

**(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 2024 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 2024, 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 2024, 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. 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
Accounting for the revaluation of property, plant and equipment	
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 2024. We focused on this matter in our audit due to the following reasons: - Revaluation increase and revaluation decrease recognized is material to the Group’s consolidated financial statements as at 31 December 2024, - 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, - Estimates and assumptions used in valuation studies may be affected by future industrial and economic changes, - The necessity of the use of valuation experts to review the valuation studies due to complex structure of inputs and calculations used.	We performed the following audit procedures in the accounting for the revaluation of property, plant and equipment: - 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. - 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. - 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. - The electricity production volume and capacity utilization rates used in the projections were compared with the previous period performances of the Group. - Revaluation surplus determined based on the revaluation studies has been reconciled with the consolidated financial statements. - Compliance of the related disclosures on the accounting for the revaluation of property, plant and equipment with TFRS were evaluated.



4. 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.

5. 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 scepticism 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 2024 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 6 March 2025.

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

Çağlar Sürücü, SMMM
Independent Auditor

Istanbul, 6 March 2025

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

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AKENERJİ ELEKTRİK ÜRETİM A.Ş.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2024**

(Amounts expressed in thousands of Turkish Lira ("TL") based on the purchasing power of TL as of 31.12.2024 unless otherwise indicated.)

		Current period	Prior period
		Audited	Audited
	Notes	31 December 2024	31 December 2023
ASSETS			
Current assets			
Cash and cash equivalents	4	1.815.347	1.689.794
Financial investment	5	-	187.837
Derivative instruments	18	-	4.998
Trade receivables			
- Due from related parties	7,30	12.370	181.166
- Due from third parties	7	691.064	997.735
Other receivables			
- Due from third parties	8	130.581	22.143
Inventories	12	172.143	186.791
Prepaid expenses	11	176.543	219.292
Current income tax assets	21	17.238	4.660
Other current assets	13	94.891	154.047
Total current assets		3.110.177	3.648.463
Assets held for sale		48.110	-
Non - current assets			
Other receivables			
- Due from third parties	8	26.954	34.517
Financial investments	5	1.426	1.083
Inventories	12	99.837	58.730
Property, plant and equipment	14	29.939.097	40.776.158
Intangible assets	15	607.336	595.945
Right of use assets	16	336.868	306.785
Prepaid expenses	11	3.010	364.344
Deferred tax assets	21	214.712	15.255
Other non-current assets	13	367.645	327.255
Total non - current assets		31.596.885	42.480.072
TOTAL ASSETS		34.755.172	46.128.535

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 2024**

(Amounts expressed in thousands of Turkish Lira ("TL") based on the purchasing power of TL as of 31.12.2024 unless otherwise indicated.)

		Current period	Prior period
		Audited	Audited
	Notes	31 December 2024	31 December 2023
LIABILITIES			
Current liabilities			
Short term borrowings	6	304.810	-
Short - term portion of long - term borrowings			
- Bank loans	6	1.529.756	9.748.235
- Lease payables	6	56.237	73.478
Trade payables			
- Due to related parties	9, 30	193.962	258.077
- Due to third parties	9	1.335.968	1.191.718
Employee benefit obligations	19	10.404	17.038
Other payables			
- Other payables to third parties	10	292.118	362.841
Derivative instruments	18	47.550	54.804
Current income tax liabilities	21	-	1.041
Deferred income		427	83
Short term provisions			
- Provisions for employee benefits	19	45.756	43.005
- Other short - term provisions	17	87.164	122.658
Total current liabilities		3.904.152	11.872.978
Non - current liabilities			
Long - term borrowings			
- Bank loans	6	16.324.304	12.620.385
- Lease payables	6	258.224	351.047
Other payables			
- Due to third parties	10	555.056	771.116
Long term provisions			
- Provisions for employee benefits	19	54.407	49.209
Deferred tax liabilities	21	13.144	566.647
Total non - current liabilities		17.205.135	14.358.404
EQUITY			
Share capital	20	729.164	729.164
Adjustments to share capital	20	12.301.512	12.301.512
Share premiums		1.171.640	1.171.640
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	-	3.090.025
- Gains/(losses) on re-measurement of defined benefit plans		(52.797)	(46.759)
Other comprehensive income/(expense) to be reclassified to profit/loss			
Losses on hedges			
- Losses on cash flow hedging			
Restricted reserves			
- Legal reserves	20	253.569	253.569
- Other reserves		(16.889)	(16.889)
Accumulated profits/(losses)		2.557.424	(4.861.595)
Net profit/(loss) for the period		(3.297.738)	7.276.486
Total equity		13.645.885	19.897.153
TOTAL LIABILITIES AND EQUITY		34.755.172	46.128.535

