

**(CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S  
REPORT AND THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY  
ISSUED IN TURKISH)**

**AKENERJI ELEKTRİK ÜRETİM A.Ş.**

**CONSOLIDATED FINANCIAL STATEMENTS  
AS AT 31 DECEMBER 2023 AND  
INDEPENDENT AUDITOR'S REPORT**



**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR’S REPORT  
ORIGINALLY ISSUED IN TURKISH**

**INDEPENDENT AUDITOR’S REPORT**

To the General Assembly of Akenerji Elektrik Üretim A.Ş.

**A. Audit of the consolidated financial statements**

**1. Our opinion**

We have audited the accompanying consolidated financial statements of Akenerji Elektrik Üretim A.Ş. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (“TFRS”).

**2. Basis for opinion**

Our audit was conducted in accordance with the Standards on Independent Auditing (the “SIA”) that are part of Turkish Standards on Auditing adopted within the framework of the regulations of the Capital Markets Board and issued by the Public Oversight Accounting and Auditing Standards Authority (the “POA”). Our responsibilities under these standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the “Ethical Rules”) the ethical requirements regarding independent audit in regulations issued by the POA; the regulations of the Capital Markets Board; and other relevant legislation are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.



### 3. Emphasis of matter - Plans for the fulfillment of the short-term portion of the long-term bank loans

We would like to draw your attention to Note 2.8 in the accompanying consolidated financial statements, where the Group's plans are disclosed for the fulfillment of the short-term portion of the long-term bank loans with a maturity date in 2024, amounting to 6,752 million TL. Our opinion is not modified in respect of this matter.

### 4. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | How the key audit matter was addressed in the audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Application of TAS 29, "Financial Reporting in Hyperinflationary Economies"</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <p>TAS 29 "Financial reporting in hyperinflationary economies" ("TAS 29") is effective for the consolidated financial statements of the Group as at 31 December 2023.</p> <p>TAS 29 requires financial statements to be restated into the current purchasing power at the end of the reporting period. Therefore, transactions in 2023 and non-monetary balances at the end of the period were restated to reflect a price index that is current at the balance sheet date as of 31 December 2023. The application of TAS 29 has a pervasive and material impact on the consolidated financial statements. Considering the risk of inaccurate or incomplete data used in the application of TAS 29 and the additional audit effort expended, the application of TAS 29 has been identified as a key audit matter by us.</p> <p>Explanations regarding the application of TAS 29 are provided in Note 2.1.</p> | <p>We performed the following auditing procedures in relation to the application of TAS 29:</p> <ul style="list-style-type: none"><li>- Understanding and evaluating the process related to the implementation of IAS 29 designed and implemented by management,</li><li>- Verifying whether the segregation of monetary and non-monetary items made by the management is in accordance with TAS 29,</li><li>- Obtaining detailed lists of non-monetary items and testing the original entry dates and amounts on a sample basis,</li><li>- Evaluating the calculation methods used by management and verifying whether they are consistently used consistently in all periods,</li><li>- Verifying the general price index rates used in calculations with the coefficients obtained from the Consumer Price Index in Turkey published by the Turkish Statistical Institute,</li><li>- Testing the mathematical accuracy of non-monetary items, income statement, and cash flow statement adjusted for inflation effects,</li><li>- Evaluating the adequacy of disclosures related to the application of TAS 29 in the notes to the consolidated financial statements in accordance with TFRS.</li></ul> |



| Key Audit Matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | How the key audit matter was addressed in the audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Accounting for the revaluation of property, plant and equipment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <p>The Group has adopted the revaluation method under TAS 16 “Property, plant and equipment” with respect to measurement of the operating power plants. As disclosed in Note 2.7, the Group has recognized revaluation increase and revaluation decrease in the consolidated financial statements with respect to revaluation studies performed as at 31 December 2023.</p> <p>We focused on this matter in our audit due to the following reasons:</p> <ul style="list-style-type: none"> <li>- Revaluation increase and revaluation decrease recognized is material to the Group’s consolidated financial statements as at 31 December 2023,</li> <li>- In the valuation studies, there are significant management estimates and assumptions (prospective electricity price expectations, spark spreads, electricity production volume expectations, capacity utilization rates and discount rate) in cash flow projections,</li> <li>- Estimates and assumptions used in valuation studies may be affected by future industrial and economic changes,</li> <li>- The necessity of the use of valuation experts to review the valuation studies due to complex structure of inputs and calculations used.</li> </ul> | <p>We performed the following audit procedures in the accounting for the revaluation of property, plant and equipment:</p> <ul style="list-style-type: none"> <li>- The competence and objectivity of the valuation company that performed the valuation studies and consultancy firm that provided service in determining prospective electricity price expectations and spark spreads have been evaluated.</li> <li>- The valuation methods and technical data used in the valuation of property, plant and equipment were evaluated with the Group management and other management experts with the support of our valuation specialists.</li> <li>- The reasonableness of significant estimates (prospective electricity price expectations, spark spreads, electricity production volume expectations, capacity utilization rates and discount rate) used in the discounted cash flow studies of management were evaluated with the support of our valuation experts.</li> <li>- The electricity production volume and capacity utilization rates used in the projections were compared with the previous period performances of the Group.</li> <li>- Revaluation surplus determined based on the revaluation studies has been reconciled with the consolidated financial statements.</li> <li>- Compliance of the related disclosures on the accounting for the revaluation of property, plant and equipment with TFRS were evaluated.</li> </ul> |



## **5. Responsibilities of management and those charged with governance for the consolidated financial statements**

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

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

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

## **6. Auditor's responsibilities for the audit of the consolidated financial statements**

Responsibilities of independent auditors in an independent audit are as follows:

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

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

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**B. Other responsibilities arising from regulatory requirements**

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code (“TCC”) No. 6102 and that causes us to believe that the Company’s bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Company’s articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor’s report on the early risk identification system and committee was submitted to the Company’s Board of Directors on 15 March 2024.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Çağlar Sürücü, SMMM  
Independent Auditor

Istanbul, 15 March 2024

## AKENERJİ ELEKTRİK ÜRETİM A.Ş.

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**AKENERJİ ELEKTRİK ÜRETİM A.Ş.**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS OF 31 DECEMBER 2023**

(Amounts expressed Turkish Lira ("TL") based on the purchasing power of TL as of 31.12.2023 unless otherwise indicated.)

|                                   |       | Current period        | Prior period          |
|-----------------------------------|-------|-----------------------|-----------------------|
|                                   |       | Audited               | Audited               |
|                                   | Notes | 31 December 2023      | 31 December 2022      |
| <b>ASSETS</b>                     |       |                       |                       |
| <b>Current assets</b>             |       |                       |                       |
| Cash and cash equivalents         | 4     | 1.170.389.431         | 2.057.447.580         |
| Financial investment              | 5     | 130.100.427           | 133.144.745           |
| Derivative instruments            | 18    | 3.461.719             | -                     |
| Trade receivables                 |       |                       |                       |
| - Due from related parties        | 7,29  | 125.479.979           | 936.247.000           |
| - Due from third parties          | 7     | 691.054.071           | 2.714.544.534         |
| Other receivables                 |       |                       |                       |
| - Due from third parties          | 8     | 15.336.860            | 10.524.892            |
| Inventories                       | 12    | 129.375.674           | 74.356.195            |
| Prepaid expenses                  | 11    | 151.886.937           | 207.668.405           |
| Current income tax assets         | 21    | 3.227.781             | 3.309.397             |
| Other current assets              | 13    | 106.695.313           | 63.741.299            |
| <b>Total current assets</b>       |       | <b>2.527.008.192</b>  | <b>6.200.984.047</b>  |
| <b>Non - current assets</b>       |       |                       |                       |
| Other receivables                 |       |                       |                       |
| - Due from third parties          | 8     | 23.907.330            | 51.526.306            |
| Financial investments             | 5     | 750.444               | 750.443               |
| Inventories                       | 12    | 40.677.822            | 78.018.791            |
| Property, plant and equipment     | 14    | 28.242.488.469        | 30.444.255.517        |
| Right of use assets               | 16    | 212.486.022           | 157.880.013           |
| Intangible assets                 | 15    | 412.765.062           | 404.921.825           |
| Prepaid expenses                  | 11    | 252.353.096           | 254.862.179           |
| Deferred tax assets               | 21    | 10.565.709            | 9.579.365             |
| Other non-current assets          | 13    | 226.664.224           | 201.498.167           |
| <b>Total non - current assets</b> |       | <b>29.422.658.178</b> | <b>31.603.292.606</b> |
| <b>TOTAL ASSETS</b>               |       | <b>31.949.666.370</b> | <b>37.804.276.653</b> |

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

**AKENERJİ ELEKTRİK ÜRETİM A.Ş.**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed Turkish Lira ("TL") based on the purchasing power of TL as of 31.12.2023 unless otherwise indicated.)

|                                                                            |       | Current period        | Prior period          |
|----------------------------------------------------------------------------|-------|-----------------------|-----------------------|
|                                                                            |       | Audited               | Audited               |
|                                                                            | Notes | 31 December 2023      | 31 December 2022      |
| <b>LIABILITIES</b>                                                         |       |                       |                       |
| <b>Current liabilities</b>                                                 |       |                       |                       |
| Short - term portion of long - term borrowings                             |       |                       |                       |
| - Bank loans                                                               | 6     | 6.751.848.138         | 1.108.756.368         |
| - Lease payables                                                           | 6     | 50.892.841            | 47.525.450            |
| Trade payables                                                             |       |                       |                       |
| - Due to related parties                                                   | 9, 29 | 178.750.127           | 364.103.724           |
| - Due to third parties                                                     | 9     | 825.411.127           | 3.477.589.079         |
| Employee benefit obligations                                               | 19    | 11.801.104            | 8.358.662             |
| Other payables                                                             |       |                       |                       |
| - Other payables to third parties                                          | 10    | 251.311.912           | 343.113.591           |
| Derivative instruments                                                     | 18    | 37.958.448            | 34.155.704            |
| Current income tax liabilities                                             | 21    | 720.896               | 2.651.834             |
| Deferred income                                                            |       | 57.213                | 35.700.684            |
| Short term provisions                                                      |       |                       |                       |
| - Provisions for employee benefits                                         | 19    | 29.786.073            | 32.964.323            |
| - Other short - term provisions                                            | 17    | 84.955.518            | 117.866.522           |
| <b>Total current liabilities</b>                                           |       | <b>8.223.493.397</b>  | <b>5.572.785.941</b>  |
| <b>Non - current liabilities</b>                                           |       |                       |                       |
| Long - term borrowings                                                     |       |                       |                       |
| - Bank loans                                                               | 6     | 8.741.163.981         | 17.837.624.392        |
| - Lease payables                                                           | 6     | 243.142.913           | 263.980.446           |
| Other payables                                                             |       |                       |                       |
| - Due to third parties                                                     | 10    | 534.092.073           | 708.936.280           |
| Derivative instruments                                                     | 18    | -                     | 2.692.368             |
| Long term provisions                                                       |       |                       |                       |
| - Provisions for employee benefits                                         | 19    | 34.083.386            | 57.019.340            |
| Deferred tax liabilities                                                   | 21    | 392.472.722           | 3.422.365.843         |
| <b>Total non - current liabilities</b>                                     |       | <b>9.944.955.075</b>  | <b>22.292.618.669</b> |
| <b>EQUITY</b>                                                              |       |                       |                       |
| Share capital                                                              | 20    | 729.164.000           | 729.164.000           |
| Adjustments to share capital                                               | 20    | 8.296.176.858         | 8.296.176.858         |
| Share premiums                                                             |       | 811.504.170           | 811.504.170           |
| Other comprehensive income/(expense) not to be reclassified to profit/loss |       |                       |                       |
| Gains/(losses) on revaluation and remeasurement                            |       |                       |                       |
| - Gains/(losses) on revaluation of property, plant and equipment           | 14    | 2.140.221.324         | 3.435.169.874         |
| - Gains/(losses) on re-measurement of defined benefit plans                |       | (32.386.059)          | (30.553.061)          |
| Other comprehensive income/(expense) to be reclassified to profit/loss     |       |                       |                       |
| Losses on hedges                                                           |       |                       |                       |
| - Losses on cash flow hedging                                              |       | -                     | (3.211.918)           |
| Restricted reserves                                                        |       |                       |                       |
| - Legal reserves                                                           | 20    | 175.627.307           | 175.627.307           |
| - Other reserves                                                           |       | (11.698.002)          | (11.698.002)          |
| Accumulated losses                                                         |       | (3.367.250.078)       | (5.568.297.630)       |
| Net profit for the period                                                  |       | 5.039.858.378         | 2.104.990.445         |
| <b>Total equity</b>                                                        |       | <b>13.781.217.898</b> | <b>9.938.872.043</b>  |
| <b>TOTAL LIABILITIES AND EQUITY</b>                                        |       | <b>31.949.666.370</b> | <b>37.804.276.653</b> |

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

**AKENERJİ ELEKTRİK ÜRETİM A.Ş.**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira ("TL") based on the purchasing power of TL as of 31.12.2023 unless otherwise indicated.)

|                                                               |       | Current period<br>Audited       | Prior period<br>Audited         |
|---------------------------------------------------------------|-------|---------------------------------|---------------------------------|
|                                                               | Notes | 1 January -<br>31 December 2023 | 1 January -<br>31 December 2022 |
| Revenue                                                       | 22    | 23.672.315.031                  | 32.710.184.429                  |
| Cost of sales (-)                                             | 22    | (22.167.119.255)                | (30.241.437.818)                |
| <b>Gross profit</b>                                           |       | <b>1.505.195.776</b>            | <b>2.468.746.611</b>            |
| General administrative expenses (-)                           | 23    | (375.059.850)                   | (281.884.866)                   |
| Other operating income                                        | 25    | 626.102.092                     | 1.253.706.822                   |
| Other operating expenses (-)                                  | 25    | (418.476.381)                   | (1.042.253.514)                 |
| <b>Operating profit</b>                                       |       | <b>1.337.761.637</b>            | <b>2.398.315.053</b>            |
| Income from investing activities                              | 26    | 59.315.936                      | 20.990.462                      |
| Expenses from investing activities (-)                        | 26    | (66.034.615)                    | (4.020.951.482)                 |
| <b>Operating profit before financial<br/>income/(expense)</b> |       | <b>1.331.042.958</b>            | <b>(1.601.645.967)</b>          |
| Financial income                                              | 27    | 804.017.149                     | 759.559.712                     |
| Financial expenses (-)                                        | 27    | (8.087.026.122)                 | (6.982.778.831)                 |
| Monetary gain/(loss)                                          |       | 8.098.018.756                   | 9.819.313.922                   |
| <b>Profit before tax</b>                                      |       | <b>2.146.052.741</b>            | <b>1.994.448.836</b>            |
| <b>Tax income/(expense)</b>                                   |       |                                 |                                 |
| - Current income tax expense (-)                              | 21    | (23.736.677)                    | (6.608.189)                     |
| - Deferred tax income/(expense)                               | 21    | 2.917.542.314                   | 117.149.798                     |
| <b>Net profit for the period</b>                              |       | <b>5.039.858.378</b>            | <b>2.104.990.445</b>            |
| <b>Net profit attributable to:</b>                            |       |                                 |                                 |
| Equity holders of the parent                                  |       | 5.039.858.378                   | 2.104.990.445                   |
| <b>Earnings profits per share (1.000 shares)</b>              | 28    | <b>6,912</b>                    | <b>2,887</b>                    |

**AKENERJİ ELEKTRİK ÜRETİM A.Ş.**

**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed Turkish Lira ("TL") based on the purchasing power of TL as of 31.12.2023 unless otherwise indicated.)

|                                                                   |              | <b>Current period</b>   | <b>Prior period</b>     |
|-------------------------------------------------------------------|--------------|-------------------------|-------------------------|
|                                                                   |              | <b>Audited</b>          | <b>Audited</b>          |
|                                                                   |              | <b>1 January -</b>      | <b>1 January -</b>      |
|                                                                   | <b>Notes</b> | <b>31 December 2023</b> | <b>31 December 2022</b> |
| <b>Net profit for the period</b>                                  |              | <b>5.039.858.378</b>    | <b>2.104.990.445</b>    |
| <b>Other comprehensive income/(expense)</b>                       |              |                         |                         |
| <b>To be reclassified to profit or loss</b>                       |              |                         |                         |
| Gains/(losses) on cash flow hedging                               |              | 3.699.338               | 9.809.011               |
| Deferred tax income/(expense)                                     | 21           | (487.420)               | (1.022.979)             |
| <b>Not to be reclassified to profit or loss</b>                   |              |                         |                         |
| Increase/decrease on revaluation of property, plant and equipment | 14           | (1.312.257.766)         | 4.293.962.342           |
| Deferred tax income/(expense)                                     | 21           | 113.366.323             | (858.792.468)           |
| Actuarial gains/(losses) arising from defined benefit plans       | 19           | (2.291.248)             | (25.383.268)            |
| Deferred tax income/(expense)                                     | 21           | 458.250                 | 5.076.654               |
| <b>Other comprehensive income/(expense)</b>                       |              | <b>(1.197.512.523)</b>  | <b>3.423.649.292</b>    |
| <b>Total comprehensive income</b>                                 |              | <b>3.842.345.855</b>    | <b>5.528.639.737</b>    |

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

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

**AKENERJİ ELEKTRİK ÜRETİM A.Ş.**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed Turkish Lira ("TL") based on the purchasing power of TL as of 31.12.2023 unless otherwise indicated.)

|                            |                    |                                 |                    | Other comprehensive<br>income /(expenses)<br>not to be<br>reclassified<br>to profit or loss | Other<br>comprehensive<br>income<br>/(expenses) to<br>be<br>reclassified<br>to profit or loss |                                           | Restricted reserves |                    |                                                  |                            |                       |
|----------------------------|--------------------|---------------------------------|--------------------|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|-------------------------------------------|---------------------|--------------------|--------------------------------------------------|----------------------------|-----------------------|
|                            | Share capital      | Adjustments to<br>share capital | Share<br>premiums  | Increase on<br>revaluation of<br>property, plant<br>and equipment                           | Gains/(losses)<br>on re-<br>measurement<br>of defined<br>benefit plans                        | Gains/(losses)<br>on cash flow<br>hedging | Other<br>reserves   | Legal<br>reserves  | Retained<br>earnings/<br>(accumulated<br>losses) | Net loss for the<br>period | Total equity          |
| <b>1 January 2022</b>      | <b>729.164.000</b> | <b>8.296.176.858</b>            | <b>811.504.170</b> | <b>-</b>                                                                                    | <b>(10.246.447)</b>                                                                           | <b>(11.997.950)</b>                       | <b>(11.698.002)</b> | <b>175.627.307</b> | <b>(5.568.297.630)</b>                           | <b>-</b>                   | <b>4.410.232.306</b>  |
| Total comprehensive income | -                  | -                               | -                  | 3.435.169.874                                                                               | (20.306.614)                                                                                  | 8.786.032                                 | -                   | -                  | -                                                | 2.104.990.445              | 5.528.639.737         |
| Other adjustments          | -                  | -                               | -                  | -                                                                                           | -                                                                                             | -                                         | -                   | -                  | -                                                | -                          | -                     |
| <b>31 December 2022</b>    | <b>729.164.000</b> | <b>8.296.176.858</b>            | <b>811.504.170</b> | <b>3.435.169.874</b>                                                                        | <b>(30.553.061)</b>                                                                           | <b>(3.211.918)</b>                        | <b>(11.698.002)</b> | <b>175.627.307</b> | <b>(5.568.297.630)</b>                           | <b>2.104.990.445</b>       | <b>9.938.872.043</b>  |
| <b>1 January 2023</b>      | <b>729.164.000</b> | <b>8.296.176.858</b>            | <b>811.504.170</b> | <b>3.435.169.874</b>                                                                        | <b>(30.553.061)</b>                                                                           | <b>(3.211.918)</b>                        | <b>(11.698.002)</b> | <b>175.627.307</b> | <b>(5.568.297.630)</b>                           | <b>2.104.990.445</b>       | <b>9.938.872.043</b>  |
| Transfers                  | -                  | -                               | -                  | -                                                                                           | -                                                                                             | -                                         | -                   | -                  | 2.104.990.445                                    | (2.104.990.445)            | -                     |
| Total comprehensive income | -                  | -                               | -                  | (1.198.891.443)                                                                             | (1.832.998)                                                                                   | 3.211.918                                 | -                   | -                  | -                                                | 5.039.858.378              | 3.842.345.855         |
| Other adjustments (*)      | -                  | -                               | -                  | (96.057.107)                                                                                | -                                                                                             | -                                         | -                   | -                  | 96.057.107                                       | -                          | -                     |
| <b>31 December 2023</b>    | <b>729.164.000</b> | <b>8.296.176.858</b>            | <b>811.504.170</b> | <b>2.140.221.324</b>                                                                        | <b>(32.386.059)</b>                                                                           | <b>-</b>                                  | <b>(11.698.002)</b> | <b>175.627.307</b> | <b>(3.367.250.078)</b>                           | <b>5.039.858.378</b>       | <b>13.781.217.898</b> |

(\*) As of 31 December 2023, the depreciation difference between the acquisition cost and the carrying values of the assets subject to revaluation method after tax amounting to TL 96.057.107 (31 December 2022: Revaluation fund has been reclassified under accumulated losses as of 1 January 2022 due to inflation accounting), were reclassified to accumulated losses from revaluation fund of property, plant and equipment.

