.699.486	1.970.043	(49.160)	17.620.369
Leasehold improvements	5.508.880	65.625	-	5.574.505
Construction in progress	57.531.476	33.176.660	-	90.708.136
	12.845.426.955	120.965.602	(49.160)	12.966.343.397
Accumulated depreciation				
Land improvements	(547.938.338)	(143.350.588)	-	(691.288.926)
Buildings	(104.809.321)	(32.561.128)	-	(137.370.449)
Machinery and equipment	(796.804.228)	(199.969.528)	-	(996.773.756)
Motor vehicles	(1.317.430)	(645.261)	-	(1.962.691)
Furnitures and fixtures	(9.949.645)	(1.205.514)	2.731	(11.152.428)
Leasehold improvements	(1.332.327)	(213.562)	-	(1.545.889)
	(1.462.151.289)	(377.945.581)	2.731	(1.840.094.139)
Net book value	11.383.275.666			11.126.249.258

(*) Within the capacity increase project of Ayyıldız wind power plant, the cost of land improvement acquired through finance lease on 27 January 2017 is amounting to TL 495.485. As of 30 September 2022, the total amount of accumulated depreciation of related land improvement is TL 74.975.

(**) Within the capacity increase project of Ayyıldız wind power plant, the cost of machinery and equipment acquired through finance lease on 27 January 2017 is amounting to TL 49.219.854. As of 30 September 2022, the total amount of accumulated depreciation of the related machinery and equipment is TL 28.301.415.

Current period depreciation expense amounting to TL 376.913.532 has been included in cost of sales and TL 1.032.049 has been included in general administrative expenses.

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NOTE 4 - PROPERTY, PLANT AND EQUIPMENT (Continued)

There are no borrowing costs capitalized in the cost of construction in progress for the period ended 30 September 2023 (30 September 2022: None).

Details of the guarantees, pledges and mortgages on property, plant and equipment as of 30 September 2023 and 31 December 2022 are disclosed in Note 6.

NOTE 5 - INTANGIBLE ASSETS

	1 January 2023	Additions	30 September 2023
Costs			
Rights	8.464.616	1.799.218	10.263.834
Licenses	173.638.880	9.421.445	183.060.325
	182.103.496	11.220.663	193.324.159
Accumulated amortisation			
Rights	(7.064.400)	(508.668)	(7.573.068)
Licenses	(25.452.944)	(1.443.356)	(26.896.300)
	(32.517.344)	(1.952.024)	(34.469.368)
Net book value	149.586.152		158.854.791
	1 January 2022	Additions	30 September 2022
Costs			
Rights	8.045.421	116.714	8.162.135
Licenses	126.819.925	24.810	126.844.735
	134.865.346	141.524	135.006.870
Accumulated amortisation			
Rights	(6.686.334)	(290.302)	(6.976.636)
Licenses	(23.528.344)	(1.443.642)	(24.971.986)
	(30.214.678)	(1.733.944)	(31.948.622)
Net book value	104.650.668		103.058.248

Current period amortization expense amounting to TL 250.068 (30 September 2022: TL 284.784) has been included in cost of sales and remaining TL 1.701.956 (30 September 2022: TL 1.449.160) has been included in general administrative expenses.

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NOTE 6 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES**a) Other short - term provisions**

As of 30 September 2023, there are various lawsuits against or in favor of the Group. These lawsuits are mainly action of debt and business cases. The Group management estimates the outcomes of these lawsuits and the financial effects thereof, and the required provisions are accounted for based on these estimates. The amount of provisions for the lawsuits as of 30 September 2023 is TL 49.354.706 (31 December 2022: TL 48.553.907).

	30 September 2023	31 December 2022
Litigation provision	49.354.706	48.553.907
Periodical maintenance provisions	29.437.267	22.993.418
	78.791.973	71.547.325

The movements of litigation provision are as follows:

	2023	2022
1 January	48.553.907	38.674.310
Current period charges	807.600	12.660.850
Interest charges of litigation provision	395.809	194.750
Released provisions (Note 12)	(402.610)	(2.067.126)
30 September	49.354.706	49.462.784

b) Contingent liabilities**- Guarantees given**

The commitments and contingent liabilities of the Group those are not expected to be resulted in a significant loss or liability to the Group are summarized below:

		30 September 2023		31 December 2022	
	Original currency	Original Amount	TL equivalent	Original Amount	TL Equivalent
Letters of guarantees given	TL	165.260.650	165.260.650	184.134.136	184.134.136
	EUR	4.210.384	122.229.553	4.200.000	83.726.580
	USD	2.693.232	73.731.804	624.456	11.676.266
			361.222.007		279.536.982

Guarantees given, in general, are comprised of the letters of guarantees given to the several institutions and organizations within the operations of the Group (to EMRA, vendors whom electricity purchased and electricity transmission and distribution related government authorities, to the tax authorities within the scope of VAT returns) and to the judicial authorities for some of the on-going lawsuits.