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 2024**

(Amounts expressed in thousands of Turkish Lira ("TL") based on the purchasing power of TL as of 31.12.2024 unless otherwise indicated.)

		Current period	Prior period
		Audited	Audited
		1 January -	1 January -
	Notes	31 December 2024	31 December 2023
Revenue	22	25.484.603	34.177.798
Cost of sales (-)	22	(25.066.442)	(32.004.614)
Gross profit		418.161	2.173.184
General administrative expenses (-)	23	(684.917)	(541.507)
Other operating income	25	388.541	903.959
Other operating expenses (-)	25	(288.260)	(604.191)
Operating profit/(loss)		(166.475)	1.931.445
Income from investing activities	26	3.146	85.640
Expenses from investing activities (-)	26	(5.003.712)	(95.340)
Operating profit/(loss) before financial income/(expense)		(5.167.041)	1.921.745
Financial income	27	553.607	1.160.830
Financial expenses (-)	27	(5.221.528)	(11.675.949)
Monetary gain/(loss)	28	6.768.795	11.691.820
Profit/(loss) before tax		(3.066.167)	3.098.446
Tax income/(expense)			
- Current income tax expense (-)	21	(20)	(34.272)
- Deferred tax income/(expense)	21	(231.551)	4.212.312
Net profit/(loss) for the period		(3.297.738)	7.276.486
Net profit attributable to:			
Equity holders of the parent		(3.297.738)	7.276.486
Earnings profits/losses per share (kurus)	29	(4,523)	9,979

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

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024**

(Amounts expressed in thousands of Turkish Lira ("TL") based on the purchasing power of TL as of 31.12.2024 unless otherwise indicated.)

		Current period	Prior period
		Audited	Audited
		1 January -	1 January -
	Notes	31 December 2024	31 December 2023
Net profit/(loss) for the period		(3.297.738)	7.276.486
Other comprehensive income/(expense)			
To be reclassified to profit or loss			
Gains/(losses) on cash flow hedging		-	5.341
Deferred tax income/(expense)	21	-	(704)
Not to be reclassified to profit or loss			
Decrease on revaluation of property, plant and equipment	14	(3.929.990)	(1.894.622)
Deferred tax income	21	982.498	163.677
Actuarial losses arising from defined benefit plans	19	(8.051)	(3.309)
Deferred tax income	21	2.013	662
Other comprehensive expense		(2.953.530)	(1.728.955)
Total comprehensive income/(expense)		(6.251.268)	5.547.531

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 2024

(Amounts expressed in thousands of Turkish Lira ("TL") based on the purchasing power of TL as of 31.12.2024 unless otherwise indicated.)