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

**AKENERJİ ELEKTRİK ÜRETİM A.Ş.**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed Turkish Lira ("TL") based on the purchasing power of TL as of 31.12.2023 unless otherwise indicated.)

|                                                                                     |          | Current period         | Prior period           |
|-------------------------------------------------------------------------------------|----------|------------------------|------------------------|
|                                                                                     |          | Audited                | Audited                |
|                                                                                     |          | 1 January -            | 1 January -            |
|                                                                                     | Notes    | 31 December 2023       | 31 December 2022       |
| <b>A. Cash flows from operating activities</b>                                      |          | <b>2.744.924.180</b>   | <b>3.633.672.376</b>   |
| Net loss for the period                                                             |          | 5.039.858.378          | 2.104.990.445          |
| <b>Adjustments to reconcile net loss for the year</b>                               |          | <b>(2.149.243.110)</b> | <b>2.005.076.418</b>   |
| Adjustments for depreciation and amortization expenses                              | 24       | 1.443.984.475          | 1.405.703.645          |
| Adjustments for provisions                                                          |          |                        |                        |
| - Adjustment for provisions for employee benefits                                   | 19       | 55.176.921             | 33.316.211             |
| - Adjustments for litigation provisions                                             | 17       | 1.258.101              | 21.174.852             |
| - Adjustments for other provisions                                                  | 17       | (2.372.582)            | 86.827                 |
| Adjustments for interest income                                                     |          | (251.708.121)          | (216.214.685)          |
| Adjustments for interest expense                                                    |          | 1.864.467.669          | 2.029.612.635          |
| Adjustments for unrealized foreign exchange differences                             |          | 6.164.608.615          | 5.101.038.862          |
| Fair value adjustments                                                              |          |                        |                        |
| - Adjustments for fair value of derivative financial instruments                    |          | (438.838)              | 79.752.726             |
| - Adjustments for fair value of derivative financial investments                    | 26       | (51.227.961)           | (20.690.811)           |
| Adjustments for tax (income)/expense                                                | 21       | 2.893.805.637          | 110.541.609            |
| Adjustments for (gain)/loss on sale of property, plant and equipment and impairment | 26       | 65.091.408             | 4.017.973.296          |
| Monetary gain/loss                                                                  |          | (14.331.889.234)       | (10.557.218.749)       |
| <b>Changes in working capital</b>                                                   |          | <b>(145.722.538)</b>   | <b>(487.033.836)</b>   |
| (Increase)/decrease in trade receivables from related parties                       |          | 578.771.629            | (638.613.291)          |
| (Increase)/decrease in trade receivables from third parties                         |          | 1.250.012.516          | (2.905.368.402)        |
| (Increase)/decrease in other receivables from related parties                       |          | -                      | 6.060.800              |
| (Increase)/decrease in other receivables from third parties                         |          | (2.062.212)            | (63.775.235)           |
| (Increase)/decrease in inventories                                                  |          | (113.093.677)          | (64.793.198)           |
| (Increase)/decrease in prepaid expenses                                             |          | 168.741.965            | (177.481.982)          |
| Increase/decrease in other assets                                                   |          | (225.258.472)          | (219.459.398)          |
| Increase/(decrease) in trade payables to related parties                            |          | (55.242.375)           | 288.794.406            |
| Increase/(decrease) in trade payables to third parties                              |          | (1.680.158.937)        | 3.215.938.469          |
| Increase/(decrease) in derivative financial instruments                             |          | 16.425.852             | (95.840.894)           |
| Increase/(decrease) in deferred income                                              |          | (28.248.228)           | 43.223.030             |
| Increase/(decrease) in employee benefit obligations                                 |          | 8.792.170              | 6.925.949              |
| Increase/(decrease) in other payables                                               |          | (64.402.769)           | 117.355.910            |
| <b>Cash flows from operating activities</b>                                         |          | <b>2.744.891.930</b>   | <b>3.623.033.027</b>   |
| Payments related to provisions for employee benefits                                |          | 26.275.812             | 17.905.101             |
| Tax receipts/(payments)                                                             |          | (26.243.562)           | (7.265.752)            |
| <b>B. Cash flows from investing activities</b>                                      |          | <b>(596.384.964)</b>   | <b>(568.265.124)</b>   |
| Cash inflows/outflows due to sale of property, plant and equipment                  |          | 190.862                | 93.260                 |
| Cash inflows/outflows due to purchase of property, plant and equipment              |          | (28.644.182)           | (83.446.349)           |
| Cash inflows/outflows due to purchase of intangible assets                          | 15       | (570.478.952)          | (347.797.555)          |
| Other cash inflows/outflows                                                         | 5        | 2.547.308              | (137.114.480)          |
| <b>C. Cash flows from financing activities</b>                                      |          | <b>(2.128.065.419)</b> | <b>(1.922.157.798)</b> |
| Cash inflows/outflows due to repayment of borrowings                                | 6        | (1.481.364.031)        | (1.054.746.687)        |
| Cash outflows due to repayment of lease payable                                     | 6        | (59.385.954)           | (54.395.744)           |
| Interest paid                                                                       |          | (919.049.799)          | (1.032.340.543)        |
| Interest received                                                                   |          | 251.708.121            | 216.214.685            |
| Other cash inflows/(outflows) (*)                                                   |          | 80.026.244             | 3.110.491              |
| <b>Net increase in cash and cash equivalents</b>                                    |          | <b>20.473.797</b>      | <b>1.143.249.454</b>   |
| <b>Monetary gain/loss through cash and cash equivalents</b>                         |          | <b>(832.013.048)</b>   | <b>(859.873.726)</b>   |
| <b>Cash and cash equivalents at the beginning of the period (*)</b>                 | <b>4</b> | <b>1.955.618.710</b>   | <b>1.672.242.982</b>   |
| <b>Cash and cash equivalents at the end of the year (*)</b>                         | <b>4</b> | <b>1.144.079.459</b>   | <b>1.955.618.710</b>   |

(\*) 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 consolidated financial statements.

**AKENERJİ ELEKTRİK ÜRETİM A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed Turkish Lira ("TL") based on the purchasing power of TL as of 31.12.2023 unless otherwise indicated.)

**NOTE 1 – ORGANISATION OF GROUP AND NATURE OF OPERATIONS**

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). 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. Since 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 31 December 2023, 25,28% the publicly listed shares are 25,28% of total shares (31 December 2022: 25,28%).

As of 31 December 2023, the number of employees employed Akenerji and its subsidiaries (Akenerji and its subsidiaries will be referred as the "Group") is 319 (31 December 2022: 291).

These consolidated financial statements for the year ended 31 December 2023 have been approved for the issue by the Board of Directors at 15 March 2024.

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

| <b>Subsidiaries and branches</b>                                                                                            | <b>Nature of business</b>          | <b>Registered address</b> |
|-----------------------------------------------------------------------------------------------------------------------------|------------------------------------|---------------------------|
| 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**

**Financial reporting standards**

The accompanying consolidated financial statement are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, no: 14.1 "Basis of Financial Reporting in Capital Markets", which was published in the Official Gazette No: 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").

**AKENERJİ ELEKTRİK ÜRETİM A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed Turkish Lira ("TL") based on the purchasing power of TL as of 31.12.2023 unless otherwise indicated.)

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**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.

The Group and its 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 POA. 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 value, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS.

**Functional and presentation currency**

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

**Offsetting**

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

**Adjustment of consolidated financial statements in hyperinflation periods**

It has been decided that institutions registered in CMB and import companies obligated to apply financial statement adjustments stated in TAS/IFRS are required to apply hyperinflation accounting by implementing TAS 29 to financial statements for the year ended 31 December 2023, according to the rule number 81/1820 declared by CMB dated in 28 December 2023.

A statement has been made by POA at 23 November 2023 regarding the scope and implementation of TAS 29. POA stated that corporations implementing TAS/IFRS are required to present their financial statements for the year 31 December 2023 and forward adjusted to the inflation impact according to the accounting principles stated in TAS 29.

TAS 29 is implemented to any financial statements of a company whose functional currency is the currency of a hyperinflation economy, including consolidated financial statements. If an economy experiences hyperinflation, then according to TAS 29, a company whose functional currency is the currency of a hyperinflation economy needs to present its financial statements in terms of unit of measurement effective at the end of period.

Under these circumstances, inflation adjustments are made according to TAS 29 upon consolidated financial statements for the years 31 December 2023, 31 December 2022 & 31 December 2021.

Financial statements and figures of previous years are restated in line with purchasing power of the functional currency and as a result, financial statements and figures of previous years are presented in terms of unit of measurement effective at the end of period according to TAS 29.

Because of cumulative change of purchasing power for the last three years in relation to Consumer Price Index (CPI) is more than 100% as of current period, corporations operating in Turkey are obligated to implement TAS 29 for the year ended 31 December 2023 and forward.

**AKENERJİ ELEKTRİK ÜRETİM A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed Turkish Lira ("TL") based on the purchasing power of TL as of 31.12.2023 unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**

**(Continued)**

Inflation rates of each year calculated according to CPIs published by Turkish Statistical Institute (TSI) are given in the table below:

| Date       | Index    | Adjustment correlation | 3-year cumulative inflation ratios |
|------------|----------|------------------------|------------------------------------|
| 31.12.2023 | 1.859,38 | 1.000                  | 268%                               |
| 31.12.2022 | 1.128,45 | 1.647                  | 156%                               |
| 31.12.2021 | 686,95   | 2.706                  | 74%                                |

Procedure of TAS 29 is presented below:

- All accounts, excluding accounts that are presented with current purchasing power at the current period, are restated with their related price index correlation. Same method is applied for previous years.
- Monetary balance sheet accounts are not restated because these accounts are presented with current purchasing power at the current period. Monetary accounts are accounts that are either received or paid in cash.
- Fixed assets, subsidiaries and similar assets are restated through their historic cost, in a way not exceeding their market value. Same method is applied to depreciation and amortization accounts. Equity balances are restated with price correlations according to the dates these balances.
- All income statement accounts, excluding income statement accounts that are counterparty to non-monetary accounts of balance sheet, are restated based on the price correlations of the date they entered financial statements.
- Net monetary profit or loss resulting from inflation is the difference of adjustments made to non-monetary balance sheet accounts, equity accounts and income statement accounts. Net monetary profit or loss is then included in net profit or loss.

Impact of TAS 29 is summarized below:

i. *Restatement of Financial Statements*

Accounts that are not presented in terms of unit of measurement effective at the end of period within financial statements are restated. In relation to this, monetary accounts are not restated because they are presented in terms of unit of measurement effective at the end of period. Non-monetary accounts are required to be restated unless they are presented by their current value at the end of reporting period.

Net monetary profit or loss resulting from restatement of non-monetary accounts are included in income statement and they are also presented in other comprehensive income statement.

ii. *Restatement of Income Statement*

All accounts of income statement are presented by the unit of measurement at the end period. Therefore, all accounts are restated by applying monthly price index changes.

Cost of sales is restated with adjusted inventory balances.

**AKENERJİ ELEKTRİK ÜRETİM A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed Turkish Lira ("TL") based on the purchasing power of TL as of 31.12.2023 unless otherwise indicated.)

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

Depreciation and amortization expenses are restated with adjusted balances of fixed assets and right of use assets.

iii. *Restatement of Cash Flow*

All accounts of income statement are presented by the unit of measurement at the end period.

iv. *Consolidated Financial Statements*

A subsidiary's financial statements whose functional currency is a currency of a hyperinflation economy need to be restated before integrated into parent company's consolidated financial statements based on price correlations. If the subsidiary is based in a foreign economy, restatement is made by closing foreign exchange (FX) rates.

v. *Comparative Balances*

Balances of previous periods are restated with price correlations in order to present them in terms of unit of measurement effective at the end of period.

vi. *Comparative Information and Restatement of Previous Periods' Consolidated Financial Statements*

Group's financial statements are prepared comparatively to previous periods in order to detect financial position and performance trends. If necessary, comparative information is restated and material differences are explained in order to establish compliance with the presentation of current period consolidated financial statements.

**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 CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed Turkish Lira ("TL") based on the purchasing power of TL as of 31.12.2023 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 and effective interest rate of the Group over the subsidiary as of 31 December 2023 and 2022:

| Subsidiaries and branches   | Effective shareholding (%) |                  | Ownership interest (%) |                  |
|-----------------------------|----------------------------|------------------|------------------------|------------------|
|                             | 31 December 2023           | 31 December 2022 | 31 December 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                 | -                |
| Akenerji Toptan Khabat (**) | -                          | -                | 100,00                 | -                |
| Aken B.V. (***)             | 100,00                     | -                | 100,00                 | -                |

(\*) As of 31 December 2022, 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.

- c) The minority shareholders' share in the net assets and results of subsidiaries for the period are separately classified as non-controlling interest in the consolidated statement of financial position and statements of comprehensive income. There are no minority shares in subsidiaries of the Company.

**2.3 The new standards, amendments and interpretations**

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and Turkey Financial Reporting Interpretations Committee's ("TFRIC") interpretations effective as of 1 January 2023.

**i) The new standards, amendments and interpretations which are effective as at 31 December 2023 are as follows**

- **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.

**AKENERJİ ELEKTRİK ÜRETİM A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed Turkish Lira ("TL") based on the purchasing power of TL as of 31.12.2023 unless otherwise indicated.)

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

- **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 permitted a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts.
- **•Amendment to IAS 12 - International tax reform;** The temporary exception is effective for December 2023 year ends and the disclosure requirements are effective for accounting periods beginning on or after 1 January 2023, with early application permitted. These amendments give companies temporary relief from accounting for deferred taxes arising from the Minimum Tax Implementation Handbook international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

The amendments did not have a significant impact on the financial position or performance of the Group.

**ii) Standards, amendments and improvements issued but not yet effective and not early adopted as at 31 December 2022**

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 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. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
- **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.
- **Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.
- **Amendments to IAS 21 - Lack of Exchangeability;** effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
- **IFRS S1, 'General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain

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

- **IFRS S2, 'Climate-related disclosures'**; effective from annual periods beginning on or after 1 January 2024. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

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 Summary of significant accounting policies**

Significant accounting policies adopted in the preparation of consolidated financial statements are summarized below:

**Financial assets**

***Classification and measurement:***

Group classified its financial assets in three categories as financial assets carried at amortized cost, financial assets carried at fair value through profit or loss, financial assets carried at fair value through other comprehensive income. 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. Financial assets of the Group carried at amortized cost comprised of "trade receivables", "other receivables" and "cash and cash equivalents" in the statement of financial position.

*i. Trade and other receivables*

Trade and other receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortized cost. Receivables with short - term maturities which have no predefined interest rate is measured at the original invoice amount unless the effect of imputed interest is significant.

*ii. Cash and cash equivalents*

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short - term highly liquid investments with original maturities of 3 months or less. For the purpose of consolidated statements of cash flows, cash and cash equivalents includes cash and cash equivalents with original maturities less than 3 months, excluding the interest accruals. If any provision provided to the cash and cash equivalents as a result of a specific events, Group measures expected credit loss from these cash and cash equivalents 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 expectations for the future indications.

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

*Impairment*

Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost on its consolidated financial statements. In accordance with this method, if any provision provided to the trade receivables as a result of a specific events, the 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.

**(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 balance sheet date, they are classified as non - current assets. The Group make a choice 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:

*i) Financial assets carried at fair value through profit or loss*

Financial assets carried at fair value through profit or loss comprise of "derivative financial instruments" and "short-term financial investments" in the statement of financial position. Group's financial instruments at fair value through profit or loss consist of interest rate swap contracts, forward contracts and forward term electricity purchase and sale contracts, and short term financial investments consist of currency protected time deposits.

*- Derivatives held for trading*

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

The fair value of forward contracts calculated by calculating forward exchange rate, for remainder of agreement related foreign currency's prevailed market interest rate, and comparing it to reporting date forward exchange rate.

Forward exchange contracts are recorded as assets or liabilities in the balance sheet, respectively, depends on whether their fair values are positive or negative. Gains and losses arising from changes in the fair value of forward exchange contracts are recognized as income and expense in the income statement.

*ii) Financial investments*

The Group maintains a foreign currency protected time deposit account for hedging against interest rate and currency risk. The currency protected TL time deposit account is a deposit product that offers foreign currency protection in the event that the USD and EUR exchange rate in TL increase more than the interest rate at maturity. Currency protected time deposit products are measured at their fair value. Gains and losses arising from changes in fair values are recognized as income and expense in the consolidated statement of profit or losses.

**Financial liabilities**

Non - derivative financial liabilities of the Group comprised of "borrowings", "trade payables" and "other payables" in the statement of financial position.

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

*i. Borrowings*

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are derecognized from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

In the case of a financial liability modification, any costs or fees occurred regarding these liabilities is deducted from the carrying amount of the liability and amortized during the terms of the modified loan agreement by being.

If financing costs arising from the loans are associated with acquisition or construction of qualifying assets, they are included in cost value of qualifying assets. Qualifying assets refer to assets which require a long time to be available for use or sales as intended. Other borrowing costs are accounted in statement of profit or loss in the period they occur.