NOTE 6 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

[illegible]

As of 11 November 2019, within the scope of financial restructuring between our company Akenerji (“Borrower”) and Yapı ve Kredi Bankası A.Ş., a total of USD 859 million refinancing loan agreement for the maturity of 13 years has been concluded, in order to provide refinancing and maturity extension of all existing debts of our company. In addition to the related loan agreement, Akenerji signed agreements for the Transfer of Receivables, Transfer of Epiaş Receivables, Real Estate and Supreme Rights to constitute the collateral of the refinancing loans amounting to USD 465 million and TL 2.271.037.258. In accordance with the Movable Pledge Agreements signed between Akenerji and the Bank, a movable pledge with a total value of TL 6.418.460.843 and a second order of USD 917.515.600 has been established, creating an upper limit for Akenerji. In addition, Yapı ve Kredi Bankası A.Ş. has been determined as a pledge creditor in the insurance policies of power plants as a crew.

- Sales and purchase commitments

Within the scope of electricity energy sales agreements made with energy companies, the Group has committed to sell 1.952.077 MWh of energy physically in 2023, and within the scope of the related commitment, 1.941.037 MWh of energy has been sold as of 30 September 2023.

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NOTE 6 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The Group has committed to purchase 224.350 MWh of physical electricity energy within the scope of electricity energy purchase agreements with energy companies in 2023 and as of 30 September 2023, 202.270 MWh of the electricity enerji was committed to be purchased is completed.

As of 30 September 2023, the Group does not have any physical purchase or sales electricity protocols that it has committed to perform in 2024 and beyond.

Natural gas purchase commitments

The Group has a 550 mcm take-or-pay commitment for 2023. The Group, in the light of current market conditions, water levels and general consumption estimations, it is foreseen that the take-or-pay obligations for 2023 will be completed.

Other matters

Kemah Hydroelectric Power Plant project in the Group, which is 198 MW of installed power higher, reservoir capacity, and also with Turkey's leading locations of hydropower projects. The State Hydraulic Works Final Project approval process of the project, which is planned to be established in Erzincan and expected to generate an average of 560 GWh of electricity per year, was completed in 2017, the license was modified in 2020 and the pre - construction period was extended. The currently working Kemah HPP passes through the lake area will be under water (inundated) after the completion of the project. The relocation of this line will be made by the state as a public investment, and it will be included in the upcoming investment plan by Turkey Republic State Railways and the Ministry of Transport. The Group plans to make the necessary preparatory work for the project after mentioned relocation plan realized. As of September 30, 2023, the carrying value of the related investment in the statement of financial position of the Group is TL 85.562.867.

c) Contingent assets

Guarantees received

	Currency	30 September 2023		31 December 2022	
		Original Currency	TL Equivalent	Original currency	TL Equivalent
Letters of guarantees received	TL	638.845.321	638.845.321	505.277.251	505.277.251
	EURO	284.735	8.266.003	17.750	353.844
	USD	1.729.000	47.334.314	5.194.000	97.118.970
Notes of guarantees received	TL	16.958.725	16.958.725	1.752.432	1.752.432
	USD	745.824	20.418.200	590.544	11.042.169
	EURO	33.800	981.231	33.800	673.800
	GBP	5.675	190.008	5.675	127.626
Cheques of guarantees received	TL	106.000	106.000	106.000	106.000
	USD	16.650	455.822	16.650	311.327
Mortgages received	TL	3.242.000	3.242.000	3.242.000	3.242.000
		736.797.624		620.005.419	

Letters of guarantees received, in general, comprised of the letters of guarantees received from the customers in relation to the Group's electricity sales operations.

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NOTE 7 - DERIVATIVE FINANCIAL INSTRUMENTS

	30 September 2023		31 December 2022	
	Contract amount	Fair value	Contract amount	Fair value
Forward contracts				
- Short - term	158.998.631	16.285.605	-	-
Derivative financial assets	158.998.631	16.285.605	-	-
Interest rate swaps				
- Short - term	598.768.578	5.455.429	771.323.573	7.339.152
Forward contracts				
- Short - term	164.260.200	4.119.532	273.127.981	13.394.040
- Long - term	-	-	12.828.646	1.634.321
Derivative financial liabilities	763.028.778	9.574.961	1.057.280.200	22.367.513

Movement of derivative instruments during the period is as follows:

	2023	2022
1 January	22.367.513	21.669.943
To be reclassified to profit or loss	(29.078.157)	(11.238.851)
- Financial (income)/expense	(29.078.157)	(11.396.349)
- Other operating (income)/expensxe	-	157.498
30 September	(6.710.644)	10.431.092