				Other comprehensive income /(expenses) not to be reclassified to profit or loss	Other comprehensive income /(expenses) to be reclassified to profit or loss		Restricted reserves				
	Share capital	Adjustments to share capital	Share premiums	Increase on revaluation of property, plant and equipment	Gains/(losses) on re- measurement of defined benefit plans	Gains/(losses) on cash flow hedging	Other reserves	Legal reserves	Retained earnings/ (accumulated losses)	Net profit/(loss) for the period	Total equity
1 January 2023	729.164	12.301.512	1.171.640	4.959.656	(44.112)	(4.637)	(16.889)	253.569	(8.039.440)	3.039.159	14.349.622
Transfers	-	-	-	-	-	-	-	-	3.039.159	(3.039.159)	-
Total comprehensive income	-	-	-	(1.730.945)	(2.647)	4.637	-	-	-	7.276.486	5.547.531
Other adjustments	-	-	-	(138.686)	-	-	-	-	138.686	-	-
31 December 2023	729.164	12.301.512	1.171.640	3.090.025	(46.759)	-	(16.889)	253.569	(4.861.595)	7.276.486	19.897.153
1 January 2024	729.164	12.301.512	1.171.640	3.090.025	(46.759)	-	(16.889)	253.569	(4.861.595)	7.276.486	19.897.153
Transfers	-	-	-	-	-	-	-	-	7.276.486	(7.276.486)	-
Total comprehensive income	-	-	-	(2.947.492)	(6.038)	-	-	-	-	(3.297.738)	(6.251.268)
Other adjustments (*)	-	-	-	(142.533)	-	-	-	-	142.533	-	-
31 December 2024	729.164	12.301.512	1.171.640	-	(52.797)	-	(16.889)	253.569	2.557.424	(3.297.738)	13.645.885

(*) As of 31 December 2024, the depreciation difference between the acquisition cost and the carrying values of the assets subject to revaluation method after tax amounting to TL 142.533 (31 December 2023: TL 138.686), 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 2024**

(Amounts expressed in thousands of Turkish Lira ("TL") based on the purchasing power of TL as of 31.12.2024 unless otherwise indicated.)

		Current period	Prior period
		Audited	Audited
		1 January -	1 January -
	Notes	31 December 2024	31 December 2023
A. Cash flows from operating activities		2.136.797	3.963.059
Net profit/(loss) for the period		(3.297.738)	7.276.486
Adjustments to reconcile net profit/(loss) for the year		5.185.012	(3.103.083)
Adjustments for depreciation and amortization expenses	24	2.062.040	2.084.809
Adjustments for provisions			
- Adjustment for provisions for employee benefits	19	72.930	79.664
- Adjustments for litigation provisions	17	(7.700)	1.816
- Adjustments for other provisions	17	(6.971)	(3.426)
Adjustments for interest income		(355.869)	(363.413)
Adjustments for interest expense		2.006.788	2.691.896
Adjustments for unrealized foreign exchange differences		2.814.847	8.900.386
Fair value adjustments			
- Adjustments for fair value of derivative financial instruments		(13.796)	(634)
- Adjustments for fair value of derivative financial investments	26	(1.447)	(73.962)
Adjustments for tax (income)/expense	21	(231.571)	4.178.041
Adjustments for (gain)/loss on sale of property, plant and equipment and impairment		4.975.774	93.978
Monetary gain/loss		(6.130.013)	(20.692.238)
Changes in working capital		305.444	(210.391)
(Increase)/decrease in trade receivables from related parties		132.405	835.623
(Increase)/decrease in trade receivables from third parties		7.688	1.804.753
(Increase)/decrease in other receivables from third parties		(138.470)	(2.977)
(Increase)/decrease in inventories		(75.299)	(163.283)
(Increase)/decrease in prepaid expenses		(2.640)	243.628
Increase/decrease in other assets		(151.214)	(325.225)
Increase/(decrease) in trade payables to related parties		17.807	(79.758)
Increase/(decrease) in trade payables to third parties		597.653	(2.425.793)
Increase/(decrease) in derivative financial instruments		31.429	23.715
Increase/(decrease) in deferred income		112	(40.784)
Increase/(decrease) in employee benefit obligations		(1.635)	12.694
Increase/(decrease) in other payables		(112.392)	(92.984)
Cash flows from operating activities		2.192.718	3.963.012
Payments related to provisions for employee benefits		(38.656)	37.937
Tax receipts/(payments)		(17.265)	(37.890)
B. Cash flows from investing activities		(101.461)	(861.054)
Cash inflows/outflows due to purchase of property, plant and equipment		(183.714)	(823.622)
Cash inflows/outflows due to purchase of intangible assets	15	(73.314)	(41.356)
Cash inflows/outflows due to sale of property, plant and equipment		1.976	276
Other cash inflows/outflows	5	153.591	3.678
C. Cash flows from financing activities		(1.320.598)	(3.072.475)
Cash inflows on borrowings received		7.578.479	-
Cash inflows/outflows due to repayment of borrowings	6	(5.064.650)	(2.138.775)
Cash outflows due to repayment of lease payable	6	(116.942)	(85.741)
Interest paid		(4.036.520)	(1.326.913)
Interest received		312.989	363.413
Other cash inflows/(outflows) (*)		6.046	115.541
Net increase in cash and cash equivalents		714.738	29.560
Monetary gain/loss through cash and cash equivalents		(572.346)	(1.201.250)
Cash and cash equivalents at the beginning of the period (*)	4	1.651.808	2.823.498
Cash and cash equivalents at the end of the year (*)	4	1.794.200	1.651.808