*ii. Trade and other payables*

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

**Recognition and de - recognition of financial instruments**

All purchases and sales of financial assets are recognized on the trade date i.e. the date that the Group commits to purchase or to sell the asset. These purchases or sales are the purchases or sales generally require delivery of assets within the time frame generally established by regulation or convention in the market place.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

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

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the consolidated financial statements.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

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

**Revenue recognition**

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

Group recognizes revenue based on the following 5 main principles:

- (a) Identification of customer contracts
- (b) Identification of performance obligations
- (c) Determination of transaction price in the contract
- (d) Allocation of price to performance obligations
- (e) Recognition of revenue when the performance obligations are fulfilled

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

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

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

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

The Group determines the transaction price in accordance with contract terms and customs of trade. Transaction price is the amount of consideration which is expected to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

The performance obligations of the Group in accordance with TFRS 15 "Revenue from Contracts with Customers" consists of electricity sales and electricity sales related ancillary services provided. The electricity sold is transferred to the customer by the electricity transmission lines. The customer consumes the economic benefit of the performance obligation of the Group at the same time it is transferred. Revenue of the electricity sold and electricity sales related side services provided are recognized at the time of the delivery.

*Electricity sales revenues*

Electricity sales revenues consist of invoiced amounts on an accrual basis, in the event of electricity delivery.

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

*Sharing of instability*

As the Group Responsible for Balance, it consists of savings sharing revenues arising from minimizing the positive or negative imbalance costs that the companies will be exposed to.

*Loading instruction revenues*

It is the income generated when a balancing power plant sells electricity to the system by increasing the generation of the power plant in line with the instructions given by the National Load Dispatch Center (MYTM).

*Secondary frequency control revenues*

Secondary Frequency Control (SFC) Revenues, in other words, automatic generation control, consist of the revenues paid to the power plants that won the SFC tender by Türkiye Elektrik Üretim İletim A.Ş. (TEİAŞ), arising from the management of the load distribution between the available power plants in operation.

*Capacity mechanism revenues*

It consists of the revenues paid by TEİAŞ, for the establishment and/or continuance of sufficient capacity, including the reserve capacity required to ensure supply security in the electricity market.

**Foreign currency transactions**

Transactions in foreign currencies during the period have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the balance sheet dates. Exchange gain or losses arising from the settlement and translation of foreign currency items have been included under financial income/expenses and other operating income/expenses in the consolidated statements of profit or loss.

**Inventories**

Inventories are valued at the lower of cost or net realizable value less costs to sell. Cost of inventories is comprised of the purchase cost and the cost of bringing inventories into their present location and condition. Inventories comprise of spare parts, lubricants and chemical materials required for the maintenance of the machines and equipment, and expensed as they are used. The cost of inventories is determined using the moving weighted average method.

**Related parties**

If one of the below listed criteria exists the party is regarded as related with the Group:

- a) Directly, or indirectly through one or more intermediaries, the party:
  - i) Controls, is controlled by, or is under common control with, the Group (this includes parents, subsidiaries and fellow subsidiaries),
  - ii) Has an interest in the Group that gives it significant influence over the Group, or
  - iii) Has joint control over the Group,
- b) The party is an associate of the Group,
- c) The party is a joint venture in which the Group is a venture,
- d) The party is member of the key management personnel of the Group or its parent,
- e) The party is a close member of the family of any individual referred to in (a) or (d),
- f) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e), or
- g) The party has a post - employment benefit plan for the benefit of employees of the Group, or of an entity that is a related party of the Group.

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

Related party transactions are transfer of resources or obligations between related parties, regardless of whether a price is charged. A number of transactions are entered into with related parties in the normal course of business.

**Property, plant and equipment**

The Group, has chosen the revaluation method among application methods mentioned under IAS 16 for lands, land improvements, buildings, machinery and equipment belonging its power plants commencing from 30 September 2015. As at 31 December 2023, the Group used as a base fair value determined an independent valuation company licensed by CMB for lands, land improvements, buildings, machinery and equipment. Motor vehicles, furniture and fixtures, and leasehold improvements are presented on consolidated financial statements at their carrying amounts. Fair value of land, land improvements, buildings, machinery and equipment are subjected to valuation is determined by using "Income Approach - discounted cash flow analysis".

Increase in property, plant and equipment due to the revaluation are credited after netting of the deferred tax effect in "increase on revaluation of property, plant and equipment" account under shareholders' equity in the balance sheet. The difference between amortization (reflected in income statement) calculated by the carried amounts of revalued assets and amortization calculated by the acquisition costs of these assets is transferred to "retained earnings/(losses) account from the "increase on revaluation of property, plant and equipment" account after netting of the deferred tax effect on a yearly basis. The same method is also applicable for disposals of property, plant and equipment.

The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is performed.

Land is not depreciated as it is deemed to have an indefinite useful life. Depreciation is provided on restated costs of property, plant and equipment using the straight - line method based on the estimated useful lives of the assets. The useful lives of assets are presented below:

|                         | <b>Years</b> |
|-------------------------|--------------|
| Buildings               | 30 - 50      |
| Land improvements       | 2 - 46       |
| Machinery and equipment | 2 - 40       |
| Motor vehicles          | 2 - 10       |
| Furniture and fixtures  | 2 - 50       |
| Leasehold improvements  | 4 - 37       |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Expenses for the repair of property, plant and equipment are normally charged as expense. They are, however, capitalized if they result in an enlargement or substantial improvement of the respective assets.

Gains or losses on disposals of property, plant and equipment which are calculated as the difference between net carrying value and the collections made are included in the related income and expense accounts, as appropriate.

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

**Intangible assets**

Intangible assets are carried at cost less accumulated depreciation and impairment losses. Intangible assets comprise licenses and computer software.

*Commercial business licenses*

Commercial business licenses which obtained separately are recorded as cost values. Licenses are amortized on a straight - line basis over their estimated useful lives of 13 - 49 years. Commercial business licenses have a limited useful life and are followed up with their future values accumulated amortization from cost is deducted from the time the license term start to be used

*Computer software*

Computer software are recorded at acquisition cost and amortized on a straight-line basis over their estimated useful lives of 3 - 15 years. Where an indication of impairment exists, the carrying amount of any intangible assets is assessed and written down immediately to its recoverable amount.

**Leases**

***The Group – as a lessee***

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Group assess whether:

- a) The contract involved the use of an identified asset – this may be specified explicitly or implicitly,
- b) The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified,
- c) The Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use,
- d) The Group has the right to direct use of the asset. The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:
  - i. The Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
  - ii. The Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used.

At inception of a contract that contains a lease, the Group recognizes a right of use asset and a lease liability in its financial statements.

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

*Right of use asset*

The right of use asset is initially recognized at cost comprising of:

- a) Amount of the initial measurement of the lease liability,
- b) Any lease payments made at or before the commencement date, less any lease incentives received,
- c) Any initial direct costs incurred by the Group,
- d) An estimate of costs to be incurred by the lessee for restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).

The Group re - measure the right of use asset:

- a) After netting - off depreciation and reducing impairment losses from right of use asset,
- b) Adjusted for certain re - measurements of the lease liability recognized at the present value.

The Group depreciates right-of-use assets using the straight-line method based on their useful life. The usage periods of the Group's right-of-use assets vary between 3 and 38 years.

The Group applies TAS 36 Impairment of Assets Standard to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

**Lease liability**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the Group's incremental borrowing rate.

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

- a) Fixed payments, including in - substance fixed payments,
- b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date,
- c) The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewable period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain to terminate early.

After initial recognition, the lease liability is measured:

- a) Increasing the carrying amount to reflect interest on lease liability,
- b) Reducing the carrying amount to reflect the lease payments made,
- c) Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in - substance fixed lease payments. The Group adjusts the right of use asset in accordance with the reassessment of the lease liability.

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

**Extension and termination options**

In determining the lease liability, the Group considers the extension and termination options. The majority of extension and termination options held are exercisable both by the group and by the respective lessor. Extension options are included in the lease term if the lease is reasonably certain to be extended. The group remeasures the lease term, if a significant event or a significant change in circumstances occurs which affects the initial assessment.

**Exemptions and simplifications**

Short - term lease payments with a lease term below 12 months and payments for leases of low - value assets like IT equipment (mainly printers, laptops and mobile phones etc.) are not included in the measurement of the lease liabilities in the scope of exemptions provided in TFRS 16 "Leases". Lease payments of these contracts are continued to be recognized in profit or loss in the related period. The Group applied a single discount rate to a portfolio of leases which have similar characteristics (asset classes which have similar remaining rent periods in a similar economic environment).

***The Group - as a lessor***

The Group does not have significant operations as a lessor.

**Impairment of non - financial assets**

All assets are reviewed for impairment losses including property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. Impairment losses are recognized in the statement of comprehensive income.

Impairment losses on assets can be reversed, to the extent of previously recorded impairment losses, in cases where increases in the recoverable value of the asset can be associated with events that occur subsequent to the period when the impairment loss was recorded.

**Provisions, contingent liabilities and assets**

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

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.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized. A contingent asset is disclosed where an inflow of economic benefit is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

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

**Provisions for employee benefits**

*Employment termination benefits*

Employment termination benefits, as required by the Turkish Labour Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Company arising in case of the retirement of the employees, termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one-year service. Provision which is allocated by using defined benefit pension's current value is calculated by using prescribed liability method. Actuarial gains and losses are recognized as other comprehensive income or loss in shareholders' equity in the period in which they arise.

*Provision for unused vacation rights*

The Group is required to pay to the employee, whose employment is terminated due to any reasons, or to its inheritors, the wage of the deserved and unused vacation rights over the prevailing wage at the date the contract is terminated. Accordingly, the Group recognizes a provision for unused vacation days as a long term employee benefits. Provision for unused vacation days is measured on an undiscounted basis and are expensed as the related service is provided.

**Current and deferred taxes**

The tax expense for the year comprises current and deferred tax. Tax is recognized in the statement of profit or loss, except to the extent that it relates to items recognized directly in equity. In such case, the tax is also recognized in shareholders' equity.

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date and includes adjustments related to previous years' tax liabilities.

Deferred income tax is provided, using the liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Tax bases of assets and liabilities comprise of the amounts that will impact taxable income in future periods based on the tax legislation. Currently enacted tax rates, which are expected to be effective during the periods when the deferred income tax assets will be utilized or deferred income tax liabilities will be settled, are used to determine deferred income tax.

Deferred income tax assets and liabilities are recognized to the extent that they will impact taxes to be paid in the periods that temporary differences will disappear. Deferred income tax liabilities are recognized for all taxable temporary differences, where deferred income 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.

Carrying value of deferred income tax assets are decreased to the extent necessary, if future taxable profits are not expected to be available to utilize deferred income tax assets partially or fully.

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

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

Deferred tax relating to items recognized directly in equity is recognized in equity.

**Dividends**

Dividends receivable are recognized as income in the period when they are declared. Dividends payable are recognized as an appropriation of profit in the period in which they are declared.

**Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds

**Share premium**

Share premium represents differences resulting from the sale of the Company's Subsidiaries' shares at a price exceeding the face value of those shares or differences between the face value and the fair value of shares issued for acquired companies.

**Reporting of cash flows**

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

Cash flows from operating activities indicate cash flows due to the Group's operations.

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

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

**Subsequent events**

Subsequent events consist of all events between balance sheet date and date of authorization for validity, even if they have been existed after public explanation of an announcement about profit or other financial information. In the case that events requiring an adjustment to the financial statements occur subsequent to the balance sheet date, the Group makes the necessary corrections on the financial statements.

**Earnings/(losses) per share**

Earnings per share are determined by dividing net gain by the weighted average number of shares that have been outstanding during the related year concerned. In Turkey, companies can increase their share capital by making a pro - rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and allowable reserves. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and each earlier year.

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

**2.6 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.

**2.7 Critical accounting estimates and judgments**

The preparation of consolidated financial statements requires estimates and assumptions to be made regarding the amounts for the assets and liabilities at the balance sheet date, and explanations for the contingent assets and liabilities as well as the amounts of income and expenses realized in the reporting period. Although, the estimates and assumptions are based on the best of knowledge of events and transactions of the Group management, those may not be equal to the related actual results.

The estimates and assumptions that may cause a material adjustment to the carrying amounts of assets and liabilities are addressed 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.

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 31 December 2023. Carry forward tax losses amounting to TL 3.304.267.270 (31 December 2022: TL 1.950.728.268) (Note 21) (balances are presented in their historic cost). As of 31 December 2023, the deferred tax asset has not been calculated by considering the foreseeable future profit expectations prepared by the Group and the deferred tax liabilities in the relevant periods.

According to General Statement of Tax Procedure Law regarding hyperinflation (#555), published on Official Gazette #32415 in 30 December 2023; limited to adjustments made to 2023 year end statement of financial position, costs of assets which their useful life remain and depreciation not calculated from financial costs deducted from purchase price, are allowed to written as costs for the year 2024 and following 5 years and in equal installments. Within that regard, the Group does not calculate deferred taxes but has TL 7.077.405.440 financial costs that did not depreciated (Note 21).

*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 to 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 2023, 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.

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

Income Approach, discounted cash flow analysis (Level 3) is used by the valuation company for valuation reports of 31 December 2023 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 10,31% which is in line with the current macroeconomic market conditions. The increase in the discount rate has a negative effect on the fair value of the power plants. Valuation decrease portion of fair value is represented in consolidated statement of profit & loss and the rest of the value is accounted in consolidate statement of other comprehensive income (and in relation to that, in equity). Valuation report is prepared by an independent valuation firm which has the required CMBT license and professional know-how. The revaluation fund movement as of 31 December 2023 is disclosed in Note 14.

Within the frame of these valuations, the following basic assumptions has been used:

**Valuation assumptions**

| <b>Valuated power plant type</b> | <b>Weighted capital cost rate (%)</b> | <b>Installed capacity (MW)</b> | <b>Capacity utilization rate(%)</b> |
|----------------------------------|---------------------------------------|--------------------------------|-------------------------------------|
| Uluabat HES                      | 10,31                                 | 100                            | 35,00                               |
| Feke II HES                      | 10,31                                 | 70                             | 23,00                               |
| Gökkaya HES                      | 10,31                                 | 30                             | 34,00                               |
| Feke I HES                       | 10,31                                 | 30                             | 35,30                               |
| Burç Bendi HES                   | 10,31                                 | 28                             | 31,00                               |
| Himmetli HES                     | 10,31                                 | 27                             | 36,40                               |
| Bulam HES                        | 10,31                                 | 7                              | 37,20                               |
| Ayyıldız RES                     | 10,31                                 | 28                             | 34,00                               |
| Sungurlu BES                     | 10,31                                 | 2,17                           | 82,20                               |

  

| <b>Valuated power plant type</b> | <b>Weighted capital cost rate (%)</b> | <b>Installed capacity (MW)</b> | <b>Capacity utilization rate(%)</b> |
|----------------------------------|---------------------------------------|--------------------------------|-------------------------------------|
| Erzin DGKÇS                      | 10,31                                 | 904                            | 52                                  |

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

The electricity sales prices used are 75-90 USD/MWh for HEPPs and WPP. In case the electricity prices used in the valuation models prepared for HEPPs and WPP increased or decreased by 10% and if all other variables are held constant, property, plant and equipment amount for HEPPs, WPP and BES recognized in consolidated financial statements would have been increased by TL 1.979 million or decreased by TL 2.043 million. In case the sales volume increased or decreased by 10%, if all other variables are held constant, property, plant and equipment amount for HEPPs and WPP recognized in consolidated financial statements would have been increased by TL 1.935 million or decreased by TL 1.995 million. In case the weighted capital cost ratio increased or decreased by 100 basis point, if all other variables are held constant, property, plant and equipment amount for HEPPs, WPP and BES recognized in consolidated financial statements would have been decreased by TL 1.107 million or increased by TL 1.282 million.

The spark spread used in the Erzin NGCCPP is 2-28 USD/MWh. In case the forward-looking spark spread estimates used in the valuation model of Erzin NGCCPP increased or decreased by 10% during the operating hours, and if all other variables are held constant, property, plant and equipment amount for Erzin NGCCPP recognized in consolidated financial statements would have been increased by TL 699 million or decreased by TL 693 million. In case the weighted capital cost ratio increased or decreased by 100 basis point, and if all other variables are held constant, property, plant and equipment amount for Erzin NGCCPP recognized in consolidated financial statements would have been decreased by TL 746 million or increased by TL 859 million.

**2.8 Going concern**

The Group prepares 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. As of 31 December 2023, the Group's earnings before interest, taxes, depreciation, and amortization (EBITDA) reached TL 2.781.746.112 (31 December 2022: TL 3.804.018.699) and the cash flows generated from its operations amounted to TL 2.744.924.180 (31 December 2022: TL 3.633.672.375). The Group has met all its obligations to banks for the year 2023 using the cash flows generated from its operations. In addition, the Group has reduced its future financial obligations by paying off 35 million USD of its debt early using its cash surplus. Despite revenue losses caused by the "Support Mechanism Based on Resources" introduced in April 2022, the Group has managed to significantly increase its consolidated gross profit through the high level of operational efficiency achieved in providing ancillary services (Secondary Frequency Control, 0-1 coded instructions, Capacity Mechanism, etc.). Support Mechanism Based on Resources is terminated as of October 2023.

On the other hand, the Group continued and focused its commercial activities on international physical electric export and financial electric products transactions in 2023 and raised its foreign currency revenue significantly.

Natural gas purchases have an important place in the production costs due to the production activities of the Group's Erzin Combined Cycle Power Plant. Due to high natural gas import costs and rising exchange rate, Botaş remains as natural gas supplier as of 2023. On the other hand, falling gas import prices because of the temperature being higher than expected, failure of gas demand increase at Europe and Asia and high depo fulfillment rates are monitored closely. Efforts for identifying opportunities to decrease monthly gas prices are ongoing.

**AKENERJİ ELEKTRİK ÜRETİM A.Ş.**

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

The Group holds a loan of TL and USD taken at 11 November 2019 which signed with Yapı ve Kredi Bankası A.Ş. as the implementation of "Financial Restructuring" and has decreased its USD 859 million loan to USD 461 million (accrued interest excluded) by debt service payments and early capital payments made before their maturity. The repayment schedule for 3<sup>rd</sup> and 4<sup>th</sup> portions of the loan which was restructured in 2019, was arranged through installments until 2032 according to the estimated cash-generating capacity of the Group. This has been a factor that reduced the pressure on the cash flow, thereby positively affecting the financial sustainability and competitive strength of the Group. In addition, 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 of 31 December 2023, Group's current liabilities exceed its current assets by TL 5.696 million. The main reason behind this excess is the 2024 portions of long-term loans, worth TL 6.752 million (Not 6). Group is expecting to cover a significant portion of this loan with cash generated from operations alongside its existing cash. Group assesses every opportunity to benefit itself and provide a positive effect on cash flow continuously with finance institutions. Group approaches to debt coverage proactively and considering its short- and long-term liabilities. Considering the high limits of working capital Group has, liquidity risk is minimized.

As a result of action taken in order to increase both operating profit and cash flows from operating activities, Group prepares its consolidated financial statements on a going concern basis in a foreseeable future.

**2.9 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 - SEGMENT REPORTING**

The Group does not have reportable segments activities. The activity of the Group consists only of electricity production and trade.

**NOTE 4 - CASH AND CASH EQUIVALENTS**

The details of the cash and cash equivalents of the Group as of 31 December 2023 and 2022 are as follows:

|                                                                      | <b>31 December 2023</b> | <b>31 December 2022</b> |
|----------------------------------------------------------------------|-------------------------|-------------------------|
| Cash                                                                 | -                       | 10.403                  |
| Banks                                                                |                         |                         |
| - Demand deposits                                                    | 214.692.993             | 1.756.834.197           |
| - Time deposits                                                      | 955.696.438             | 300.602.980             |
|                                                                      | <b>1.170.389.431</b>    | <b>2.057.447.580</b>    |
| Restricted cash                                                      | (25.729.326)            | (101.684.338)           |
| Interest accrual                                                     | (580.646)               | (144.532)               |
| <b>Cash and cash equivalents provided in statement of cash flows</b> | <b>1.144.079.459</b>    | <b>1.955.618.710</b>    |

As of 31 December 2023, TL 1.114.065.239 of the Group's demand deposits, time deposits and Eurobond funds are in foreign currency and details of the original currency is stated in Note 30.