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 SEPTEMBER 2023

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NOTE 8 - EQUITY

Share capital

Akenerji adopted the registered capital system applicable to the companies registered on the CMB and defined a limit to its registered capital for shares. As of 30 September 2023 and 31 December 2022 the share capital held is as follows:

	30 September 2023	31 December 2022
Limit on registered share capital (historical)	1.500.000.000	1.500.000.000
Issued capital	729.164.000	729.164.000

The Company's shareholders and shareholding structure as of 30 September 2023 and 31 December 2022 are as follows:

	30 September 2023		31 December 2022	
	Share (%)	Amount	Share (%)	Amount
CEZ a.s.	37,36	272.425.943	37,36	272.425.943
Akkök Holding A.Ş.	20,43	148.989.090	20,43	148.989.090
Akarsu Enerji Yatırımları San. ve Ticaret A.Ş. ("Akarsu")	16,93	123.436.852	16,93	123.436.852
Publicly held	25,28	184.312.115	25,28	184.312.115
		729.164.000		729.164.000
Adjustment to share capital		101.988.910		101.988.910
Total paid-in capital		831.152.910		831.152.910

The share capital of the Company consists of 72.916.400.000 shares with a nominal value of 1 Kr for each where no privilege rights are provided for any kind of shares.

Share premium

Share premiums presented in the consolidated financial statements represent the proceeds from the excess of the amount of shares compared to their nominal values.

Reserves

	30 September 2023	31 December 2022
Legal reserves	12.053.172	12.053.172
	12.053.172	12.053.172

Turkish Commercial Code stipulates that the legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's paid-in share capital. Other legal reserve is appropriated out of 10% of the distributable income after 5% dividend is paid to shareholders. Under the TCC, legal reserves can only be used for compensating losses, continuing operations in severe conditions or preventing unemployment and taking actions for relieving its effects in case general legal reserves does not exceed half of paid-in capital or issued capital.

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 SEPTEMBER 2023

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NOTE 9 - TAX ASSETS AND LIABILITIES

	30 September 2023	31 December 2022
Current income tax expenses	15.557.614	3.398.460
Prepaid taxes	(18.388.275)	(3.797.614)
Current income tax liabilities/ (Current income tax assets), net	(2.830.661)	(399.154)

Corporation tax

The Group is subject to corporate tax in Turkey. Necessary provisions have been made in the financial statements for the estimated tax liabilities of the Group related to the current period activity results.

The corporate tax rate in Turkey is 25% (31 December 2022: 23%). The corporate tax rate is applied to the net corporate income to be found as a result of adding the non-deductible expenses to the commercial earnings of the companies, and deducting the exemptions and deductions stated in the tax laws. Losses can be carried forward for offset against future taxable income for up to 5 years. However, the resulting losses cannot be deducted retrospectively from the profits of previous years.

In accordance with the Law No. 7440 on the "Restructuring of Certain Receivables and Amending Certain Laws" published in the Official Gazette on 12 March 2023, with the exceptions and deductions subject to deduction from corporate income in accordance with the regulations in the laws, by being shown in the corporate tax return for the year 2022. An additional tax of 10% should be calculated over the bases subject to reduced corporate tax, without being associated with the period income, and at the rate of 5% over the exempted earnings. As of 30 September 2023, the Company's accrued amount for the related tax in addition to the corporate tax is TL 811.888. The aforementioned tax has been settled in May 2023.

Tax Advantages Obtained Under the Investment Incentive System

Earnings of the Group that are derived from investments linked to an investment incentive certificate are subject to corporate tax at discounted rates for a certain period, which starts when the investment starts to partly or fully operate, and ends when the maximum investment contribution amount is reached. Within this scope, the Group has accounted for TL 171.409.353 (December 31, 2022: TL 100.786.441) of tax advantages as deferred tax assets which are expected to be recovered in the foreseeable future in the consolidated financial statements as of September 30, 2023. TL 70.622.912 of deferred tax income is recognized in the consolidated profit or loss statement for the first nine months of 2023.

Deferred tax assets are recognized for deductible temporary differences, carry forward tax losses and indefinite-life investment incentives which allows payment of corporate tax at discounted rates, as long as it is probable that sufficient taxable income will be generated in the future. In this context, the Group recognizes deferred tax assets from investment incentives based on long-term plans, including taxable profit projections derived from business models, which are re-evaluated at each balance sheet date to assess recoverability of such deferred tax assets. The Group expects to recover such deferred tax assets within 5- 7 years from the balance sheet date.

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NOTE 9 - TAX ASSETS AND LIABILITIES (Continued)*Income tax withholding*

Limited taxpayer that earn income through by a permanent establishment or permanent representative and paid to companies (dividends) resident in Turkey not subject to withholding tax. Dividend payments made to persons other than these are subject to 10% withholding tax. The profit included to the capital is not a profit distribution.