(*) 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 2024**

(Amounts expressed in thousands of Turkish Lira ("TL") based on the purchasing power of TL as of 31.12.2024 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 2024, the Company's free float is 25,28%. (31 December 2023: 25,28%).

As of 31 December 2024, the number of employees employed Akenerji and its subsidiaries (Akenerji and its subsidiaries will be referred as the "Group") is 283 (31 December 2023: 319).

These consolidated financial statements for the year ended 31 December 2024 have been approved for the issue by the Board of Directors at 6 March 2025.

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

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

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(Amounts expressed in thousands of Turkish Lira ("TL") based on the purchasing power of TL as of 31.12.2024 unless otherwise indicated.)

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").

The condensed consolidated financial statements are presented in accordance with "Announcement regarding with TAS/TFRS Taxonomy" which was published on 3 July 2024 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

With the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on 23 November 2023, entities applying TFRSs have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflation Economies as of financial statements for the annual reporting period ending on or after 31 December 2023. TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy.

According to the standard, financial statements prepared using the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in terms of the current measurement unit at the end of the reporting period for comparative purposes. The Group has therefore presented its consolidated financial statements as of 31 December 2023, on the purchasing power basis as of 31 December 2024.

According to the decision numbered 81/1820 dated 28 December 2023, by the Capital Markets Board (CMB), issuers and capital market institutions subject to the Turkish Accounting/Financial Reporting Standards are required to apply the provisions of TAS 29 starting from the annual financial reports for the accounting periods ending as of 31 December 2023, in order to implement inflation accounting.

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

The adjustments made in accordance with TAS 29 were made using the adjustment coefficient obtained from the Consumer Price Index (CPI) of Turkey published by the Turkish Statistical Institute (TSI). As of December 31, 2024, the indices and adjustment coefficients used in the adjustment of the consolidated financial statements are as follows:

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 December 2024	2.684,55	1,00000	291%
31 December 2023	1.859,38	1,44379	268%
31 December 2022	1.128,45	2,37897	156%

The main components of the Group's adjustments for financial reporting in hyperinflationary economies are as follows:

- 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 assets and liabilities are not adjusted as they are already expressed in terms of the current purchasing power on the balance sheet date. If the inflation-adjusted values of non-monetary items exceed their recoverable amount or net realizable value, the provisions of TAS 36 "Impairment of Assets" and TAS 2 "Inventories" are applied, respectively.
- Non-monetary assets and liabilities, as well as equity items that are not expressed in terms of the current purchasing power at the balance sheet date, have been adjusted using the relevant correction coefficients.
- 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.
- The effect of inflation on the Group's net monetary asset position in the current period is recorded in the net monetary gain/(losses) account in the consolidated profit or loss statement. (Note 28)

2.2 Basis of consolidation

- 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.
- 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.