As of 31 December 2023, the average effective interest rate for TL and Euro time deposits is 39,42% (2022: 16,78%) and 3,32% (31 December 2022: None) respectively.

The remaining day to maturity of time deposits as of 31 December 2023 is shorter than one month.

As of 31 December 2023, the Group's restricted cash at Takasbank amounting to TL 25.729.326 (2022: TL 101.684.338) is related with the electricity and natural gas sales operations, trading and debt reserve account of the Group.

**NOTE 5 - FINANCIAL INVESTMENTS**

**a) Short-term financial investments**

|                                              | <b>31 December 2023</b> | <b>31 December 2022</b> |
|----------------------------------------------|-------------------------|-------------------------|
| Exchange rate protected TL time deposits (*) | 130.100.427             | 133.144.745             |
|                                              | <b>130.100.427</b>      | <b>133.144.745</b>      |

(\*) Exchange rate-protected TL time deposit is a deposit product that provides foreign exchange hedging in case the USD and EUR exchange rates against TL are increased more than the interest rate at the end of the term. Exchange rate-protected TL time deposits are accounted as financial assets at fair value through profit or loss.

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**NOTE 5 - FINANCIAL INVESTMENTS (Continued)**

As of 31 December 2023, the nominal and fair value amounts of exchange rate-protected TL time deposit accounts:

| Currency | 31 December 2023                      |                               |
|----------|---------------------------------------|-------------------------------|
|          | Nominal amount<br>(Original currency) | Fair value<br>(TL Equivalent) |
| TL       | 135.927.955                           | 130.100.427                   |

**b) Long-term financial investments**

|                        | 31 December 2023 | 31 December 2022 |
|------------------------|------------------|------------------|
| Long - term securities | 100.000          | 100.000          |
| Monetary gain/loss     | 650.444          | 650.443          |
| <b>Total</b>           | <b>750.444</b>   | <b>750.443</b>   |

Akenerji Toptan, a subsidiary of the Group, has participated to Enerji Piyasaları İşletme Anonim Şirketi ("EPIAŞ") who is established with a share capital TL 61.572.770, by 0,16% with 100.000 C Type shares. (31 December 2022: TL 100.000).

**NOTE 6 - BORROWINGS**

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

|                                                         | 31 December 2023      | 31 December 2022      |
|---------------------------------------------------------|-----------------------|-----------------------|
| <b>Short-term portion of long term borrowings</b>       |                       |                       |
| - Bank loans                                            | 6.751.848.138         | 1.108.756.368         |
| - Lease liabilities                                     | 50.892.841            | 47.525.450            |
| <b>Total short-term portion of long term borrowings</b> | <b>6.802.740.979</b>  | <b>1.156.281.818</b>  |
| <b>Long term borrowings</b>                             |                       |                       |
| - Bank loans                                            | 8.741.163.981         | 17.837.624.392        |
| - Lease liabilities                                     | 243.142.913           | 263.980.446           |
| <b>Total long term borrowings</b>                       | <b>8.984.306.894</b>  | <b>18.101.604.838</b> |
| <b>Total short term and long term borrowings</b>        | <b>15.787.047.873</b> | <b>19.257.886.656</b> |

Letters of guarantee given, pledges and mortgages related to financial liabilities are disclosed in Note 17.

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**NOTE 6 - BORROWINGS (Continued)**

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

| <b>31 December 2023</b>                                                    |                 |                                  |                        |                      |
|----------------------------------------------------------------------------|-----------------|----------------------------------|------------------------|----------------------|
|                                                                            | <b>Currency</b> | <b>Effective Interest rate %</b> | <b>Original Amount</b> | <b>Amount in TL</b>  |
| Short - term portion of long - term bank loans                             | USD             | 7,75                             | 107.306.258            | 3.158.903.099        |
| Short - term portion of long - term bank loans                             | TL              | 12,28                            | 3.592.945.039          | 3.592.945.039        |
| Short - term portion of long - term lease liabilities                      | EUR             | 5,56                             | 1.602.697              | 52.206.077           |
| Interest cost of short - term portion of long - term lease liabilities (-) | EUR             | 5,56                             | (332.529)              | (10.831.760)         |
| Short - term portion of long - term lease liabilities                      | TL              | 18,76                            | 9.518.524              | 9.518.524            |
| <b>Total short - term borrowings</b>                                       |                 |                                  |                        | <b>6.802.740.979</b> |
| Long - term bank loans                                                     | USD             | 7,75                             | 296.932.692            | 8.741.163.981        |
| Long - term bank loans                                                     | TL              | 12,28                            | -                      | -                    |
| Long - term lease liabilities                                              | EUR             | 5,56                             | 6.530.108              | 212.711.079          |
| Interest cost of long - term lease liabilities (-)                         | EUR             | 5,56                             | (1.599.486)            | (52.101.504)         |
| Long - term lease liabilities                                              | TL              | 18,76                            | 82.533.338             | 82.533.338           |
| <b>Total long - term borrowings</b>                                        |                 |                                  |                        | <b>8.984.306.894</b> |

| <b>31 December 2022</b>                                                    |                 |                                  |                        |                       |
|----------------------------------------------------------------------------|-----------------|----------------------------------|------------------------|-----------------------|
|                                                                            | <b>Currency</b> | <b>Effective Interest rate %</b> | <b>Original Amount</b> | <b>Amount in TL</b>   |
| Short - term portion of long - term bank loans                             | USD             | 7,92                             | 35.994.565             | 1.108.756.368         |
| Short - term portion of long - term lease liabilities                      | EUR             | 3,4                              | 1.420.291              | 46.643.221            |
| Interest cost of short - term portion of long - term lease liabilities (-) | EUR             | 3,4                              | (232.741)              | (7.643.346)           |
| Short - term portion of long - term lease liabilities                      | TL              | 18,45                            | 8.525.575              | 8.525.575             |
| <b>Total short - term borrowings</b>                                       |                 |                                  |                        | <b>1.156.281.818</b>  |
| Long - term bank loans                                                     | USD             | 7,92                             | 407.946.823            | 12.566.164.701        |
| Long - term bank loans                                                     | TL              | 12,28                            | 5.271.459.691          | 5.271.459.691         |
| Long - term lease liabilities                                              | EUR             | 3,4                              | 7.225.092              | 237.276.374           |
| Interest cost of long - term lease liabilities (-)                         | EUR             | 3,4                              | (1.180.309)            | (38.762.052)          |
| Long - term lease liabilities                                              | TL              | 18,45                            | 65.466.124             | 65.466.124            |
| <b>Total long - term borrowings</b>                                        |                 |                                  |                        | <b>18.101.604.838</b> |

As of 31 December 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%).

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**NOTE 6 - BORROWINGS (Continued)**

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

|                   | <b>31 December 2023</b> | <b>31 December 2022</b> |
|-------------------|-------------------------|-------------------------|
| Up to 1 - 2 years | 1.176.069.742           | 9.408.425.703           |
| Up to 2 - 3 years | 1.277.380.879           | 1.134.096.735           |
| Up to 3 - 4 years | 1.337.878.175           | 1.231.792.157           |
| Up to 4 - 5 years | 1.169.340.584           | 1.290.130.351           |
| More than 5 years | 3.780.494.601           | 4.773.179.446           |
|                   | <b>8.741.163.981</b>    | <b>17.837.624.392</b>   |

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

|                    | <b>31 December 2023</b> | <b>31 December 2022</b> |
|--------------------|-------------------------|-------------------------|
| Up to 1 - 2 years  | 40.985.947              | 42.853.944              |
| Up to 2 - 3 years  | 40.879.686              | 41.840.900              |
| Up to 3 - 4 years  | 38.928.538              | 39.900.146              |
| Up to 4 - 5 years  | 42.153.129              | 39.576.018              |
| Up to 5 - 6 years  | 3.344.268               | 42.329.003              |
| Up to 6 - 7 years  | 2.158.463               | 1.582.923               |
| Up to 7 - 8 years  | 773.732                 | 701.491                 |
| Up to 8 - 9 years  | 870.490                 | 571.767                 |
| Up to 9 - 10 years | 811.454                 | 643.269                 |
| More than 10 years | 72.237.206              | 53.980.985              |
|                    | <b>243.142.913</b>      | <b>263.980.446</b>      |

**Compliance with the financial covenants**

According to the Loan Agreement signed at 11 November 2019, under the terms of the loan agreement, the Group is required to comply with the financial covenant included of having a debt service cover ratio greater than 1,05 until end of the term of the contract. As of 31 December 2023, the Group is compliant with the financial covenant.

As of 31 December 2023, and 2022, the movements of borrowings are as follows:

|                                                         | <b>2023</b>           | <b>2022</b>           |
|---------------------------------------------------------|-----------------------|-----------------------|
| <b>1 January</b>                                        | <b>19.257.886.656</b> | <b>15.229.290.290</b> |
| Cash flow impact                                        | (2.459.799.784)       | (2.141.482.974)       |
| Change in unrealized foreign exchange differences       | 6.164.533.280         | 8.379.456.006         |
| Change in interest accruals and amortization commission | 1.578.830.869         | 3.161.279.491         |
| Changes in lease liabilities                            | 71.186.703            | 46.068.171            |
| Monetary gain                                           | (8.825.589.851)       | (5.416.724.328)       |
| <b>31 December</b>                                      | <b>15.787.047.873</b> | <b>19.257.886.656</b> |

**AKENERJİ ELEKTRİK ÜRETİM A.Ş.**

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**NOTE 7 - TRADE RECEIVABLES**

**a) Short term trade receivables**

|                                                    | <b>31 December 2023</b> | <b>31 December 2022</b> |
|----------------------------------------------------|-------------------------|-------------------------|
| - Trade receivables from related parties (Note 29) | 125.479.979             | 936.247.000             |
| - Trade receivables from third parties             | 710.484.538             | 2.746.904.931           |
|                                                    | <b>835.964.517</b>      | <b>3.683.151.931</b>    |
| Provision for doubtful receivables                 | (19.430.467)            | (32.360.397)            |
|                                                    | <b>816.534.050</b>      | <b>3.650.791.534</b>    |

As of 31 December 2023, trade receivable maturities which less than 1 months and unearned finance income from credit sales does not exist (31 December 2022: Trade receivable maturities which less than 1 months and unearned finance income from credit sales does not exist).

The movements for provision for doubtful receivables are as follows:

|                                | <b>2023</b>       | <b>2022</b>       |
|--------------------------------|-------------------|-------------------|
| <b>1 January</b>               | <b>32.360.397</b> | <b>53.164.950</b> |
| No longer subject to provision | (278.299)         | (6.024)           |
| Monetary gain/loss             | (12.651.631)      | (20.798.529)      |
| <b>31 December</b>             | <b>19.430.467</b> | <b>32.360.397</b> |

As of 31 December 2023, the amount of receivables which are overdue and impaired is TL 19.430.467 (31 December 2022: TL 32.360.397). The aging list of these receivables as of 31 December 2023 and 2022 is as follows:

|                     | <b>31 December 2023</b> | <b>31 December 2022</b> |
|---------------------|-------------------------|-------------------------|
| More than 12 months | 19.430.467              | 32.360.397              |
|                     | <b>19.430.467</b>       | <b>32.360.397</b>       |

The Group recognizes the impairment of trade receivables, weighting the lifetime expected credit losses by default (Probability of Default) for all trade receivables on each customer basis and including non - overdue receivables.

The amount of trade receivables that are past due but not impaired is TL 212.240.186 as of 31 December 2023 (31 December 2022: TL 895.193.392). The aging list of these receivables as of 31 December 2023 and 2022 is as follows:

|                         | <b>31 December 2023</b> | <b>31 December 2022</b> |
|-------------------------|-------------------------|-------------------------|
| 1 to 3 months           | 208.998.186             | 889.852.176             |
| 3 to 12 months and over | 3.242.000               | 5.341.215               |
|                         | <b>212.240.186</b>      | <b>895.193.392</b>      |

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**NOTE 8 - OTHER RECEIVABLES**

**a) Short - term other receivables**

|                                        | <b>31 December 2023</b> | <b>31 December 2022</b> |
|----------------------------------------|-------------------------|-------------------------|
| - Other receivables from third parties | 15.336.860              | 10.524.892              |
|                                        | <b>15.336.860</b>       | <b>10.524.892</b>       |

As of 31 December 2023 and 2022, the details of short - term receivables of the Group from third parties are as follows:

|                                              | <b>31 December 2023</b> | <b>31 December 2022</b> |
|----------------------------------------------|-------------------------|-------------------------|
| Receivables from tax office                  | 15.002.486              | 9.051.118               |
| Receivables from various public institutions | 236.914                 | 78.566                  |
| Deposits and guarantees given                | 18.500                  | 30.477                  |
| Short - term other receivables               | 78.960                  | 1.364.731               |
|                                              | <b>15.336.860</b>       | <b>10.524.892</b>       |

**b) Long - term other receivables**

|                                          | <b>31 December 2023</b> | <b>31 December 2022</b> |
|------------------------------------------|-------------------------|-------------------------|
| - Other receivables from related parties | 23.907.330              | 51.526.306              |
|                                          | <b>23.907.330</b>       | <b>51.526.306</b>       |

As of 31 December 2023 and 2022, the details of long - term receivables of the Group from third parties are as follows:

|                               | <b>31 December 2023</b> | <b>31 December 2022</b> |
|-------------------------------|-------------------------|-------------------------|
| Deposits and guarantees given | 23.907.330              | 51.526.306              |
|                               | <b>23.907.330</b>       | <b>51.526.306</b>       |

**NOTE 9 - TRADE PAYABLES**

**a) Short - term trade payables**

|                                               | <b>31 December 2023</b> | <b>31 December 2022</b> |
|-----------------------------------------------|-------------------------|-------------------------|
| - Trade payables to third parties             | 825.411.127             | 3.477.589.079           |
| - Trade payables to related parties (Note 29) | 178.750.127             | 364.103.724             |
|                                               | <b>1.004.161.254</b>    | <b>3.841.692.803</b>    |

As of 31 December 2023, the average maturity of trade payables is 30 days.

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**NOTE 10 - OTHER PAYABLES**

**a) Short - term other payables**

|                                   | <b>31 December 2023</b> | <b>31 December 2022</b> |
|-----------------------------------|-------------------------|-------------------------|
| - Other payables to third parties | 251.311.912             | 343.113.591             |
|                                   | <b>251.311.912</b>      | <b>343.113.591</b>      |

As of 31 December 2023, and 2022, details of short - term other payables of the Group are as follows:

|                              | <b>31 December 2023</b> | <b>31 December 2022</b> |
|------------------------------|-------------------------|-------------------------|
| Payables to DSİ (*)          | 161.863.716             | 183.413.404             |
| Taxes and funds payable      | 57.353.715              | 138.577.731             |
| Deposit and guarantees taken | 30.912                  | 50.924                  |
| Other payables               | 32.063.569              | 21.071.532              |
|                              | <b>251.311.912</b>      | <b>343.113.591</b>      |

**b) Long - term other payables**

|                                   | <b>31 December 2023</b> | <b>31 December 2022</b> |
|-----------------------------------|-------------------------|-------------------------|
| - Other payables to third parties | 534.092.073             | 708.936.280             |
|                                   | <b>534.092.073</b>      | <b>708.936.280</b>      |

The details of long - term other payables of the Group as of 31 December 2023 and 2022 are as follows:

|                                  | <b>31 December 2023</b> | <b>31 December 2022</b> |
|----------------------------------|-------------------------|-------------------------|
| Payables to DSİ (*)              | 469.104.877             | 643.004.280             |
| Other long - term trade payables | 64.987.196              | 65.932.000              |
|                                  | <b>534.092.073</b>      | <b>708.936.280</b>      |

- (\*) The Group signed an agreement with the General Directorate of State Hydraulic Works (DSİ) Department of Investigation and Planning for the Water Usage of Ulubat Power Tunnel and Hydroelectric Energy Power Plant within the scope of the Emet - Orhaneli Çınarcık Dam Project on 6 June 2005. In accordance with the agreement, the liabilities relating to the Energy Share Contribution Fee to be paid for the project are incurred at the commissioning date, and the payments will start after 5 years and with 10 equal installments, where these liabilities are subject to indexation with the Producer Price Index (PPI). Based on the letter received from DSİ on October 8, 2019, the number of common facility installments that have been published in the Official Gazette has been revised as 15 installments. As of the balance sheet date, 7 installments reported by DSİ have been paid and the remaining installments are indexed by PPI and the amount reclassified as short - term other payables to third parties amounting to TL 161.863.716 (31 December 2022: TL 183.413.404) and long - term other payables to third parties amounting to TL 469.104.877 (31 December 2022: TL 643.004.280).

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**NOTE 11 - PREPAID EXPENSES**

Prepaid expenses as of 31 December 2023 and 2022 are as follows:

**a) Short - term prepaid expenses**

|                                       | <b>31 December 2023</b> | <b>31 December 2022</b> |
|---------------------------------------|-------------------------|-------------------------|
| Prepaid expenses for following months | 133.781.199             | 150.359.918             |
| Advances given for purchases          | 18.105.738              | 57.308.487              |
|                                       | <b>151.886.937</b>      | <b>207.668.405</b>      |

**b) Long - term prepaid expenses**

|                                          | <b>31 December 2023</b> | <b>31 December 2022</b> |
|------------------------------------------|-------------------------|-------------------------|
| Advances given for fixed asset purchases | 248.497.349             | 254.519.037             |
| Prepaid expenses for following years     | 3.855.747               | 343.142                 |
|                                          | <b>252.353.096</b>      | <b>254.862.179</b>      |

**NOTE 12 - INVENTORIES**

**a) Short - term inventories**

|                     | <b>31 December 2023</b> | <b>31 December 2022</b> |
|---------------------|-------------------------|-------------------------|
| Raw materials       | 109.253.607             | 50.974.285              |
| Spare parts         | 12.640.620              | 18.137.041              |
| Work in progress    | 4.299.011               | 2.431.623               |
| Other raw materials | 3.182.436               | 2.813.246               |
|                     | <b>129.375.674</b>      | <b>74.356.195</b>       |

**b) Long - term inventories**

|                 | <b>31 December 2023</b> | <b>31 December 2022</b> |
|-----------------|-------------------------|-------------------------|
| Spare parts (*) | 40.677.822              | 78.018.791              |
|                 | <b>40.677.822</b>       | <b>78.018.791</b>       |

(\*) TL 40.677.822 (31 December 2022: TL 78.018.791) of spare parts classified in long - term inventories with an amount of TL 27.794.065 (31 December 2022: TL 53.225.411) are related to the Erzin combined natural gas cycle power plant held within the scope of long - term maintenance contracts and remaining spare parts amounting to TL 12.883.757 (31 December 2022: TL 24.793.380) belongs to the other power plants of the Group are held for the purpose of repair and maintenance necessities. Such spare parts are reclassified under long term inventories by considering their estimated usage period interval. The Group manages the level of its spare parts by considering the planned maintenance schedule and the ability of intervening the incidents immediately.