The details of tax income/expense for the period ended 30 September 2023 and 2022 are as follows:

	1 January - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2023	1 July - 30 September 2022
Current income tax expense	(15.557.614)	(1.093.879)	756.518	(880.561)
Deferred tax income	32.679.701	334.297.613	(296.819.052)	110.740.659
	17.122.087	333.203.734	(296.062.534)	109.860.098

Deferred taxes

	30 September 2023	31 December 2022
Deferred tax assets	668.541	5.814.865
Deferred tax liabilities	(1.972.900.351)	(2.014.005.753)
Deferred tax assets, net	(1.972.231.810)	(2.008.190.888)

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising from its financial statements prepared in compliance with TAS and its statutory tax financial statements. The temporary differences usually result from the recognition of revenue and expenses in different reporting periods according to TAS and Tax Laws.

The tax rate used in the calculation of deferred tax assets and liabilities is 25% (31 December 2022: 23%)

The breakdown of cumulative temporary differences and the resulting deferred tax assets/liabilities provided using principal tax rates is as follows:

	Total temporary differences		Deferred tax assets/(liabilities)	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Investment incentives (*)	(685.637.413)	(503.932.204)	171.409.353	100.786.441
Provisions for lawsuits	(540.200)	(530.200)	135.050	106.040
Provision for employment termination benefit	(34.096.085)	(23.675.671)	8.524.019	4.735.133
Adjustments to property, plant and equipment	8.574.292.513	10.529.679.217	(2.142.479.087)	(2.105.935.843)
Adjustments to borrowings	46.357.013	34.726.504	(11.589.253)	(6.945.283)
Other	(7.072.442)	4.686.877	1.768.108	(937.376)
Deferred tax assets/(liabilities), net			(1.972.231.810)	(2.008.190.888)

(*) Within the scope of former Article 19 of Income Taxation Law, the related amount of investment incentive is mainly due to investment expenditures of Uluabat HEPP.

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NOTE 9 - TAX ASSETS AND LIABILITIES (Continued)

In accordance with the Group's assessments as of 30 September 2023, details of tax losses on which deferred taxes are not recognized, along with the year it is incurred and the maximum year it can be utilized, are provided below:

Year incurred	Year can be used	30 September 2023	31 December 2022
2018	2023	148.406.201	148.406.201
2019	2024	133.261.859	133.261.859
2020	2025	262.766.427	262.766.427
2021	2026	1.181.821.985	1.181.821.985
2022	2027	220.741.281	221.355.115
2023	2028	1.237.055.403	-
		3.184.053.156	1.947.611.587

NOTE 10 - REVENUE AND COST OF SALES**a) Revenue**

	1 January - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2023	1 July - 30 September 2022
Electricity sales revenue	7.244.462.792	6.216.996.371	2.761.021.695	3.838.164.036
Revenue on sharing of instability savings	4.482.239.898	2.017.436.067	1.376.869.216	977.344.370
Revenue on loading instructions	1.051.933.191	821.976.238	299.462.001	526.805.621
Revenue on seconder frequency control	438.041.952	584.745.468	161.633.790	462.714.073
Revenue on capacity mechanism	110.930.434	65.243.069	31.781.002	28.636.685
Other	339.346.800	34.324.284	139.533.915	19.040.180
	13.666.955.067	9.740.721.497	4.770.301.619	5.852.704.965

b) Cost of sales

	1 January - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2023	1 July - 30 September 2022
Direct raw materials consumed and cost of electricity purchased (*)	11.276.059.394	8.069.774.681	3.892.809.279	5.125.264.150
Depreciation and amortization expenses	627.298.891	378.187.294	210.953.086	126.349.033
Personnel expenses	262.046.249	57.410.252	104.155.031	20.951.699
Maintenance and repair expenses	199.728.550	86.889.740	82.781.605	65.529.376
Other materials and spare parts consumed	72.068.726	14.171.022	31.023.465	4.344.979
Insurance expenses	66.378.105	17.007.788	22.237.791	5.914.459
Other	113.292.685	48.828.077	41.188.554	23.540.193
	12.616.872.600	8.672.268.854	4.385.148.811	5.371.893.889

(*) Direct raw materials consumed comprised of cost of natural gas purchased, cost of energy purchased, imbalance sharing costs, system usage costs, and etc.