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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 2024 and 2023:

Subsidiaries and branches	Effective shareholding (%)		Ownership interest (%)	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Akenerji Toptan	100,00	100,00	100,00	100,00
Ak-el Kemah	100,00	100,00	100,00	100,00
Akenerji Doğalgaz	100,00	100,00	100,00	100,00
Akel Sungurlu (*)	-	-	100,00	100,00
5ER Enerji (*)	-	-	100,00	100,00
Akenerji Toptan Khabat (**)	-	-	100,00	100,00
Aken B.V.	100,00	100,00	100,00	100,00

(*) Within the scope of the capacity rental agreements and usufruct right agreements signed by Akenerji Toptan, since Akenerji Toptan has a free purchase option for the shares of Akel Sungurlu and 5ER Enerji at any time and holds control over these companies, Akel Sungurlu and 5ER Enerji have been consolidated in the financial statements using the full consolidation method. As the Sungurlu Biomass Power Plant ("Sungurlu BPP"), operating under Akel Sungurlu, is actively planned to be sold and is highly likely to be disposed of within 12 months, it has been classified under "Non-current assets held for sale" as of December 31, 2024, and has been presented in the financial statements at the lower of its Net Realizable Value and Book Value.

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

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

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

2.3 The new standards, amendments and interpretations

The accounting policies applied in the preparation of the consolidated financial statements as of 31 December 2024, have been consistently applied with those used in the previous year, except for the new and amended TAS/TFRS and TFRIC interpretations effective as of 1 January 2024. The effects of these standards and interpretations on the Group's financial position and performance are explained in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at 31 December 2024 are as follows

- Amendment to IAS 1, Non-current liabilities with covenants;
- Amendment to IFRS 16, Leases on sale and leaseback;
- Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;
- IFRS 1, "General requirements for disclosure of sustainability-related financial information";
- IFRS 2, "Climate-related disclosures";

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

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

ii) Standards, amendments and improvements issued but not yet effective and not early adopted as at 31 December 2024

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

- IFRS 17, 'Insurance Contracts';
- Amendments to IAS 21, Lack of Exchangeability;
- Amendment to IFRS 9 and IFRS 7, Classification and Measurement of Financial Instruments;
- IFRS 18, Presentation and Disclosure in Financial Statements;
- IFRS 19, Subsidiaries without Public Accountability: Disclosures;

The Group is in the process of assessing the impact of the standards 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 that do not include transition provisions, significant voluntary changes in accounting policies, or identified accounting errors are applied retrospectively, and prior period financial statements are restated. 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 measured at amortized cost

Financial assets classified as measured at amortized cost are those for which management has adopted a business model to collect contractual cash flows, where the contractual terms include only payments of principal and interest arising from the principal balance on specified dates. These assets have fixed or determinable payments, are not traded in an active market, and are not derivative instruments. If their maturities are less than 12 months from the balance sheet date, they are classified as current assets; if longer than 12 months, they are classified as non-current assets. Financial assets measured at amortized cost include "trade receivables," "other receivables," and "cash and cash equivalents" in the statement of financial position.

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

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.

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

The Group utilizes derivative financial instruments to hedge against foreign currency risk, electricity price fluctuations, and interest rate risk. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and meets certain criteria.

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.

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

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.

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;

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

- (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.

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.

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

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.

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 (NLDC).

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 measured at the lower of acquisition cost or net realizable value. Net realizable value is the amount obtained by deducting the estimated cost of sale necessary to complete the sale from the estimated selling price in the ordinary course of business. 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.

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

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.

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 of 31 December 2024, the Group has based on the fair values determined in the studies conducted by 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:

	Years
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.

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

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.