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**NOTE 13 - OTHER ASSETS**

**a) Other current assets**

|                    | <b>31 December 2023</b> | <b>31 December 2022</b> |
|--------------------|-------------------------|-------------------------|
| Deferred VAT       | 104.658.023             | 62.082.060              |
| Personnel advances | 1.326.756               | 1.210.896               |
| Job advances       | 710.534                 | 448.343                 |
|                    | <b>106.695.313</b>      | <b>63.741.299</b>       |

**b) Other non-current assets**

|              | <b>31 December 2023</b> | <b>31 December 2022</b> |
|--------------|-------------------------|-------------------------|
| Deferred VAT | 226.664.224             | 201.498.167             |
|              | <b>226.664.224</b>      | <b>201.498.167</b>      |

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

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(Amounts expressed Turkish Lira ("TL") based on the purchasing power of TL as of 31.12.2023 unless otherwise indicated.)

**NOTE 14 - PROPERTY, PLANT AND EQUIPMENT**

|                                 | 1 January 2023         | Additions              | Transfers     | Disposals | Revaluation<br>increase/decrease | Impairment          | 31 December 2023       |
|---------------------------------|------------------------|------------------------|---------------|-----------|----------------------------------|---------------------|------------------------|
| <b>Cost</b>                     |                        |                        |               |           |                                  |                     |                        |
| Lands                           | 1.706.496              | -                      | -             | -         | 252.135                          |                     | 1.958.631              |
| Land improvements (*)           | 18.920.424.040         | 20.889.282             | 16.905.384    | -         | (2.136.235.654)                  | (12.715.048)        | 16.809.268.004         |
| Buildings                       | 3.604.948.392          | 19.182.977             | 99.874.557    | -         | 110.045.776                      | (10.556.142)        | 3,823.495.560          |
| Machinery and equipment (**)    | 13.367.075.023         | 36.031.637             | 584.182.390   | -         | 713.658.965                      | (41.820.218)        | 14.659.127.797         |
| Motor vehicles                  | 18.095.529             | 126.103                | 2.931.192     | -         | -                                | -                   | 21.152.824             |
| Furnitures and fixtures         | 137.858.742            | 12.175.623             | 5.348.988     | -         | -                                | -                   | 155.383.353            |
| Leasehold improvements          | 37.425.415             | 64.548.759             | -             | -         | -                                | -                   | 101.974.174            |
| Construction in progress        | 600.024.181            | 417.524.571            | (709.242.511) | -         | -                                | -                   | 308.306.241            |
|                                 | <b>36.687.557.818</b>  | <b>570.478.952</b>     | <b>-</b>      | <b>-</b>  | <b>(1.312.278.778)</b>           | <b>(65.091.408)</b> | <b>35.880.666.584</b>  |
| <b>Accumulated depreciation</b> |                        |                        |               |           |                                  |                     |                        |
| Land improvements               | (2.288.041.902)        | (618.121.824)          | -             | -         | -                                | -                   | (2.906.163.726)        |
| Buildings                       | (438.624.384)          | (104.749.704)          | -             | -         | -                                | -                   | (543.374.088)          |
| Machinery and equipment         | (3.385.412.607)        | (658.500.308)          | -             | -         | -                                | -                   | (4.043.912.915)        |
| Motor vehicles                  | (11.142.122)           | (2.876.719)            | -             | -         | -                                | -                   | (14.018.841)           |
| Furnitures and fixtures         | (107.149.469)          | (7.839.261)            | -             | -         | -                                | -                   | (114.988.730)          |
| Leasehold improvements          | (12.931.817)           | (2.787.998)            | -             | -         | -                                | -                   | (15.719.815)           |
|                                 | <b>(6.243.302.301)</b> | <b>(1.394.875.814)</b> | <b>-</b>      | <b>-</b>  | <b>-</b>                         | <b>-</b>            | <b>(7.638.178.115)</b> |
| <b>Net book value</b>           | <b>30.444.255.517</b>  |                        |               |           |                                  |                     | <b>28.242.488.469</b>  |

(\*) 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 3.073.644. As of 31 December 2023, the total amount of accumulated depreciation of related land improvement is TL 566.198.

(\*\*) 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 305.325.992. As of 31 December 2023, the total amount of accumulated depreciation of the related machinery and equipment is TL 213.728.194.

Current period depreciation expense amounting to TL 1.389.172.968 has been included in cost of sales and TL 5.702.846 has been included in general administrative expenses.

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**NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (Continued)**

|                                 | 1 January 2022         | Additions              | Disposals        | Revaluation<br>increase/decrease | Impairment             | 31 December 2022       |
|---------------------------------|------------------------|------------------------|------------------|----------------------------------|------------------------|------------------------|
| <b>Cost</b>                     |                        |                        |                  |                                  |                        |                        |
| Lands                           | 1.291.131              | -                      | -                | 415.365                          | -                      | 1.706.496              |
| Land improvements (*)           | 15.766.298.607         | 27.614.373             | -                | 3.485.066.554                    | (358.555.494)          | 18.920.424.040         |
| Buildings                       | 4.104.164.648          | 8.471.994              | -                | 274.325.491                      | (782.013.740)          | 3.604.948.393          |
| Machinery and equipment (**)    | 15.562.288.158         | 147.620.629            | -                | 534.570.297                      | (2.877.404.062)        | 13.367.075.022         |
| Motor vehicles                  | 15.196.467             | 2.899.061              | -                | -                                | -                      | 18.095.528             |
| Furnitures and fixtures         | 132.430.126            | 5.561.651              | (133.035)        | -                                | -                      | 137.858.742            |
| Leasehold improvements          | 26.461.034             | 10.964.382             | -                | -                                | -                      | 37.425.416             |
| Construction in progress        | 455.358.716            | 144.665.465            | -                | -                                | -                      | 600.024.181            |
|                                 | <b>36.063.488.887</b>  | <b>347.797.555</b>     | <b>(133.035)</b> | <b>4.294.377.707</b>             | <b>(4.017.973.296)</b> | <b>36.687.557.818</b>  |
| <b>Accumulated depreciation</b> |                        |                        |                  |                                  |                        |                        |
| Land improvements               | (1.770.659.061)        | (517.382.841)          | -                | -                                | -                      | (2.288.041.902)        |
| Buildings                       | (321.111.932)          | (117.512.452)          | -                | -                                | -                      | (438.624.384)          |
| Machinery and equipment         | (2.660.974.812)        | (724.437.795)          | -                | -                                | -                      | (3.385.412.607)        |
| Motor vehicles                  | (8.161.144)            | (2.980.978)            | -                | -                                | -                      | (11.142.122)           |
| Furnitures and fixtures         | (100.925.241)          | (6.231.621)            | 7.393            | -                                | -                      | (107.149.469)          |
| Leasehold improvements          | (11.816.111)           | (1.115.706)            | -                | -                                | -                      | (12.931.817)           |
|                                 | <b>(4.873.648.301)</b> | <b>(1.369.661.393)</b> | <b>7.393</b>     | <b>-</b>                         | <b>-</b>               | <b>(6.243.302.301)</b> |
| <b>Net book value</b>           | <b>31.189.840.586</b>  |                        |                  |                                  |                        | <b>30.444.255.517</b>  |

(\*) 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 1.865.382. As of 31 December 2022, the total amount of accumulated depreciation of related land improvement is TL 294.534.

(\*\*) 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 185.301.077. As of 31 December 2022, the total amount of accumulated depreciation of the related machinery and equipment is TL 111.180.646.

Current period depreciation expense amounting to TL 1.367.415.708 has been included in cost of sales and TL 2.245.686 has been included in general administrative expenses.

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**NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (Continued)**

There are no capitalized borrowing costs on construction in progress for the year ended 31 December 2023 (31 December 2022: None).

Details of the guarantees, pledges and mortgages on property, plant and equipment as of 31 December 2023 and 2022 are explained in Note 17.

**NOTE 15 - INTANGIBLE ASSETS**

|                                 | <b>1 January 2023</b> | <b>Additions</b>    | <b>31 December 2023</b> |
|---------------------------------|-----------------------|---------------------|-------------------------|
| <b>Cost</b>                     |                       |                     |                         |
| Rights                          | 718.989.957           | 28.588.748          | 747.578.705             |
| Licenses                        | 5.701.523             | 55.434              | 5.756.957               |
|                                 | <b>724.691.479</b>    | <b>28.644.182</b>   | <b>753.335.662</b>      |
| <b>Accumulated amortization</b> |                       |                     |                         |
| Rights                          | (314.280.014)         | (20.783.950)        | (335.063.965)           |
| Licenses                        | (5.489.640)           | (16.995)            | (5.506.635)             |
|                                 | <b>(319.769.654)</b>  | <b>(20.800.945)</b> | <b>(340.570.600)</b>    |
| <b>Net book value</b>           | <b>404.921.825</b>    |                     | <b>412.765.062</b>      |

  

|                                 | <b>1 January 2022</b> | <b>Additions</b>    | <b>31 December 2022</b> |
|---------------------------------|-----------------------|---------------------|-------------------------|
| <b>Cost</b>                     |                       |                     |                         |
| Rights                          | 635.692.922           | 83.297.035          | 718.989.957             |
| Licenses                        | 5.552.209             | 149.313             | 5.701.522               |
|                                 | <b>641.245.131</b>    | <b>83.446.348</b>   | <b>724.691.479</b>      |
| <b>Accumulated amortization</b> |                       |                     |                         |
| Rights                          | (296.979.282)         | (17.300.732)        | (314.280.014)           |
| Licenses                        | (5.456.275)           | (33.366)            | (5.489.640)             |
|                                 | <b>(302.435.557)</b>  | <b>(17.334.098)</b> | <b>(319.769.654)</b>    |
| <b>Net book value</b>           | <b>338.809.574</b>    |                     | <b>404.921.825</b>      |

Current period amortization expense amounting to TL 20.650.426 (31 December 2022: TL 14.392.491) has been included in cost of sales and remaining TL 150.519 (31 December 2022: TL 2.941.607) has been included in general administrative expenses.

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**NOTE 16 – RIGHT OF USE ASSETS**

|                                 | <b>1 January 2023</b> | <b>Additions</b>    | <b>Disposals</b> | <b>31 December 2023</b> |
|---------------------------------|-----------------------|---------------------|------------------|-------------------------|
| <b>Cost</b>                     |                       |                     |                  |                         |
| Land (*)                        | 136.535.551           | 62.160.364          | -                | 198.695.915             |
| Buildings                       | 33.580.166            | 4.198.655           | -                | 37.788.821              |
| Motor vehicles                  | 34.511.962            | 16.554.706          | -                | 51.066.668              |
|                                 | <b>204.627.679</b>    | <b>82.913.725</b>   | <b>-</b>         | <b>287.541.404</b>      |
| <b>Accumulated depreciation</b> |                       |                     |                  |                         |
| Land                            | (12.587.818)          | (5.750.327)         | -                | (18.338.145)            |
| Buildings                       | (18.030.756)          | (10.713.616)        | -                | (28.744.372)            |
| Motor vehicles                  | (16.129.092)          | (11.843.773)        | -                | (27.972.865)            |
|                                 | <b>(46.747.666)</b>   | <b>(28.307.716)</b> | <b>-</b>         | <b>(75.055.382)</b>     |
| <b>Net defter book value</b>    | <b>157.880.013</b>    |                     |                  | <b>212.486.022</b>      |

(\*) Comprised of land rent and forest permit.

|                                 | <b>1 January 2022</b> | <b>Additions</b>    | <b>Disposals</b>   | <b>31 December 2022</b> |
|---------------------------------|-----------------------|---------------------|--------------------|-------------------------|
| <b>Cost</b>                     |                       |                     |                    |                         |
| Land (*)                        | 116.927.598           | 19.607.953          | -                  | 136.535.551             |
| Buildings                       | 27.661.539            | 5.918.626           | -                  | 33.580.166              |
| Motor vehicles                  | 31.868.868            | 9.982.716           | (7.339.621)        | 34.511.962              |
|                                 | <b>176.458.005</b>    | <b>35.509.295</b>   | <b>(7.339.621)</b> | <b>204.627.679</b>      |
| <b>Accumulated depreciation</b> |                       |                     |                    |                         |
| Land                            | (8.814.602)           | (3.773.216)         | -                  | (12.587.818)            |
| Buildings                       | (9.829.134)           | (8.201.622)         | -                  | (18.030.756)            |
| Motor vehicles                  | (15.043.357)          | (6.733.316)         | 5.647.581          | (16.129.092)            |
|                                 | <b>(33.687.093)</b>   | <b>(18.708.154)</b> | <b>5.647.581</b>   | <b>(46.747.666)</b>     |
| <b>Net defter book value</b>    | <b>142.770.912</b>    |                     |                    | <b>157.880.013</b>      |

(\*) Comprised of land rent and forest permit.

Current period depreciation expense of amounting to TL 17.290.917 (31 December 2022: TL 12.055.568) has been included in cost of sales and TL 11.016.799 (31 December 2022: TL 6.652.586) has been included in general administrative expenses.

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**NOTE 17 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES**

**a) Other short - term provisions**

As of 31 December 2023, there are various lawsuits against or in favor of the Group. 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 31 December 2023 is TL 49.448.917 (31 December 2022: TL 79.987.339).

|                                   | <b>31 December 2023</b> | <b>31 December 2022</b> |
|-----------------------------------|-------------------------|-------------------------|
| Litigation provision              | 49.448.917              | 79.987.339              |
| Periodical maintenance provisions | 35.506.601              | 37.879.183              |
|                                   | <b>84.955.518</b>       | <b>117.866.522</b>      |

The movements of litigation provision are as follows:

|                                          | <b>2023</b>       | <b>2022</b>        |
|------------------------------------------|-------------------|--------------------|
| <b>1 January</b>                         | <b>79.987.339</b> | <b>104.659.061</b> |
| Current period provision (Note 25)       | 1.125.006         | 22.574.555         |
| Interest charges of litigation provision | 783.515           | 223.250            |
| Released provisions (Note 25)            | (650.420)         | 5.391.176          |
| Monetary gain                            | (31.796.523)      | (45.846.574)       |
| <b>31 December</b>                       | <b>49.448.917</b> | <b>79.987.339</b>  |

**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:

|                             |                              | <b>31 December 2023</b>    |                          | <b>31 December 2022</b>    |                          |
|-----------------------------|------------------------------|----------------------------|--------------------------|----------------------------|--------------------------|
|                             | <b>Original<br/>currency</b> | <b>Original<br/>Amount</b> | <b>TL<br/>equivalent</b> | <b>Original<br/>Amount</b> | <b>TL<br/>Equivalent</b> |
| Letters of guarantees given | TL                           | 153.951.738                | 153.951.738              | 303.341.184                | 303.341.184              |
|                             | USD                          | 2.693.232                  | 79.283.902               | 624.456                    | 19.235.392               |
|                             | EUR                          | 4.343.122                  | 141.472.428              | 4.200.000                  | 137.930.535              |
|                             |                              | <b>374.708.068</b>         |                          | <b>460.507.111</b>         |                          |

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) and to the judicial authorities for some of the on - going lawsuits.

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**NOTE 17 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)**

Guarantees, pledges, mortgages ("GPM") given by the Group as of 31 December 2023 and 2022 are as follows:

|                                                                                               |          | 31 December 2023     |                  | 31 December 2022     |                  |
|-----------------------------------------------------------------------------------------------|----------|----------------------|------------------|----------------------|------------------|
|                                                                                               | Currency | Original<br>currency | TL<br>equivalent | Original<br>currency | TL<br>equivalent |
| GPMs given by the Group                                                                       |          |                      |                  |                      |                  |
| A. GPMs given                                                                                 |          |                      |                  |                      |                  |
| for companies' own legal entity                                                               | TL       | 6.572.412.581        | 6.572.412.581    | 10.877.065.061       | 10.877.065.061   |
|                                                                                               | USD      | 920.208.832          | 27.089.291.638   | 918.140.056          | 28.281.870.362   |
|                                                                                               | EUR      | 4.343.122            | 141.472.422      | 4.200.000            | 137.930.535      |
| B.Total amount of GPM given for the subsidiaries and associates in the scope of consolidation |          |                      |                  |                      |                  |
|                                                                                               |          | -                    | -                | -                    | -                |
|                                                                                               |          | -                    | -                | -                    | -                |
| C.Total amount of GPM given for the purpose of maintaining operating activities               |          |                      |                  |                      |                  |
|                                                                                               |          | -                    | -                | -                    | -                |
| D.Total other GPMs given                                                                      |          |                      |                  |                      |                  |
| i) Total amount of CPMB's given on behalf of the majority shareholder                         |          | -                    | -                | -                    | -                |
| ii) Total amount of CPMB's given to on behalf of other which are not in scope of B and C.     |          | -                    | -                | -                    | -                |
| iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C.     |          | -                    | -                | -                    | -                |
|                                                                                               |          | 33.803.176.641       |                  | 39.296.865.958       |                  |

Details of the guarantees given by Akenerji for its own legal entity as of 31 December 2023 are as follows:

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.

As of 31 December 2023, GPMs given by the Group to equity ratio is 245% (31 December 2022: 395%).

**- Sales and purchase commitments**

*Electricity sales and purchase commitments:*

Within the scope of electricity energy sales agreements made with energy companies, the Group has committed to sell 2.748.385 MWh of energy physically in 2023, and within the scope of the related commitment, 2.748.385 MWh of energy has been sold as of 31 December 2023.

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**NOTE 17 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)**

The Group has committed to purchase 261.479 MWh of physical electricity energy within the scope of electricity energy purchase agreements with energy companies in 2023 and as of 31 December 2023, 261.479 MWh of the electricity energy was committed to be purchased is completed.

As of 31 December 2023, there are no purchase or sales commitment for 2024 and further periods.

*Natural gas purchase commitments*

The Group has completed its take or pay commitment of 550 mcm for 2023 period.

*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 Project is still in process as of 31 December 2023 and it is among top priority projects of Akenerji Elektrik Üretim A.Ş. 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. Due to the aforementioned economic analysis and alternative assessments and ongoing relocation plans, construction of Kemah project hasn't begun as of 31 December 2023, thus the project is not presented in financial statements.