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NOTE 11- EXPENSES BY NATURE

	1 January - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2023	1 July - 30 September 2022
Direct raw materials consumed and cost of electricity purchased	11.276.059.394	8.069.774.681	3.892.809.279	5.125.264.150
Depreciation and amortization expenses (*)	636.605.930	383.658.607	214.823.300	128.332.769
Personnel expenses (**)	366.819.559	104.791.776	142.264.930	38.879.455
Maintenance and repair expenses	199.728.550	86.889.740	82.781.605	65.529.376
Other materials and spare parts consumed	72.068.726	14.171.022	31.023.465	4.344.979
Insurance expenses (***)	67.269.094	17.453.414	22.519.219	6.098.674
IT expenses	15.616.187	7.363.068	6.090.334	2.922.040
Taxes and duties	12.674.826	9.961.079	3.328.730	1.598.069
Consultancy expenses	12.416.841	4.598.831	3.887.742	1.342.840
Office expenses	7.694.646	4.320.893	3.051.959	1.541.127
Travel expenses	6.339.750	2.216.566	2.600.206	862.302
Vehicle expenses	5.760.073	2.416.931	2.359.925	1.125.070
Legal and notary expenses	5.726.198	825.984	5.356.350	43.147
Advertising expenses	1.063.362	876.051	558.915	185.529
Other expenses	127.929.125	56.925.466	45.685.816	25.543.371
	12.813.772.261	8.766.244.109	4.459.141.775	5.403.612.898

(*) Depreciation and amortization expenses amounting to TL 627.298.891 TL (30 September 2022: TL 378.187.294) is classified in cost of sales, TL 9.307.039 (30 September 2022: TL 5.471.313) of amortization and depreciation expenses is classified in general administrative expenses.

(**) Personnel expenses amounting to TL 262.046.249 (30 September 2022: TL 57.410.252) is classified in cost of sales, TL 104.773.310 (30 September 2022: TL 47.381.524) is classified in general and administrative expenses.

(***) Insurance expenses amounting to TL 66.378.105 (30 September 2022: TL 17.007.788) is classified in cost of sales, TL 890.989 (30 September 2022: TL 445.626) is classified in general and administrative expenses.

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NOTE 12 - OTHER OPERATING INCOME AND EXPENSE**a) Other operating income**

	1 January - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2023	1 July - 30 September 2022
Income from insurance compensation	102.291.333	997.620	3.350.254	997.620
Gain on futures and options markets	87.406.193	10.524.342	30.724.194	7.905.213
Foreign exchange gains from trading activities	86.377.253	77.306.452	43.492.352	25.489.338
	70.869.263	24.469.609	10.345.340	17.215.348
Provisions no longer required (*)	1.496.061	2.452.706	1.234.397	194.437
Gain on risk sharing contracts	-	366.447.861	-	111.385.044
Other income	10.110.858	9.116.559	1.679.102	1.202.047
	358.550.961	491.315.149	90.825.639	164.389.047

(*) As of 30 September 2023, TL 402.610 (30 September 2022: TL 2.067.126) of the provisions no longer required comprised of released provisions of litigation provisions, TL 141.958 released provisions of doubtful receivables, (30 September 2022: None), and TL 951.493 of other provisions (30 September 2022: TL 86.642). As of September 2023, there is no released provisions of premium provisions (30 September 2022: TL 298.938).

b) Other operating expense

	1 January - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2023	1 July - 30 September 2022
Losses on futures and options market	123.150.346	10.863.294	13.911.839	5.871.866
Foreign exchange losses from trading activities	51.274.962	29.852.664	15.285.802	8.584.515
Interest expense	9.876.172	-	1.681.469	-
Provisions for litigations	807.600	12.660.850	206.000	12.609.600
Losses on risk sharing contracts	-	366.415.757	-	111.379.358
Other expenses	17.536.803	10.154.232	13.658.463	7.242.336
	202.645.883	429.946.797	44.743.573	145.687.675

NOTE 13 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES**a) Income from investing activities**

	1 January - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2023	1 July - 30 September 2022
Fair value difference gain on exchange rate protected deposit accounts	37.667.713	-	29.698.548	-
Gain on sale of property, plant and equipment	26.934	-	17.634	-
Dividend income	-	17.991	-	-
	37.694.647	17.991	29.716.182	-

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NOTE 13 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES (Continued)**b) Expenses from investing activities**

	1 January - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2023	1 July - 30 September 2022
Losses on sale of property, plant and equipment	524.977	-	16.820	-
Fair value difference losses on exchange rate protected deposit accounts	-	-	(28.755)	-
	524.977	-	(11.935)	-

NOTE 14 - FINANCIAL INCOME AND EXPENSES**a) Financial income**

	1 January - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2023	1 July - 30 September 2022
Foreign exchange gain	365.412.908	252.294.033	70.632.901	78.304.294
Interest income	68.769.835	33.343.455	16.352.217	18.251.847
Gain on derivative financial instruments	53.736.955	74.907.949	7.330.714	14.189.278
	487.919.698	360.545.437	94.315.832	110.745.419

b) Financial expenses

	1 January - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2023	1 July - 30 September 2022
Foreign exchange losses	3.667.901.503	2.378.920.978	645.961.038	829.134.442
Interest and commission expenses	1.043.996.340	789.412.441	365.361.925	278.643.766
Losses on derivative financial instruments	12.100.374	47.190.086	5.511.931	16.202.682
Other financial expenses (*)	173.164.812	222.383.027	100.501.053	56.252.668
	4.897.163.029	3.437.906.532	1.117.335.947	1.180.233.558

(*) For the period 1 January - 30 September 2023, TL 164.194.592 (1 January - 30 September 2022: TL 217.016.887) of the respective amount is comprised of the indexation difference of the liability due to Uluabat DSI Water Use Agreement calculated by WPT.