Intangible assets

Intangible fixed assets are recognized in the financial statements at their acquisition cost, net of accumulated amortization and, if applicable, any permanent impairment losses. Intangible fixed assets include rights (computer software) and licenses (commercial operation licenses).

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:

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(Amounts expressed in thousands of Turkish Lira ("TL") based on the purchasing power of TL as of 31.12.2024 unless otherwise indicated.)

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

- 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.

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 50 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 early termination options

The lease liability is determined by considering the extension and early termination options included in the contracts. Most of these options in the contracts are jointly exercisable by both the Group and the lessor. The Group includes these options in the lease term if they are at the Group's discretion and if their exercise is reasonably certain based on the relevant contract. In case of a significant change in conditions, the assessment is reviewed by the Group.

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.

Asset Held for Sale

The Group classifies a non-current asset or a disposal group as held for sale when its carrying amount is expected to be recovered through a sale transaction rather than through continued use. For this classification to be applicable, the asset must be available for immediate sale in its present condition under customary terms that are typical for the sale of such assets, and the sale must be highly probable. The Group measures a disposal group classified as a non-current asset held for sale at the lower of its carrying amount and fair value less costs to sell. Depreciation is no longer recognized for tangible and intangible non-current assets included in this disposal group as of the date of classification.

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.

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

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.

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 obliged to make a payment equivalent to the number of unused leave days accrued by employees upon termination of their employment, multiplied by the daily gross wage at the termination date, along with any other contractual benefits. In this context, the Group recognizes a provision for unused leave days as an employee benefit obligation. The provision for unused leave days is measured without discounting and is recognized in profit or loss as the related service is rendered.

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.

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

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.

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.

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

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.

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 2023: None) as of 31 December 2024. Carry forward tax losses amounting to TL 4.925.445 (31 December 2023: TL 3.644.840) (Note 21) (balances are presented in their historic cost). As of 31 December 2024, 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 has an unamortized non-real financing cost amounting to TL 5.661.924 and a temporary difference of TL 522.476 for which no deferred tax has been calculated, but which may be utilized in future periods.

Explanations for revaluation method and fair value measurement

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

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

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 2024, the fair value which is determined with valuation study by an independent valuation company which has CMB license, is used for lands, land improvements, buildings, machinery and equipment. In the aforementioned valuation and impairment studies, "income reduction method - discounted cash flow analysis " was applied.

Income Approach, discounted cash flow analysis (Level 3) is used by the valuation company for valuation reports of 31 December 2024 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, Himmetli HPP Konya Biomass Power Plant (BPP), Konya Solar Power Plant (SPP) and Erzin Natural Gas Combined Cycle Power Plant (NGCCPP) which are belong to Akenerji assets. For the valuation of the Sungurlu BPP facility, the "Cost Approach Method" has been applied.

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.

Changes in the spark spread are used in the model impact generation at the Erzin natural gas combined cycle power plant. For hydroelectric power plants (HPPs), as well as the Konya and Ayyıldız facilities, generation forecasts have been prepared using historical generation data and feasibility reports. In valuation models prepared in USD terms, the discount rate has been determined as 9.29% in real terms, considering the prevailing macroeconomic market conditions. An increase in the discount rate negatively affects the fair value of the power plants. The portion of the relevant valuation results related to the decrease in value that is associated with "Gains/(losses) on revaluation of property, plant and equipment" has been recognized in the consolidated statement of other comprehensive income statement, while the remaining amount has been accounted for in the consolidated statement of profit or loss statement. The valuation report is prepared by an independent valuation firm holding the relevant Capital Markets Board (CMB) license and possessing the necessary professional expertise. Information regarding revaluation increases/decreases and impairment movements is presented in Note 14.