**c) Contingent Assets**

**Guarantees received**

|                                |          | 31 December 2023     |                  | 31 December 2022     |                  |
|--------------------------------|----------|----------------------|------------------|----------------------|------------------|
|                                | Currency | Original<br>Currency | TL<br>Equivalent | Original<br>currency | TL<br>Equivalent |
| Letters of guarantees received | TL       | 374.445.291          | 374.445.291      | 832.389.924          | 832.389.924      |
|                                | EURO     | 318.532              | 10.375.833       | 17.750               | 582.920          |
|                                | USD      | 1.729.00             | 50.898.648       | 5.194.000            | 159.993.057      |
| Notes of guarantees received   | TL       | 16.958.725           | 16.958.725       | 2.886.943            | 2.886.943        |
|                                | USD      | 745.824              | 21.955.716       | 590.544              | 18.190.786       |
|                                | EURO     | 33.800               | 1.100.998        | 33.800               | 1.110.013        |
|                                | GBP      | 5.675                | 212.482          | 5.675                | 210.250          |
| Cheques of guarantees received | TL       | 106.000              | 106.000          | 174.624              | 174.624          |
|                                | USD      | 16.650               | 490.146          | 16.650               | 311.327          |
| Mortgages received             | TL       | 3.242.000            | 3.242.000        | 5.340.846            | 5.340.846        |
|                                |          | <b>479.785.839</b>   |                  | <b>1.021.190.690</b> |                  |

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 18 - DERIVATIVE INSTRUMENTS**

|                                         | 31 December 2023 |                   | 31 December 2022 |                   |
|-----------------------------------------|------------------|-------------------|------------------|-------------------|
|                                         | Contract amount  | Fair value        | Contract amount  | Fair value        |
| Forward contracts                       |                  |                   |                  |                   |
| - Short - term                          | 20.197.144       | 3.461.719         | -                | -                 |
| <b>Derivative financial assets</b>      |                  | <b>3.461.719</b>  |                  | <b>-</b>          |
| Interest rate swaps                     |                  |                   |                  |                   |
| - Short - term                          | -                | -                 | 1.270.672.624    | 12.090.464        |
| Forward contracts                       |                  |                   |                  |                   |
| - Short - term                          | 1.781.011.100    | 37.958.448        | 449.948.971      | 22.065.240        |
| - Long - term                           | -                | -                 | 21.133.814       | 2.692.368         |
| <b>Derivative financial liabilities</b> |                  | <b>37.958.448</b> |                  | <b>36.848.072</b> |

Movement of derivative instruments during the period is as follows:

|                                      | 2023              | 2022              |
|--------------------------------------|-------------------|-------------------|
| <b>1 January</b>                     | <b>36.848.072</b> | <b>58.642.440</b> |
| To be reclassified to profit or loss |                   |                   |
| - Financial expense/(income)         | 12.129.216        | 1.855.109         |
| - Other operating income             | -                 | (453.930)         |
| Monetary gain                        | (14.480.559)      | (23.195.547)      |
| <b>31 December</b>                   | <b>34.496.729</b> | <b>36.848.072</b> |

**NOTE 19 - EMPLOYEE BENEFITS**

**a) Employee benefit obligations**

|                         | 31 December 2023  | 31 December 2022 |
|-------------------------|-------------------|------------------|
| Social security payment | 11.325.219        | 7.950.530        |
| Due to personnel        | 475.885           | 408.132          |
|                         | <b>11.801.104</b> | <b>8.358.662</b> |

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**NOTE 19 - EMPLOYEE BENEFITS (Continued)**

**b) Short - term provisions for employee benefits**

|                 | <b>31 December 2023</b> | <b>31 December 2022</b> |
|-----------------|-------------------------|-------------------------|
| Bonus provision | 29.786.073              | 32.964.323              |
|                 | <b>29.786.073</b>       | <b>32.964.323</b>       |

The movements of bonus provision are as follows:

|                               | <b>2023</b>       | <b>2022</b>       |
|-------------------------------|-------------------|-------------------|
| <b>1 January</b>              | <b>32.964.323</b> | <b>24.931.640</b> |
| Current year charges          | 39.052.676        | 40.193.222        |
| Payments during the year      | (26.275.812)      | (17.905.101)      |
| Provisions no longer required | -                 | (600.464)         |
| Monetary gain                 | (15.955.114)      | (13.654.974)      |
| <b>31 December</b>            | <b>29.786.073</b> | <b>32.964.323</b> |

**c) Long - term provisions for employee benefits**

|                                              | <b>31 December 2023</b> | <b>31 December 2022</b> |
|----------------------------------------------|-------------------------|-------------------------|
| Provisions for employee termination benefits | 27.003.425              | 49.612.575              |
| Provisions for unused vacation rights        | 7.079.961               | 7.406.765               |
|                                              | <b>34.083.386</b>       | <b>57.019.340</b>       |

Under the Turkish Labor Law, companies are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service and achieves the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TL 23.489,82 for each year of service as of 31 December 2023 (31 December 2022: TL 15.371,40).

Termination benefits liability is not dependent on any funding legally and any funding requirement does not exist.

The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees.

In accordance with Turkish Labor Code, employment termination benefit is the present value of the total estimated provision for the liabilities of the personnel who may retire in the future, the provision made for present value of determined social relief is calculated by the prescribed liability method. All actuarial gains and losses are accounted in equity as other comprehensive income or loss.

TFRS require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans, The Group makes a calculation for the employment termination benefit by applying the prescribed liability method, by the experiences and by considering the personnel who become eligible for pension, this provision is calculated by expecting the present value of the future liability which will be paid for the retired personnel.

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**NOTE 19 - EMPLOYEE BENEFITS (Continued)**

Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

|                                                         | <b>2023</b> | <b>2022</b> |
|---------------------------------------------------------|-------------|-------------|
| Discount rate (%)                                       | 3,65        | 0,5         |
| Turnover rate related the probability of retirement (%) | 94,05       | 93,58       |

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi - annually, the maximum amount of full TL 35.058,58 (1 January 2023: full TL 32.919,56) which is effective from 1 January 2024 has been taken into consideration in calculating the reserve for employment termination benefits of the Group.

The movements of provisions for employment termination benefits are as follows:

|                          | <b>2023</b>       | <b>2022</b>       |
|--------------------------|-------------------|-------------------|
| <b>1 January</b>         | <b>49.612.574</b> | <b>27.318.949</b> |
| Interest cost            | (8.106.599)       | 2.153.476         |
| Service cost             | 5.547.310         | 2.746.230         |
| Actuarial losses         | 2.291.248         | 25.383.268        |
| Payments during the year | (21.953.786)      | (4.014.333)       |
| Monetary gain/loss       | (387.322)         | (3.975.016)       |
| <b>31 December</b>       | <b>27.003.425</b> | <b>49.612.574</b> |

The movements of provisions for unused vacation rights are as follows:

|                        | <b>2023</b>      | <b>2022</b>      |
|------------------------|------------------|------------------|
| <b>1 January</b>       | <b>7.406.766</b> | <b>5.723.368</b> |
| Current year provision | -                | 2.052.557        |
| Monetary gain/loss     | (326.805)        | (369.159)        |
| <b>31 December</b>     | <b>7.079.961</b> | <b>7.406.766</b> |

**NOTE 20 - 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 31 December 2023 and 2022 the share capital held is as follows:

|                                                | <b>31 December 2023</b> | <b>31 December 2022</b> |
|------------------------------------------------|-------------------------|-------------------------|
| Limit on registered share capital (historical) | 1.500.000.000           | 1.500.000.000           |
| Issued capital                                 | 729.164.000             | 729.164.000             |

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**NOTE 20 - EQUITY (Continued)**

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

|                                                           | 31 December 2023 |                      | 31 December 2022 |                      |
|-----------------------------------------------------------|------------------|----------------------|------------------|----------------------|
|                                                           | Share (%)        | Amount               | Share (%)        | Amount               |
| CEZ a.s.                                                  | 37,36            | 272.415.670          | 37,36            | 272.415.670          |
| Akkök Holding A.Ş.                                        | 20,43            | 148.968.205          | 20,43            | 148.968.205          |
| Akarsu Enerji Yatırımları San. ve Ticaret A.Ş. ("Akarsu") | 16,93            | 123.447.465          | 16,93            | 123.447.465          |
| Publicly held                                             | 25,28            | 184.332.660          | 25,28            | 184.332.660          |
|                                                           |                  | <b>729.164.000</b>   |                  | <b>729.164.000</b>   |
| Adjustment to share capital (*)                           |                  | 8.296.176.858        |                  | 8.296.176.858        |
| <b>Total paid - in capital</b>                            |                  | <b>9.025.340.858</b> |                  | <b>9.025.340.858</b> |

(\*) "Adjustment to share capital" represents the restatement effect of cash and cash equivalent contributions to share capital measured in accordance with the TAS/IFRS promulgated by the POA. "Adjustment to share capital" has no use other than being transferred to paid-in share capital.

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.

Hyperinflation adjustments made on equity according to TAS 29, published by CMB on 7 March 2024, are presented below:

| <b>Equity</b>                | <b>PPE indexed accounting entries</b> | <b>CPE indexed accounting entries</b> | <b>Differences classified in retained earnings</b> |
|------------------------------|---------------------------------------|---------------------------------------|----------------------------------------------------|
| Adjustments to share capital | 10.991.346.435                        | 9.025.340.858                         | (1.966.005.577)                                    |
| Share premiums               | 1.251.474.269                         | 811.504.170                           | (439.970.099)                                      |
| Restricted reserves          | 274.401.333                           | 175.627.307                           | (98.774.026)                                       |

**Retained Earnings:**

Hyperinflation adjustments made on retained earnings according to TAS 29, published by CMB on 7 March 2024, are presented below:

| <b>Retained Earnings</b> | <b>Balances before hyperinflation accounting</b> | <b>Balances after hyperinflation accounting</b> |
|--------------------------|--------------------------------------------------|-------------------------------------------------|
| 31 December 2022         | (6.473.542.581)                                  | (5.568.297.630)                                 |
| 01 January 22            | (4.270.074.525)                                  | (5.568.297.630)                                 |

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**NOTE 20 - EQUITY (Continued)**

**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.

**Legal reserves**

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.

**Dividend distribution**

Dividends are distributed according to Communiqué Serial: IV, No: 27 on "Principles Regarding Distribution of Interim Dividends for quoted entities subject to Capital Market Board Law", principles on corporate articles and dividend distribution policy which is declared by Companies.

In addition to the CMB, it is stipulated that companies which have the obligation to prepare consolidated financial statements, calculate the net distributable profit amount by taking into account the net profits for the period in the consolidated financial statements that will be prepared and announced to the public in accordance with the Communiqué II - 14,1 that sufficient reserves exist in the stand alone statutory books.

The remaining current year income and the reserves of the Group that can be subject to the dividend distribution does not exist (31 December 2022i: None).

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**NOTE 21 - TAX ASSETS AND LIABILITIES**

|                                                                             | <b>31 December 2023</b> | <b>31 December 2022</b> |
|-----------------------------------------------------------------------------|-------------------------|-------------------------|
| Current income tax expenses                                                 | 23.736.677              | 6.608.189               |
| Prepaid taxes                                                               | (26.243.562)            | (7.265.752)             |
| <b>Current income tax liabilities/<br/>(Current income tax assets), net</b> | <b>(2.506.885)</b>      | <b>(657.563)</b>        |

*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%. However, in accordance with the provisional article 10 added to the Corporate Tax Law, the corporate tax rate of 20% will be applied as 25% for the corporate earnings for the 2023 taxation period and 23% within the corporate income for the 2022 taxation period. Corporation tax rate is applied to net income of the companies after adjusting for certain disallowable expenses, exempt income and allowances. 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 Turkey, there is no practice to reconcile with the tax authority on taxes payable. The corporate tax return is submitted until the evening of the 30th day of the fourth month following the end of the accounting period and is paid until the end of the month.

Companies in Turkey calculate temporary tax at the rate of 25% over their quarterly financial profits (23% for the taxation period of 2022, 20% for the following years) and declared until the 17th day of the second month following that period. pay by the evening of the seventeenth day. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated over the corporate tax return to be submitted in the following year. Despite the deduction, if there is an amount of advance tax paid, this amount can be refunded or deducted in cash.

The financial statements dated as of 31 December 2023 are prepared in accordance with tax legislation and have been adjusted for inflation in accordance with Temporary Article 33 added to the Tax Procedure Law by the Law Amending the Tax Procedure Law and Corporate Tax Law published in the Official Gazette dated 29 January 2022 and numbered 31734. The group has applied this change in the financial statements as of 31 December 2023. Any profit or losses arising from the inflation adjustment should be disclosed in the retained earnings and are not subject to taxation.

As of 31 December 2023, the financial statements prepared in accordance with the tax legislation, which were subject to the inflation adjustment mentioned above, have been used as the tax base in the deferred tax calculation. Since the tax revaluation made from a tax perspective is unrelated to the revaluation made from a commercial accounting perspective, the adjustment made at the tax base in accordance with IAS 12 "Income Taxes" has been accounted for in the deferred tax income in the statement of profit or loss.

*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 181.696.483 (December 31, 2022: TL 166.034.821) of tax advantages as deferred tax assets and recognized it in the consolidated financial statements for 2023.

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**NOTE 21 - TAX ASSETS AND LIABILITIES (Continued)**

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.

*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 15% withholding tax. The profit included to the capital is not a profit distribution.

The details of tax income/(expense) for the year ended 31 December 2023 and 2022 are as follows:

|                                | <b>1 January -<br/>31 December 2023</b> | <b>1 January -<br/>31 December 2022</b> |
|--------------------------------|-----------------------------------------|-----------------------------------------|
| Deferred tax income            | 2.917.542.314                           | 117.149.798                             |
| Current income tax expense (-) | (23.736.677)                            | (6.608.189)                             |
|                                | <b>2.893.805.637</b>                    | <b>110.541.609</b>                      |

As of 31 December 2023 and 2022 the reconciliation of tax income stated in consolidated profit or loss statement is as follows:

|                                                               | <b>2023</b>          | <b>2022</b>          |
|---------------------------------------------------------------|----------------------|----------------------|
| <b>Loss before tax</b>                                        | <b>2.146.052.741</b> | <b>1.994.448.837</b> |
| Tax rate (%)                                                  | 25                   | 23                   |
| Tax income calculated at domestic tax rate                    | (536.513.185)        | (458.723.232)        |
| Tax exemptions                                                | 23.085.792           | 1.946.045            |
| Expenses not deductible for tax purposes                      | (177.810.188)        | (131.105.758)        |
| Temporary differences not subject to deferred tax calculation | (465.520.667)        | (123.432.030)        |
| Effect of different tax rate                                  | (612.174.481)        | 174.920.696          |
| Investment incentives                                         | (25.885.791)         | 102.773.514          |
| Tax procedure law inflation impact                            | 4.055.355.067        | -                    |
| Monetary gain/loss                                            | 633.269.091          | 544.162.374          |
| <b>Current year tax income</b>                                | <b>2.893.805.637</b> | <b>110.541.609</b>   |

*Deferred taxes*

|                                      | <b>31 December 2023</b> | <b>31 December 2022</b> |
|--------------------------------------|-------------------------|-------------------------|
| Deferred tax assets                  | 10.565.709              | 9.579.365               |
| Deferred tax liabilities             | (392.472.722)           | (3.422.365.843)         |
| <b>Deferred tax liabilities, net</b> | <b>(381.907.013)</b>    | <b>(3.412.786.478)</b>  |

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**NOTE 21 - TAX ASSETS AND LIABILITIES (Continued)**

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% for temporary differences expected to close in the following years.

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

|                                               | <b>Total temporary differences</b> |                         | <b>Deferred tax assets/(liabilities)</b> |                         |
|-----------------------------------------------|------------------------------------|-------------------------|------------------------------------------|-------------------------|
|                                               | <b>31 December 2023</b>            | <b>31 December 2022</b> | <b>31 December 2023</b>                  | <b>31 December 2022</b> |
| Investment incentives (*)                     | (726.785.930)                      | (830.174.104)           | 181.696.483                              | 166.034.821             |
| Provisions for lawsuits                       | (49.448.917)                       | (873.447)               | 12.362.229                               | 174.689                 |
| Derivative financial instruments              | (34.496.730)                       | -                       | 8.624.183                                | -                       |
| Provision for employment termination benefit  | (27.003.425)                       | (39.003.121)            | 6.750.856                                | 7.800.622               |
| Provision for unused vacation rights          | (7.079.961)                        | -                       | 1.769.991                                | -                       |
| Property, plant and equipment                 | 2.368.950.064                      | 17.346.513.948          | (592.237.515)                            | (3.567.088.721)         |
| Borrowings                                    | 210.919.718                        | 57.208.180              | (52.729.930)                             | (11.441.607)            |
| Other                                         | (207.426.774)                      | (35.380.828)            | 51.856.690                               | (8.266.284)             |
| <b>Deferred tax assets/(liabilities), net</b> |                                    |                         | <b>(381.907.013)</b>                     | <b>(3.412.786.480)</b>  |

(\*) 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.

The movements of deferred tax assets and liabilities for the year ended 31 December 2023 and 2022 are as follows:

|                                           | <b>2023</b>            | <b>2022</b>            |
|-------------------------------------------|------------------------|------------------------|
| <b>1 January</b>                          | <b>(3.412.786.479)</b> | <b>(2.675.197.481)</b> |
| Recognized in statement of profit or loss | 2.917.542.314          | 117.149.798            |
| Recognized in other comprehensive income  | 113.337.153            | (854.738.794)          |
| <b>31 December</b>                        | <b>(381.907.013)</b>   | <b>(3.412.786.479)</b> |

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**NOTE 21 - TAX ASSETS AND LIABILITIES (Continued)**

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 (balances are presented in their historic cost):

| Year incurred | Year can be used | 31 December 2023     | 31 December 2022     |
|---------------|------------------|----------------------|----------------------|
| 2018          | 2023             | -                    | 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             | 224.471.796          | 224.471.796          |
| 2023          | 2028             | 1.501.945.203        | -                    |
|               |                  | <b>3.304.267.270</b> | <b>1.950.728.268</b> |

According to General Statement of Tax Procedure Law regarding hyperinflation (#555), published on Official Gazette #32415 in 30 December 2023; limited to adjustments made to 2023 year end statement of financial position, costs of assets which their useful life remain and depreciation not calculated from financial costs deducted from purchase price, are allowed to written as costs for the year 2024 and following 5 years and in equal installments. Within that regard, the Group does not calculate deferred taxes but has TL 7.077.405.440 financial costs that did not depreciated.

**NOTE 22 - REVENUE AND COST OF SALES**

**a) Revenue**

|                                        | 1 January -<br>31 December 2023 | 1 January -<br>31 December 2022 |
|----------------------------------------|---------------------------------|---------------------------------|
| Electricity sales revenue              | 13.103.047.867                  | 20.161.896.013                  |
| Revenue on sharing of instability      | 7.657.262.803                   | 7.767.008.393                   |
| Revenue on secondary frequency control | 1.568.719.597                   | 2.186.802.077                   |
| Revenue on loading orders              | 838.095.769                     | 2.271.598.911                   |
| Revenue on capacity mechanism          | 200.922.368                     | 231.570.364                     |
| Other revenues                         | 304.266.627                     | 91.308.671                      |
|                                        | <b>23.672.315.031</b>           | <b>32.710.184.429</b>           |

**b) Cost of sales**

|                                                                     | 1 January -<br>31 December 2023 | 1 January -<br>31 December 2022 |
|---------------------------------------------------------------------|---------------------------------|---------------------------------|
| Direct raw materials consumed and cost of electricity purchased (*) | 19.452.547.940                  | 28.046.140.991                  |
| Depreciation and amortization expenses                              | 1.427.114.311                   | 1.393.863.767                   |
| Maintenance and repair expenses                                     | 510.875.743                     | 235.705.254                     |
| Personnel expenses                                                  | 376.393.757                     | 279.822.065                     |
| Other materials and spare parts consumed                            | 141.753.787                     | 55.497.543                      |
| Insurance expenses                                                  | 120.182.393                     | 52.197.508                      |
| Other expenses                                                      | 138.251.324                     | 178.210.690                     |
|                                                                     | <b>22.167.119.255</b>           | <b>30.241.437.818</b>           |

(\*) 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 23 - GENERAL ADMINISTRATIVE EXPENSES**

|                                        | <b>1 January -<br/>31 December 2023</b> | <b>1 January -<br/>31 December 2022</b> |
|----------------------------------------|-----------------------------------------|-----------------------------------------|
| Personnel expenses                     | 188.528.145                             | 139.948.686                             |
| Taxes and duties                       | 27.739.886                              | 27.037.670                              |
| IT expenses                            | 27.444.018                              | 21.559.537                              |
| Consultancy expenses                   | 25.383.696                              | 18.611.726                              |
| Depreciation and amortization expenses | 16.870.164                              | 11.839.879                              |
| Office expenses                        | 14.474.208                              | 13.773.262                              |
| Legal and notary expenses              | 14.257.995                              | 5.494.082                               |
| Travel expenses                        | 12.859.001                              | 6.015.122                               |
| Vehicle expenses                       | 12.611.224                              | 10.303.558                              |
| Advertising and sponsorship expenses   | 3.226.131                               | 2.158.751                               |
| Insurance expenses                     | 1.919.272                               | 2.377.497                               |
| Other expenses                         | 29.746.110                              | 22.765.096                              |
|                                        | <b>375.059.850</b>                      | <b>281.884.866</b>                      |

**NOTE 24 - EXPENSES BY NATURE**

|                                                                 | <b>1 January -<br/>31 December 2023</b> | <b>1 January -<br/>31 December 2022</b> |
|-----------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| Direct raw materials consumed and cost of electricity purchased | 19.452.547.940                          | 28.046.140.991                          |
| Depreciation and amortization expenses (*)                      | 1.443.984.475                           | 1.405.703.646                           |
| Personnel expenses (**)                                         | 699.403.888                             | 375.653.940                             |
| Maintenance and repair expenses                                 | 376.393.757                             | 279.822.065                             |
| Other materials and spare parts consumed                        | 141.753.787                             | 55.497.542                              |
| Insurance expenses (***)                                        | 122.101.665                             | 54.575.005                              |
| Taxes and duties                                                | 27.739.886                              | 27.037.670                              |
| IT expenses                                                     | 27.444.018                              | 21.559.537                              |
| Consultancy expenses                                            | 25.383.696                              | 18.611.726                              |
| Office expenses                                                 | 14.474.208                              | 13.773.262                              |
| Legal and notary expenses                                       | 14.257.995                              | 5.494.082                               |
| Travel expenses                                                 | 12.859.001                              | 6.015.122                               |
| Vehicle expenses                                                | 12.611.224                              | 10.303.558                              |
| Advertising and sponsorship expenses                            | 3.226.131                               | 2.158.751                               |
| Other expenses                                                  | 167.997.434                             | 200.975.786                             |
|                                                                 | <b>22.542.179.105</b>                   | <b>30.523.322.684</b>                   |

(\*) Depreciation and amortization expenses amounting to TL 1.427.114.311 (31 December 2022: TL 1.393.863.766) is classified in cost of sales, TL 16.870.164 (31 December 2022: TL 11.839.879) of amortization and depreciation expenses is classified in general administrative expenses.