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NOTE 15 - RELATED PARTY DISCLOSURES**a) Transaction with related parties***- Purchases from related parties*

	1 January - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2023	1 July - 30 September 2022
Sakarya Elektrik Perakende Satış A.Ş. ("Sepaş") ^{(1) (****)}	476.836.858	332.350.012	154.560.817	164.707.182
Aksa Akrilik Kimya Sanayi A.Ş. ("Aksa") ^{(2) (**)}	22.522.307	17.584.053	6.203.163	8.601.186
Cez a.s. ^{(3) (*)}	17.479.283	367.301.345	3.936.952	215.953.431
Aktek Bilgi İlet. Tekn. San. ve Tic. A.Ş. ("Aktek") ^{(4) (**)}	16.842.365	9.095.435	7.743.003	3.288.296
Dinkal Sigorta Acenteliği A.Ş. ("Dinkal") ^{(5) (**)}	16.214.883	5.732.328	6.979.724	2.564.765
Ak-Han Bak.Yön.Serv.Hiz.Güv.Mal. A.Ş. ("Ak-Han") ^{(6) (**)}	11.421.401	5.921.814	4.545.098	2.106.601
Akgirişim Mühendislik Müşavirlik Ve Çevre Teknolojileri San. Ve Tic. A.Ş. ^{(7) (**)}	9.190.299	-	9.190.299	-
Akkök Holding A.Ş. ("Akkök") ^{(8) (*)}	3.741.618	647.845	764.109	215.949
Other	795.057	-	23.378	-
	575.044.071	738.632.832	193.946.543	397.437.410

(1) Comprised of purchase of electricity and sharing of instability savings.

(2) Comprised of sharing of instability savings.

(3) Comprised of purchase of electricity and risk sharing contracts.

(4) Comprised of IT services received.

(5) Comprised of insurances purchased from insurance companies by the intermediary of Dinkal.

(6) Comprised of building maintenance and other services received.

(7) Comprised of procurement of solar energy installation services.

(8) Comprised of rent service received.

- Sales to related parties

	1 January - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2023	1 July - 30 September 2022
Sepaş ^{(1) (****)}	4.390.305.667	3.987.636.547	1.542.571.700	1.972.132.271
Aksa ^{(2) (**)}	31.438.012	26.950.991	11.241.553	15.886.198
Cez a.s. ^{(3) (*)}	18.299.787	559.410.668	-	281.573.039
Akkök ^{(4) (*)}	9.320.720	370.152	9.020.250	120.997
Akcez Enerji Yat. San. ve Tic. A.Ş. ("Akcez") ^{(5) (****)}	95.256	95.858	31.752	31.752
Cez a.s. Turkey Daimi Tem. ^{(6) (****)}	82.672	53.444	27.557	17.815
Other	105.413	6.113	58.756	-
	4.449.647.527	4.574.523.773	1.562.951.568	2.269.762.072

(1) Comprised of sales of electricity and sharing of instability.

(2) Comprised of sharing of instability.

(3) Comprised of sales of electricity and risk sharing contracts.

(4) Comprised of expense allocation invoices.

(5) Comprised of consultancy services

(6) Comprised of rent reflections

(*) Shareholder.

(**) Akkök Holding group company.

(****) Cez a.s. group company.

(*****) Akkök Holding and Cez a.s. group company.

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NOTE 15 - RELATED PARTY DISCLOSURES (Continued)**b) Balances with related parties***- Short-term trade receivables from related parties*

	30 September 2023	31 December 2022
Sepaş ^{(1) (****)}	178.180.337	507.553.855
Aksa ^{(2) (**)}	3.934.211	3.807.294
CEZ a.s. Turkey Daimi Tem. ^{(3) (***)}	22.046	10.839
Akcez ^{(4) (****)}	12.701	12.489
CEZ a.s. ^{(5) (*)}	-	56.840.901
Other	24.300	95.185
	182.173.595	568.320.563

(1) Comprised of receivables from sales of electricity and sharing of instability.

(2) Comprised of receivables from sharing of instability.

(3) Comprised of receivables from sales of rental income.

(4) Comprised of receivables from comprised of consultancy services provided.

(5) Comprised of receivables from sales of electricity and risk sharing.

The average maturity days of trade receivables from related parties is 20 days.