(\*\*) Personnel expenses amounting to TL 510.875.743 (31 December 2022: TL 235.705.254) is classified in cost of sales, TL 188.528.145 (31 December 2022: TL 139.948.686) is classified in general and administrative expenses.

(\*\*\*) Insurance expenses amounting to TL 120.182.393 (31 December 2022: TL 52.197.508) is classified in cost of sales, TL 1.919.272 (31 December 2022: TL 2.377.497) is classified in general and administrative expenses.

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**NOTE 24 - EXPENSES BY NATURE (Continued)**

*Fees for Services Received from Independent Auditor / Independent Audit Firms*

The Group's explanation regarding the fees for the services received from the independent audit firms, which is based on the letter POA dated August 19, 2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on March 30, 2021, are as follows:

|                              | <b>1 January -<br/>31 December 2023(*)</b> | <b>1 January -<br/>31 December 2022(*)</b> |
|------------------------------|--------------------------------------------|--------------------------------------------|
| Audit and assurance fee      | 3.145.900                                  | 1.800.340                                  |
| Other assurance services fee | 43.555                                     | 77.280                                     |
|                              | <b>3.189.455</b>                           | <b>1.877.620</b>                           |

(\*) The fees above have been determined through including the legal audit and other related service fees of all subsidiaries.

**NOTE 25 - OTHER OPERATING INCOME AND EXPENSES**

**a) Other operating income**

|                                                | <b>1 January -<br/>31 December 2023</b> | <b>1 January -<br/>31 December 2022</b> |
|------------------------------------------------|-----------------------------------------|-----------------------------------------|
| Gain on futures and options markets            | 173.252.384                             | 20.347.965                              |
| Income from insurance compensation             | 146.301.622                             | 61.322.156                              |
| Foreign exchange gains from trading activities | 130.598.182                             | 158.679.794                             |
| Delay interests charged (*)                    | 115.180.991                             | 111.950.912                             |
| Other income                                   | 37.341.648                              | 21.630.230                              |
| Provisions no longer required (**)             | 18.138.680                              | -                                       |
| Income from compensation                       | 1.963.479                               | 6.312.801                               |
| Gains on energy systems                        | 1.867.184                               | 2.837.434                               |
| Gain on risk sharing contracts                 | 1.457.922                               | 870.625.530                             |
|                                                | <b>626.102.092</b>                      | <b>1.253.706.822</b>                    |

(\*) Comprised of delay interests charges for trade receivables which are not collected at their due dates. As of 31 December 2023, the applied interest rate is 3,50% per month, unless there is a different interest rate agreed by the parties.

(\*\*) As of 31 December 2023, TL 650.420 (31 December 2022: TL 5.391.176) of the provisions no longer required comprised of released provisions of litigation provisions. As of 31 December 2023, there is no premium provisions (31 December 2022: TL 711.418). As of December 2023, doubtful receivables collections amounts to 242.084 (31 December 2022: None). And as of 31 December 2023, TL 1.070.075 of other provisions (31 December 2021: TL 210.207) constitute provisions no longer required.

**b) Other operating expenses**

|                                                 | <b>1 January -<br/>31 December 2023</b> | <b>1 January -<br/>31 December 2022</b> |
|-------------------------------------------------|-----------------------------------------|-----------------------------------------|
| Foreign exchange losses from trading activities | 224.092.689                             | 82.211.901                              |
| Losses on futures and options market            | 115.883.056                             | 21.909.395                              |
| Other expenses                                  | 76.381.821                              | 41.400.125                              |
| Provisions for litigations                      | 1.125.006                               | 22.574.555                              |
| Losses on energy systems                        | 993.809                                 | 2.108.465                               |
| Doubtful trade receivables profitability        | -                                       | 872.049.073                             |
|                                                 | <b>418.476.381</b>                      | <b>1.042.253.514</b>                    |

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**NOTE 26 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES**

**a) Income from investing activities**

|                                                                        | <b>1 January -<br/>31 December 2023</b> | <b>1 January -<br/>31 December 2022</b> |
|------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| Fair value difference gain on exchange rate protected deposit accounts | 59.263.880                              | 20.954.033                              |
| Profit on sale of property, plant and equipment                        | 52.056                                  | -                                       |
| Dividend income                                                        | -                                       | 36.429                                  |
|                                                                        | <b>59.315.936</b>                       | <b>20.990.462</b>                       |

**b) Expenses from investing activities**

|                                                                         | <b>1 January -<br/>31 December 2023</b> | <b>1 January -<br/>31 December 2022</b> |
|-------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| Loss on property, plant and equipment valuation                         | 65.091.408                              | 4.017.973.296                           |
| Loss on sale of property, plant and equipment                           | 943.207                                 | -                                       |
| Fair value difference losses on exchangerate protected deposit accounts | -                                       | 2.978.187                               |
|                                                                         | <b>66.034.615</b>                       | <b>4.020.951.483</b>                    |

**NOTE 27 - FINANCIAL INCOME AND EXPENSES**

**a) Financial income**

|                                | <b>1 January -<br/>31 December 2023</b> | <b>1 January -<br/>31 December 2022</b> |
|--------------------------------|-----------------------------------------|-----------------------------------------|
| Foreign exchange gains         | 584.900.806                             | 525.957.954                             |
| Interest income                | 136.527.130                             | 104.263.772                             |
| Gain on derivative instruments | 82.589.213                              | 129.337.986                             |
|                                | <b>804.017.149</b>                      | <b>759.559.712</b>                      |

**b) Financial expenses**

|                                  | <b>1 January -<br/>31 December 2023</b> | <b>1 January -<br/>31 December 2022</b> |
|----------------------------------|-----------------------------------------|-----------------------------------------|
| Foreign exchange losses          | 6.153.661.760                           | 4.834.674.331                           |
| Interest and commission expenses | 1.864.467.669                           | 2.029.612.635                           |
| Losses on derivative instruments | 52.715.744                              | 105.664.914                             |
| Other financial expenses         | 16.180.949                              | 12.826.952                              |
|                                  | <b>8.087.026.122</b>                    | <b>6.982.778.832</b>                    |

**NOTE 28 - PROFIT PER SHARE**

|                                             | <b>31 December 2023</b> | <b>31 December 2022</b> |
|---------------------------------------------|-------------------------|-------------------------|
| Weighted average number of issued shares    | 72.916.400.000          | 72.916.400.000          |
| Net profit for the period                   | 5.039.858.378           | 2.104.990.445           |
| <b>Profit per share - TL (1.000 shares)</b> | <b>6.912</b>            | <b>2,887</b>            |

Nominal value of each of the issued share as of 31 December 2023 and 2022 is 1 Kr.



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**NOTE 29 - RELATED PARTY DISCLOSURES (Continued)**

**b) Balances with related parties**

- *Short - term trade receivables from related parties*

|                                       | 31 December 2023   | 31 December 2022   |
|---------------------------------------|--------------------|--------------------|
| Sepař (1) (****)                      | 120.035.218        | 836.140.384        |
| Aksa (2) (**)                         | 3.389.537          | 6.272.107          |
| CEZ a.s. (3) (*)                      | 2.025.297          | 93.639.271         |
| CEZ a.s. Turkey Daimi Tem. (4) (****) | 17.226             | 17.857             |
| Akcez (5) (****)                      | 12.701             | 20.574             |
| Other                                 | -                  | 156.807            |
|                                       | <b>125.479.979</b> | <b>936.247.000</b> |

(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 electricity and risk sharing.

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

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

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

- *Short - term trade payables to related parties*

|                                                                                      | 31<br>December<br>2023 | 31 December<br>2022 |
|--------------------------------------------------------------------------------------|------------------------|---------------------|
| Dinkal (1) (**)                                                                      | 139.370.869            | 133.605.069         |
| Sepař (2) (****)                                                                     | 14.430.212             | 132.680.785         |
| CEZ a.s. (3) (*)                                                                     | 6.302.845              | 77.390.988          |
| Aktek (4) (**)                                                                       | 6.065.583              | 4.047.630           |
| CEZ a.s. Turkey Daimi Tem. (5) (****)                                                | 4.924.692              | 6.916.057           |
| Aksa (6) (**)                                                                        | 2.566.300              | 4.895.571           |
| Ak-Han (7) (**)                                                                      | 2.345.692              | 1.623.258           |
| Akkök (8) (*)                                                                        | 2.309.772              | 2.944.366           |
| Akgiriřim Mütcahitlik Müřavirlik Ve Çevre Teknolojileri San. Ve Tic. A.ř. (9) (****) | 434.162                | -                   |
|                                                                                      | <b>178.750.127</b>     | <b>364.103.724</b>  |

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

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

(3) Comprised of payables on risk sharing.

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

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

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

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

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

(9) Comprised of the payables related to aviation services received.

(\*) 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 29 - 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).

|                       | <b>1 January -<br/>31 December 2023</b> | <b>1 January -<br/>31 December 2022</b> |
|-----------------------|-----------------------------------------|-----------------------------------------|
| Salaries and benefits | 26.538.218                              | 19.952.023                              |
| Bonus                 | 10.563.873                              | 9.189.649                               |
| Attendance fee        | 3.215.786                               | 2.638.714                               |
|                       | <b>40.317.877</b>                       | <b>31.780.386</b>                       |

**NOTE 30 - FINANCIAL RISK MANAGEMENT**

**Financial risk management**

***Financial risk factors***

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

Management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses financial instruments to hedge certain risk exposures.

Risk management is carried out by Finance and Financial Affairs Deputy General Manager where policies are approved by the Board of Directors, Finance and Financial Affairs Deputy General Manager identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

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

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**NOTE 30 - (Continued)**

**a) Liquidity risk**

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions, due to the dynamic nature of business, the group aims to maintain flexibility in funding by keeping committed credit lines available. The Group, as aware of all of its short term and long term liabilities, has been taking the necessary actions and has been benefiting from all opportunities by communication with the financial institutions to maintain its operations in a healthy financial structure, to adjust the maturities of its liabilities in accordance with its cash flows and to provide a positive effect on its cash flows within the framework its proactive approach. In 2019, with the restructuring of loans within the scope of Financial Restructuring, the short - term liabilities of the Group decreased significantly and spread over the long term.

The following tables detail the Group's contractual maturities for its non - derivative financial liabilities as of 31 December 2023 and 2022. The tables have been prepared based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group could be required to pay. The table includes both interest and principal amounts. These amounts are contractual undiscounted cash flows. Balances with maturities less than 3 months are equal to their carrying values due to the negligible discounting effect.

| <b>31 December 2023</b>                       |                       |                                                     |                                     |                               |                          |                              |
|-----------------------------------------------|-----------------------|-----------------------------------------------------|-------------------------------------|-------------------------------|--------------------------|------------------------------|
|                                               | <b>Carrying value</b> | <b>Total contractual cash outflow (I-II-III-IV)</b> | <b>Demand or up to 3 months (I)</b> | <b>3 months - 1 year (II)</b> | <b>1 - 5 years (III)</b> | <b>5 years and over (IV)</b> |
| <b>Maturities in accordance with contract</b> |                       |                                                     |                                     |                               |                          |                              |
| <b>Non - derivative financial liabilities</b> |                       |                                                     |                                     |                               |                          |                              |
| Borrowings                                    | 15.787.047.873        | 20.890.776.780                                      | 32.791.521                          | 7.353.706.021                 | 6.652.046.593            | 6.852.232.645                |
| Trade payables                                | 1.004.161.254         | 1.004.161.254                                       | 1.004.161.254                       | -                             | -                        | -                            |
| Other payables                                | 785.403.985           | 785.403.985                                         | 99.290.581                          | 152.021.331                   | 403.454.257              | 130.637.816                  |
| <b>Derivative financial liabilities</b>       |                       |                                                     |                                     |                               |                          |                              |
| Derivative financial instrument               | 37.958.448            | 37.958.448                                          | 14.670.631                          | 23.287.817                    | -                        | -                            |
|                                               | <b>17.614.571.560</b> | <b>22.718.300.447</b>                               | <b>1.150.913.987</b>                | <b>7.529.015.169</b>          | <b>7.055.500.850</b>     | <b>6.982.870.461</b>         |

| <b>31 December 2022</b>                       |                       |                                                     |                                     |                               |                          |                              |
|-----------------------------------------------|-----------------------|-----------------------------------------------------|-------------------------------------|-------------------------------|--------------------------|------------------------------|
|                                               | <b>Carrying value</b> | <b>Total contractual cash outflow (I-II-III-IV)</b> | <b>Demand or up to 3 months (I)</b> | <b>3 months - 1 year (II)</b> | <b>1 - 5 years (III)</b> | <b>5 years and over (IV)</b> |
| <b>Maturities in accordance with contract</b> |                       |                                                     |                                     |                               |                          |                              |
| <b>Non - derivative financial liabilities</b> |                       |                                                     |                                     |                               |                          |                              |
| Borrowings                                    | 19.257.886.656        | 26.581.029.831                                      | 28.088.883                          | 1.194.851.560                 | 16.378.024.964           | 8.980.064.424                |
| Trade payables                                | 3.841.692.803         | 3.841.692.803                                       | 3.841.692.803                       | -                             | -                        | -                            |
| Other payables                                | 1.052.049.871         | 1.052.049.871                                       | 172.503.607                         | 170.609.984                   | 453.926.236              | 255.010.044                  |
| <b>Derivative financial liabilities</b>       |                       |                                                     |                                     |                               |                          |                              |
| Derivative financial instrument               | 36.848.072            | 36.848.072                                          | 2.628.176                           | 31.527.528                    | 2.692.368                | -                            |
|                                               | <b>24.188.477.402</b> | <b>31.511.620.577</b>                               | <b>4.044.913.469</b>                | <b>1.396.989.072</b>          | <b>16.834.643.568</b>    | <b>9.235.074.468</b>         |

**AKENERJİ ELEKTRİK ÜRETİM A.Ş.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed Turkish Lira ("TL") based on the purchasing power of TL as of 31.12.2023 unless otherwise indicated.)

**NOTE 30 - FINANCIAL RISK MANAGEMENT (Continued)**

**b) Market risk**

- *Interest rate risk*

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. The Group manages interest rate risk by using fixed or floating interest bearing assets and liabilities by considering the borrowing market conditions and expectations. In order to minimize the interest rate risk, the Group utilize borrowings with the most favorable conditions in line with the analysis of fixed and floating interest rates. The Group has converted all of its loans into fixed interest rates thanks to the refinancing it has made within the scope of Financial Restructuring on 11 November 2019, thereby significantly reducing the interest rate risk. Interest rate risk arising from assets and liabilities exposed to floating interest rate are managed through interest rate swap agreements. The Group invests, cash and cash equivalents which are not used, in time deposits.

The table of the interest position of the Group as of 31 December 2023 and 2022 is as follows:

|                                                           | <b>31 December 2023</b> | <b>31 December 2022</b> |
|-----------------------------------------------------------|-------------------------|-------------------------|
| <b>Financial instruments with fixed interest rates</b>    |                         |                         |
| Borrowings                                                | 15.507.797.487          | 18.958.269.435          |
| Trade payables                                            | 1.004.161.254           | 3.841.692.803           |
| Cash and cash equivalents                                 | 955.696.438             | 300.602.980             |
| Trade receivables                                         | 816.534.050             | 3.650.791.533           |
| Other receivables                                         | 148.855.242             | 219.340.510             |
| Other debts                                               | 39.244.190              | 62.051.198              |
| <b>Financial instruments with floating interest rates</b> |                         |                         |
| Other payables                                            | 636.548.842             | 832.709.362             |
| Financial liabilities                                     | 279.250.387             | 299.617.220             |

The Group has analyzed various scenarios including refinancing the existing situation alternative financing options and to avoid the hedging risk. According to these scenarios, if annual interests of floating interest rated loans were 100 basis point high/low with all the other parameters are constant, current year income before tax have been TL 828.135 lower/higher as a result of interest expense of floating interest rated loans and swap transactions (2022: TL 642.788).

- *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. In addition to these, the Group has reduced its exposure to currency risk by creating a natural hedge mechanism from USD based revenues obtained within the scope of Turkish Renewable Energy Resources Support Mechanism.

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

|                                        | <b>31 December 2023</b> | <b>31 December 2022</b> |
|----------------------------------------|-------------------------|-------------------------|
| Assets                                 | 1.277.116.987           | 1.813.845.346           |
| Liabilities                            | (12.497.240.797)        | (14.311.133.806)        |
| <b>Net financial position</b>          | <b>(11.220.123.810)</b> | <b>(12.497.288.460)</b> |
| Net position of derivative instruments | (1.760.813.956)         | (471.082.787)           |
| <b>Foreign currency position (net)</b> | <b>(12.980.937.766)</b> | <b>(12.968.371.247)</b> |

# AKENERJİ ELEKTRİK ÜRETİM A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

### NOTE 30 - FINANCIAL RISK MANAGEMENT (Continued)

Assets and liabilities denominated in foreign currency held by the Group at 31 December 2023 and 2022 and their TL equivalent are as follows:

|                                                                                                  |                         |                      | 31 December 2023   |              |                         |                      | 31 December 2022  |              |
|--------------------------------------------------------------------------------------------------|-------------------------|----------------------|--------------------|--------------|-------------------------|----------------------|-------------------|--------------|
|                                                                                                  | TL Equivalent           | USD                  | Euro               | Other        | TL Equivalent           | USD                  | Euro              | Other        |
| Trade receivables                                                                                | 139.431.273             | 4.232.250            | 455.624            | -            | 114.038.577             | 613.713              | 2.896.844         | -            |
| Monetary financial assets                                                                        | 1.114.065.239           | 34.884.922           | 2.674.325          | 73           | 1.648.726.494           | 48.182.833           | 5.009.945         | (1)          |
| <b>Current assets</b>                                                                            | <b>1.253.496.512</b>    | <b>39.117.172</b>    | <b>3.129.949</b>   | <b>73</b>    | <b>1.762.765.071</b>    | <b>48.796.546</b>    | <b>7.906.789</b>  | <b>(1)</b>   |
| Monetary financial assets                                                                        | 23.620.475              | -                    | 725.135            | -            | 51.080.274              | -                    | 1.555.400         | -            |
| <b>Non-current assets</b>                                                                        | <b>23.620.475</b>       | <b>-</b>             | <b>725.135</b>     | <b>-</b>     | <b>51.080.274</b>       | <b>-</b>             | <b>1.555.400</b>  | <b>-</b>     |
| <b>Total assets</b>                                                                              | <b>1.277.116.987</b>    | <b>39.117.172</b>    | <b>3.855.084</b>   | <b>73</b>    | <b>1.813.845.346</b>    | <b>48.796.546</b>    | <b>9.462.189</b>  | <b>(1)</b>   |
| Trade payables                                                                                   | 298.141.351             | 9.430.298            | 630.270            | -            | 311.792.585             | 6.914.230            | 3.008.787         | 4            |
| Financial liabilities                                                                            | 3.200.277.417           | 107.306.258          | 1.270.168          | -            | 1.147.756.242           | 35.994.565           | 1.187.550         | -            |
| Other monetary liabilities                                                                       | 32.061.291              | 1.089.105            | -                  | -            | 20.973.968              | 680.897              | -                 | -            |
| <b>Short-term liabilities</b>                                                                    | <b>3.530.480.059</b>    | <b>117.825.661</b>   | <b>1.900.438</b>   | <b>-</b>     | <b>1.480.522.796</b>    | <b>43.589.692</b>    | <b>4.196.337</b>  | <b>4</b>     |
| Financial liabilities                                                                            | 8.901.773.556           | 296.932.692          | 4.930.622          | -            | 12.764.679.024          | 407.946.823          | 6.044.783         | -            |
| Other monetary liabilities                                                                       | 64.987.182              | 2.207.580            | -                  | -            | 65.931.986              | 2.140.410            | -                 | -            |
| <b>Long-term liabilities</b>                                                                     | <b>8.966.760.738</b>    | <b>299.140.272</b>   | <b>4.930.622</b>   | <b>-</b>     | <b>12.830.611.010</b>   | <b>410.087.233</b>   | <b>6.044.783</b>  | <b>-</b>     |
| <b>Total liabilities</b>                                                                         | <b>12.497.240.797</b>   | <b>416.965.933</b>   | <b>6.831.060</b>   | <b>-</b>     | <b>14.311.133.806</b>   | <b>453.676.925</b>   | <b>10.241.120</b> | <b>4</b>     |
| <b>Net Asset /(Liability) Position of Statement of Financial Position Derivative Instruments</b> | <b>(1.760.813.956)</b>  | <b>(59.813.914)</b>  | <b>-</b>           | <b>-</b>     | <b>471.082.787</b>      | <b>15.293.189</b>    | <b>-</b>          | <b>-</b>     |
| Off statement of financial position foreign currency derivative assets                           | 20.197.144              | 686.086              | -                  | -            | -                       | -                    | -                 | -            |
| Off statement of financial position foreign currency derivative liabilities                      | (1.781.011.100)         | (60.500.000)         | -                  | -            | (471.082.787)           | (15.293.189)         | -                 | -            |
| <b>Net foreign currency asset(liability) position</b>                                            | <b>(12.980.937.766)</b> | <b>(437.662.675)</b> | <b>(2.975.976)</b> | <b>73</b>    | <b>(12.968.371.247)</b> | <b>(420.173.568)</b> | <b>(778.931)</b>  | <b>(5)</b>   |
| <b>Net foreign currency asset(liability) position of monetary items</b>                          | <b>(11.220.123.810)</b> | <b>(377.848.761)</b> | <b>(2.975.976)</b> | <b>73</b>    | <b>(12.497.288.460)</b> | <b>(404.880.379)</b> | <b>(778.931)</b>  | <b>(5)</b>   |
| <b>Total fair value of financial instruments used for foreign currency hedging</b>               | <b>34.496.730</b>       | <b>1.171.836</b>     | <b>-</b>           | <b>-</b>     | <b>(281.004.802)</b>    | <b>(15.028.361)</b>  | <b>-</b>          | <b>-</b>     |
| <b>Export</b>                                                                                    | <b>1.050.329.500</b>    | <b>17.029.604</b>    | <b>24.833.311</b>  | <b>-</b>     | <b>732.489.403</b>      | <b>71.215</b>        | <b>32.507.029</b> | <b>-</b>     |
| <b>Import</b>                                                                                    | <b>670.070.605</b>      | <b>20.783.882</b>    | <b>7.592.492</b>   | <b>7.228</b> | <b>500.311.080</b>      | <b>2.791.485</b>     | <b>20.043.889</b> | <b>1.123</b> |

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

**NOTE 30 - 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 31 December 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, and the positive effect of Turkish Renewable Energy Resources Support Mechanism revenues in foreign currency on operating profit is not taken into account in this calculation.

| 31 December 2023                                                  |                                        |                                           |                                        |                                           |
|-------------------------------------------------------------------|----------------------------------------|-------------------------------------------|----------------------------------------|-------------------------------------------|
|                                                                   | Profit /Loss                           |                                           | Equity                                 |                                           |
|                                                                   | Appreciation of<br>foreign<br>currency | Depreciation<br>of<br>foreign<br>currency | Appreciation of<br>foreign<br>currency | Depreciation<br>of<br>foreign<br>currency |
| <b>+/- 10% fluctuation of USD rate</b>                            |                                        |                                           |                                        |                                           |
| 1- USD net asset/liability                                        | (1.112.318.740)                        | 1.112.318.740                             | (1.112.318.740)                        | 1.112.318.740                             |
| 2- Part of hedged from USD risk (-)                               | -                                      | -                                         | -                                      | -                                         |
| <b>3- USD net effect (1+2)</b>                                    | <b>(1.112.318.740)</b>                 | <b>1.112.318.740</b>                      | <b>(1.112.318.740)</b>                 | <b>1.112.318.740</b>                      |
| <b>+/- 10% fluctuation of EUR rate</b>                            |                                        |                                           |                                        |                                           |
| 4- EUR net asset/liability                                        | (9.693.914)                            | 9.693.914                                 | (9.693.914)                            | 9.693.914                                 |
| 5- Part of hedged from EUR risk (-)                               | -                                      | -                                         | -                                      | -                                         |
| <b>6- EUR net effect (4+5)</b>                                    | <b>(9.693.914)</b>                     | <b>9.693.914</b>                          | <b>(9.693.914)</b>                     | <b>9.693.914</b>                          |
| <b>+/- 10% fluctuation of other currencies rate against to TL</b> |                                        |                                           |                                        |                                           |
| 7- Other currencies net asset/liability                           | 273                                    | (273)                                     | 273                                    | (273)                                     |
| 8- Part of hedged from other currencies risk (-)                  | -                                      | -                                         | -                                      | -                                         |
| <b>9- Other currencies net effect (7+8)</b>                       | <b>273</b>                             | <b>(273)</b>                              | <b>273</b>                             | <b>(273)</b>                              |
| <b>Total (3+6+9)</b>                                              | <b>(1.122.012.381)</b>                 | <b>1.122.012.381</b>                      | <b>(1.122.012.381)</b>                 | <b>1.122.012.381</b>                      |
| 31 December 2022                                                  |                                        |                                           |                                        |                                           |
|                                                                   | Profit /Loss                           |                                           | Equity                                 |                                           |
|                                                                   | Appreciation of<br>foreign<br>currency | Depreciation<br>of<br>foreign<br>currency | Appreciation of<br>foreign<br>currency | Depreciation<br>of<br>foreign<br>currency |
| <b>+/- 10% fluctuation of USD rate</b>                            |                                        |                                           |                                        |                                           |
| 1- USD net asset/liability                                        | (1.247.170.768)                        | 1.247.170.768                             | (1.247.170.768)                        | 1.247.170.768                             |
| 2- Part of hedged from USD risk (-)                               | -                                      | -                                         | -                                      | -                                         |
| <b>3- USD net effect (1+2)</b>                                    | <b>(1.247.170.768)</b>                 | <b>1.247.170.768</b>                      | <b>(1.247.170.768)</b>                 | <b>1.247.170.768</b>                      |
| <b>+/- 10% fluctuation of EUR rate</b>                            |                                        |                                           |                                        |                                           |
| 4- EUR net asset/liability                                        | (2.558.056)                            | 2.558.056                                 | (2.558.056)                            | 2.558.056                                 |
| 5- Part of hedged from EUR risk (-)                               | -                                      | -                                         | -                                      | -                                         |
| <b>6- EUR net effect (4+5)</b>                                    | <b>(2.558.056)</b>                     | <b>2.558.056</b>                          | <b>(2.558.056)</b>                     | <b>2.558.056</b>                          |
| <b>+/- 10% fluctuation of other currencies rate against to TL</b> |                                        |                                           |                                        |                                           |
| 7- Other currencies net asset/liability                           | (18)                                   | 18                                        | (18)                                   | 18                                        |
| 8- Part of hedged from other currencies risk (-)                  | -                                      | -                                         | -                                      | -                                         |
| <b>9- Other currencies net effect (7+8)</b>                       | <b>(18)</b>                            | <b>18</b>                                 | <b>(18)</b>                            | <b>18</b>                                 |
| <b>Total (3+6+9)</b>                                              | <b>(1.249.729.843)</b>                 | <b>1.249.729.843</b>                      | <b>(1.249.729.843)</b>                 | <b>1.249.729.843</b>                      |

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**NOTE 30 - FINANCIAL RISK MANAGEMENT (Continued)****c) Funding risk**

The funding risk of the current and future debt requirements is managed through rendering the availability of the qualified lenders. The Group's bank loans are provided by financially strong financial institutions.

**d) Capital risk management**

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Group monitors capital on the basis of the ratio of net debt to total equity. Net debt is calculated as total borrowings (including borrowings and trade and other payables, as shown in the consolidated balance sheet) less cash and cash equivalents. Total equity is calculated as the difference between assets and liabilities. Additionally, the Group calculates the total equity/total assets ratio. Group's construction in progress is financed by miscellaneous potential financial institutions as mentioned in the funding risk. Completion periods and cash outflows of investments are assessed and valorized within capital risk management by the Group. The periods after the completion of investments expect a significant reduction in the ratio of net debt/total capital.

Net debt/total equity ratio as of 31 December 2023 and 2022 are as follows:

|                                                     | <b>31 December 2023</b> | <b>31 December 2022</b> |
|-----------------------------------------------------|-------------------------|-------------------------|
| Total borrowings                                    | 15.787.047.873          | 19.257.886.656          |
| Trade payables to related parties and third parties | 1.004.161.254           | 3.841.692.803           |
| Other payables                                      | 785.403.984             | 1.052.049.871           |
| <b>Total debt</b>                                   | <b>17.576.613.111</b>   | <b>24.151.629.329</b>   |
| <b>Less: Cash and Cash Equivalents (Note 4)</b>     | <b>(1.170.389.431)</b>  | <b>(2.057.447.580)</b>  |
| <b>Net debt</b>                                     | <b>16.406.223.680</b>   | <b>22.094.181.749</b>   |
| <b>Total equity</b>                                 | <b>13.781.217.898</b>   | <b>9.938.872.043</b>    |
| <b>Net debt/total equity ratio</b>                  | <b>%119</b>             | <b>%222</b>             |

**e) Credit risk**

Credit risk consists of cash and cash equivalents, deposits held in banks and customers exposed to credit risk, which includes uncollected receivables.

The Group is exposed to credit risks due to its open receivable position with future collection dates and time deposits. If counterparties fail on the fulfillment of the agreement, the Group is exposed to the risk upon holding the financial instruments. Management covers the risk by limiting the average risk of counterparties (except for related parties) on agreements and by obtaining guarantees if necessary.

The Group has internal credit procedures, the credit rating system and internal policies for credit risk management related with the trade receivables from its customers. According to these procedures, the Group separately approves, increase or decrease the credit limits for customers with significant balances. The credit limits are determined in accordance with the historical payment performances, financial strengths, commercial relations, commercial growth potential, and management styles. Credit limits are reviewed every year and the group use bank guarantees, marketable securities and other guarantees for the customers which considered as high risk.

**AKENERJİ ELEKTRİK ÜRETİM A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)****NOTE 30 - FINANCIAL RISK MANAGEMENT (Continued)**

The exposure of the Group to credit risk as of 31 December 2022 and 2021 based on types of financial instruments is as follows:

| 31 December 2023                                                        | Trade receivables |               | Other receivables |               | Cash at banks | Derivative financial instruments |
|-------------------------------------------------------------------------|-------------------|---------------|-------------------|---------------|---------------|----------------------------------|
|                                                                         | Related parties   | Third parties | Related parties   | Third parties |               |                                  |
| Maximum exposure to credit risk as of reporting date (*) (A+B+C+D+E)    | 125.479.979       | 691.054.071   | -                 | 39.244.190    | 1.170.389.431 | 3.461.719                        |
| - Secured with guarantees                                               | -                 | 41.421.082    | -                 | -             | -             | -                                |
| A.Net book value of neither past due nor impaired financial assets (**) | 125.479.979       | 478.813.885   | -                 | 39.244.190    | 1.170.389.431 | 3.461.719                        |
| - Secured with guarantees                                               | -                 | 41.421.082    | -                 | -             | -             | -                                |
| B.Net book value of restructured financial assets                       | -                 | -             | -                 | -             | -             | -                                |
| - Secured with guarantees                                               | -                 | -             | -                 | -             | -             | -                                |
| C.Net book value of past due but not impaired financial assets          | -                 | 212.240.186   | -                 | -             | -             | -                                |
| - Secured with guarantees                                               | -                 | -             | -                 | -             | -             | -                                |
| D.Net book value of impaired assets                                     | -                 | -             | -                 | -             | -             | -                                |
| - Past due (gross net book value)                                       | -                 | 19.430.467    | -                 | -             | -             | -                                |
| - Impairment (-)                                                        | -                 | (19.430.467)  | -                 | -             | -             | -                                |
| - Secured with guarantees                                               | -                 | -             | -                 | -             | -             | -                                |
| - Not past due (gross net book value)                                   | -                 | -             | -                 | -             | -             | -                                |
| - Impairment (-)                                                        | -                 | -             | -                 | -             | -             | -                                |
| - Secured with guarantees                                               | -                 | -             | -                 | -             | -             | -                                |
| E.Collective provision for impairment (-)                               | -                 | -             | -                 | -             | -             | -                                |

(\*) In determining the amount, the increase in credit reliability such as guarantees received are not taken into account.

(\*\*) As of 31 December 2023, trade receivables from third parties categorized on neither past due nor impaired financial assets amounting to TL 263.467.936 are comprised of receivables from EPIAŞ and TEİAŞ within the scope of electricity trading operations with a due date less than 1 month.

**Maturity of expected credit loss**

| 31 December 2023       | Not due     | Overdue up to 1 months | Overdue 1-3 months | Overdue 3-12 months | Overdue more than 1 year | Total        |
|------------------------|-------------|------------------------|--------------------|---------------------|--------------------------|--------------|
| Closing balance        | 604.293.864 | -                      | -                  | 212.240.186         | 19.430.467               | 835.964.517  |
| Expected credit losses | -           | -                      | -                  | -                   | (19.430.467)             | (19.430.467) |

**AKENERJİ ELEKTRİK ÜRETİM A.Ş.**
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**NOTE 30 - FINANCIAL RISK MANAGEMENT (Continued)**

| 31 December 2022                                                        | Trade receivables |               | Other receivables |               | Cash at banks | Derivative financial instruments |
|-------------------------------------------------------------------------|-------------------|---------------|-------------------|---------------|---------------|----------------------------------|
|                                                                         | Related parties   | Third parties | Related parties   | Third parties |               |                                  |
| Maximum exposure to credit risk as of reporting date (*) (A+B+C+D+E)    | 936.247.000       | 2.714.544.534 | -                 | 62.051.198    | 2.057.437.177 | -                                |
| - Secured with guarantees                                               | -                 | 599.336.590   | -                 | -             | -             | -                                |
| A.Net book value of neither past due nor impaired financial assets (**) | 936.247.000       | 1.819.351.142 | -                 | 62.051.198    | 2.057.437.177 | -                                |
| - Secured with guarantees                                               | -                 | 540.874.710   | -                 | -             | -             | -                                |
| B.Net book value of restructured financial assets                       | -                 | -             | -                 | -             | -             | -                                |
| - Secured with guarantees                                               | -                 | -             | -                 | -             | -             | -                                |
| C.Net book value of past due but not impaired financial assets          | -                 | 895.193.392   | -                 | -             | -             | -                                |
| - Secured with guarantees                                               | -                 | 58.461.880    | -                 | -             | -             | -                                |
| D.Net book value of impaired assets                                     | -                 | -             | -                 | -             | -             | -                                |
| - Past due (gross net book value)                                       | -                 | 32.360.397    | -                 | -             | -             | -                                |
| - Impairment (-)                                                        | -                 | (32.360.397)  | -                 | -             | -             | -                                |
| - Secured with guarantees                                               | -                 | -             | -                 | -             | -             | -                                |
| - Not past due (gross net book value)                                   | -                 | -             | -                 | -             | -             | -                                |
| - Impairment (-)                                                        | -                 | -             | -                 | -             | -             | -                                |
| - Secured with guarantees                                               | -                 | -             | -                 | -             | -             | -                                |
| E. Collective provision for impairment (-)                              | -                 | -             | -                 | -             | -             | -                                |

(\*) In determining the amount, the increase in credit reliability such as guarantees received are not taken into account.

(\*\*) As of 31 December 2022, trade receivables from third parties categorized on neither past due nor impaired financial assets amounting to TL 1.260.074.670 are comprised of receivables from EPIAŞ and TEİAŞ within the scope of electricity trading operations.

**Maturity of expected credit loss**

| 31 December 2022       | Not due       | Overdue up to 1 months | Overdue 1-3 months | Overdue 3 -12 months | Overdue more than 1 year | Total         |
|------------------------|---------------|------------------------|--------------------|----------------------|--------------------------|---------------|
| Closing balance        | 2.755.598.142 | -                      | -                  | 895.193.392          | 32.360.397               | 3.683.151.931 |
| Expected credit losses | -             | -                      | -                  | -                    | (32.360.397)             | (32.360.397)  |

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**NOTE 31 - 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 31 December 2023, the Group has short - term derivative financial instruments amounting to TL 37.958.448 (31 December 2022: TL 34.155.704). As of 31 December 2023, the Group does not have long-term derivative financial instruments (31 December 2022: TL 2.692.368). As of 31 December 2023, the Group has assets from derivative financial instruments amounting to TL 3.461.719 (31 December 2022: None).

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 2023 through other valuation techniques involving direct and indirect observable inputs (Level 3) (Note 2.7).

**NOTE 32 - SUBSEQUENT EVENTS**

None.

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