- Short-term trade payables to related parties

	30 September 2023	31 December 2022
Sepaş ^{(1) (****)}	30.391.803	80.539.877
Dinkal ^{(2) (**)}	5.396.595	81.100.936
Aktek ^{(3) (**)}	4.896.036	2.456.992
CEZ a.s. Turkey Daimi Tem. ^{(4) (***)}	4.388.981	4.198.184
Akkök ^{(5) (*)}	3.489.830	1.787.289
Ak-Han ^{(6) (**)}	2.032.118	985.350
Aksa ^{(7) (**)}	1.581.612	2.971.709
CEZ a.s. ^{(8) (*)}	323.595	46.977.870
	52.500.570	221.018.207

(1) Comprised of the payables related to electricity and sharing of instability.

(2) Comprised of payables to Dinkal for the insurances purchased from insurance companies by the intermediary of Dinkal.

(3) Comprised of the payables related to IT services and equipment purchased.

(4) Comprised of the payables related to consultancy services received.

(5) Comprised of the payables related to consultancy and rent services received.

(6) Comprised of the payables related to office maintenance and management services received.

(7) Comprised of the payables related to electricity and sharing of instability.

(8) Comprised of purchase of risk sharing contracts.

(*) Shareholder.

(**) Akkök Holding group company.

(****) Cez a.s. group company.

(****) Akkök Holding and Cez a.s. group company.

The average maturity days of trade payables from related parties is 30 days.

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NOTE 15 - RELATED PARTY DISCLOSURES (Continued)

c) Key management compensation

For the purpose of these consolidated financial statements, key management compensation consists of the payments made to Group shareholders and top management (General Manager and Vice General Managers and directors).

	1 January - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2023	1 July - 30 September 2022
Salaries and benefits	14.865.367	7.115.426	4.883.693	2.817.549
Bonus payment	8.082.535	4.575.002	-	-
Attendance fee	1.682.586	918.549	744.705	380.539
	24.630.488	12.608.977	5.628.398	3.198.088

NOTE 16 - FINANCIAL RISK MANAGEMENT

- Foreign exchange risk

The Group is exposed to foreign exchange risk through the impact of rate changes in the translation of foreign currency denominated assets and liabilities to local currency. Foreign exchange risk arises from future obligations as well as foreign currency denominated assets and liabilities. These risks are monitored and limited by the monitoring of the foreign currency position. In order to manage this risk, foreign exchange purchases are made from spot markets and derivative instruments are used. The management limits the foreign currency position of the Group through analyzing it. The Group has reduced its exposure to currency risk by converting a significant portion of its USD denominated loans into TL with the refinancing it has made within the scope of Financial Restructuring on 11 November 2019.

The details of the foreign currency assets and liabilities as of 30 September 2023 and 31 December 2022 are as follows:

	30 September 2023	31 December 2022
Assets	1.953.245.195	1.101.040.226
Liabilities	(12.399.836.500)	(8.687.143.057)
Net financial position	(10.446.591.305)	(7.586.102.831)
Net position of derivative instruments	(5.261.569)	(285.956.628)
Foreign currency position(net)	(10.451.852.874)	(7.872.059.459)

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 SEPTEMBER 2023

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

NOTE 16 - FINANCIAL RISK MANAGEMENT (Continued)

As of 30 September 2023 and 31 December 2022, assets and liabilities denominated in foreign currency and their TL equivalent held by the Group are as follows:

	30 September 2023				31 December 2022			
	TL Equivalent	USD	Euro	Other	TL Equivalent	USD	Euro	Other
Trade receivables	217.608.798	5.997.189	1.840.325	-	69.223.686	613.713	2.896.844	-
Monetary financial assets	1.714.585.365	60.437.879	2.066.552	79	1.000.809.797	48.182.833	5.009.945	(1)
Current assets	1.932.194.163	66.435.068	3.906.877	79	1.070.033.483	48.796.546	7.906.789	(1)
Monetary financial assets	21.051.032	-	725.135	-	31.006.743	-	1.555.400	-
Non-current assets	21.051.032	-	725.135	-	31.006.743	-	1.555.400	-
Total assets	1.953.245.195	66.435.068	4.632.012	79	1.101.040.226	48.796.546	9.462.189	(1)
Trade payables	198.748.815	6.669.426	556.717	5	189.264.305	6.914.230	3.008.787	4
Financial liabilities	1.107.081.609	39.183.064	1.184.224	-	696.710.883	35.994.565	1.187.550	-
Other monetary liabilities	48.697.017	1.778.776	-	-	12.731.616	680.897	-	-
Short-term liabilities	1.354.527.441	47.631.266	1.740.941	5	898.706.804	43.589.692	4.196.337	4
Financial liabilities	10.976.649.582	395.720.126	4.930.621	-	7.748.414.225	407.946.823	6.044.783	-
Other monetary liabilities	68.659.477	2.507.953	-	-	40.022.028	2.140.410	-	-
Long-term liabilities	11.045.309.059	398.228.079	4.930.621	-	7.788.436.253	410.087.233	6.044.783	-
Total liabilities	12.399.836.500	445.859.345	6.671.562	5	8.687.143.057	453.676.925	10.241.120	4
Net Asset(Liability) Position of Statement of Financial Position Derivative Instruments	(5.261.569)	(192.191)	-	-	(285.956.628)	(15.293.189)	-	-
Off statement of financial position foreign currency derivative assets	158.998.631	5.807.809	-	-	-	-	-	-
Off statement of financial position foreign currency derivative liabilities	(164.260.200)	(6.000.000)	-	-	(285.956.628)	(15.293.189)	-	-
Net foreign currency asset(liability) position	(10.451.852.874)	(379.616.468)	(2.039.550)	74	(7.872.059.459)	(420.173.568)	(778.931)	(5)
Net foreign currency asset(liability) position of monetary items	(10.446.591.305)	(379.424.277)	(2.039.550)	74	(7.586.102.831)	(404.880.379)	(778.931)	(5)
Total fair value of financial instruments used for foreign currency hedging	12.166.072	444.395	-	-	(15.028.361)	(803.729)	-	-
Export	721.489.498	12.182.005	18.663.732	-	756.014.184	208.715	42.480.086	-
Import	316.345.973	7.209.505	7.100.227	7.228	613.051.729	8.200.748	27.063.909	1.123

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

NOTE 16 - FINANCIAL RISK MANAGEMENT (Continued)

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and EURO. As of 30 September 2023 and 31 December 2022, the following table details of Group's sensitivity to a 10% increase and decrease in the TL against relevant foreign currencies, all other variables held constant. The sensitivity analysis includes only monetary items in open foreign currency at the end of the year.

30 September 2023				
	Profit /Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
+/- 10% fluctuation of USD rate				
1- USD net asset/liability	(1.038.738.460)	1.038.738.460	(1.038.738.460)	1.038.738.460
2- Part of hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(1.038.738.460)	1.038.738.460	(1.038.738.460)	1.038.738.460
+/- 10% fluctuation of EUR rate				
4- EUR net asset/liability	(5.920.916)	5.920.916	(5.920.916)	5.920.916
5- Part of hedged from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(5.920.916)	5.920.916	(5.920.916)	5.920.916
+/- 10% fluctuation of other currencies rate against to TL				
7- Other currencies net asset/liability	248	(248)	248	(248)
8- Part of hedged from other currencies risk (-)	-	-	-	-
9- Other currencies net effect (7+8)	248	(248)	248	(248)
Total (3+6+9)	(1.044.659.128)	1.044.659.128	(1.044.659.128)	1.044.659.128
31 December 2022				
	Profit /Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
+/- 10% fluctuation of USD rate				
1- USD net asset/liability	(757.057.479)	757.057.479	(757.057.479)	757.057.479
2- Part of hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(757.057.479)	757.057.479	(757.057.479)	757.057.479
+/- 10% fluctuation of EUR rate				
4- EUR net asset/liability	(1.552.791)	1.552.791	(1.552.791)	1.552.791
5- Part of hedged from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(1.552.791)	1.552.791	(1.552.791)	1.552.791
7- Other currencies net asset/liability	(11)	11	(11)	11
8- Part of hedged from other currencies risk (-)	-	-	-	-
9- Other currencies net effect (7+8)	(11)	11	(11)	11
Total (3+6+9)	(758.610.281)	758.610.281	(758.610.281)	758.610.281

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated.)

NOTE 17 - FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. 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.

Following methods and assumptions were used to estimate the fair value of the financial instruments for which is practicable to estimate fair value:

Financial assets

The carrying values of financial assets including cash and cash equivalents which are accounted with their costs are estimated to be their fair values since they are short term.

The carrying values of trade receivables along with the related allowances for uncollectability are estimated to be their fair values.

Financial liabilities

The fair values of short-term bank borrowings and other monetary liabilities are considered to approximate to their respective carrying values. The carrying values of the long-term bank loans of the Group reflect their fair values due to the repricing of the loans within the scope of the Financial Restructuring made on 11 November 2019.

Fair value hierarchy table

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques does not contain observable market inputs

As of 30 September 2023 the Group has short-term liabilities from derivative financial instruments amounting to TL 9.574.961 (31 December 2022: TL 20.733.192) and TL 16.285.605 derivative financial instruments in its current assets (31 December 2022: None), which are categorized as level 2. As of 30 September 2023, the Group does not have long-term liabilities from derivative financial instruments (31 December 2022: TL 1.634.321) (Note 7).

Fair value of the lands, land improvements, buildings, machinery and equipment of the Group's power plants were measured by a professional independent valuation company on 31 December 2022 through other valuation techniques involving direct and indirect observable inputs (Level 3) (Note 2.6).

NOTE 18 - SUBSEQUENT EVENTS

None.