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

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

Valuation assumptions

Valuated power plant type	Weighted capital cost rate (%)	Installed capacity (MW)	Capacity utilization rate (%)
Uluabat HPP	9,29	100	34,43
Feke II HPP	9,29	70	23,00
Gökkaya HPP	9,29	30	33,40
Feke I HPP	9,29	30	34,65
Burç Bendi HPP	9,29	28	32,21
Himmetli HPP	9,29	27	36,20
Bulam HPP	9,29	7	38,84
Ayyıldız WFPP	9,29	28	34,57
Konya BPP	9,29	11	68,00
Konya SPP	9,29	8,11	18,38

Valuated power plant type	Weighted capital cost rate (%)	Installed capacity (MW)	Capacity utilization rate (%)
Erzin NGCCPP	9,29	904	44,38

The electricity sales prices used are 65-75 USD/MWh for HPPs, WFPP, BPP and SPP. In case the electricity prices used in the valuation models prepared for HPPs, WFPP, BPP and SPP increased or decreased by 10% and if all other variables are held constant, property, plant and equipment amount for HPPs, WFPP, BPP and SPP recognized in consolidated financial statements would have been increased by TL 1.979.595 or decreased by TL 2.102.328. In case the sales volume increased or decreased by 10%, if all other variables are held constant, property, plant and equipment amount for HPPs, WFPP, BPP and SPP recognized in consolidated financial statements would have been increased by TL 1.989.165 or decreased by TL 2.127.983. 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 HPPs, WFPP, BPP and SPP recognized in consolidated financial statements would have been decreased by TL 1.674.395 or increased by TL 1.223.088.

The spark spread used in the Erzin NGCCPP is in the range of (8) to 8 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 17.739 or decreased by TL 82.956. 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 822.862 or increased by TL 942.928.

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

2.8 Going concern

The Group prepares its consolidated financial statements on a going concern basis in a foreseeable future.

Despite a 20% increase in natural gas tariffs in October 2023, the hard cap prices in the Day-Ahead Market remained unchanged during the first half of 2024. In the second half of the year, the hard cap price was raised from 2.700 TL/MWh to 3.000 TL/MWh (expressed in nominal terms). However, this increase remains insufficient compared to the cap prices in liberalized electricity markets (for example, the cap price in Europe is 5.000 EUR/MWh). This situation has placed significant pressure on the generation and profitability of natural gas power plants. Due to the decline in generation at the Erzin Natural Gas Power Plant, which accounts for 74% of our portfolio, the Company's total generation volume for the period ending December 31, 2024, decreased by 6% compared to the same period of the previous year, in line with the general trend across Turkey. On the other hand, strong electricity demand and regulatory changes in the Capacity Mechanism, which had a positive impact on our company, provided supportive effects on our operations. As a result, earnings before interest, depreciation, and taxes (EBITDA) which is determined by adding depreciation and amortization expenses to the Operating Loss, amounted to 1.895.565 TL as of December 31, 2024 (December 31, 2023: 4.016.254 TL).

Natural gas procurement for the Group's generation activities at the Erzin Combined Cycle Natural Gas Power Plant constitute a significant portion of generation costs. In 2024, natural gas supply continued to be provided through BOTAŞ. Despite fluctuations in global natural gas prices, there have been no changes in BOTAŞ tariffs since the price increase in October 2023. However, increases in natural gas transmission service and capacity fees at the beginning of 2024 are being closely monitored alongside the decline in electricity market demand and import costs for power plants. Additionally, cost optimization efforts are ongoing by evaluating monthly opportunities to reduce natural gas costs.

The Group signed a "Financial Restructuring" agreement with Yapı ve Kredi Bankası A.Ş. on November 11, 2019, and, within the scope of this agreement, entered into a refinancing loan agreement amounting to USD 859 million with a total maturity of 13 years, including a 1.5-year principal grace period, to refinance all its existing debts and extend their maturity. Thanks to the Group's regular debt service payments and early principal repayments made before maturity, the total loan balance was reduced to USD 503 million as of December 31, 2024. The aforementioned Loan Agreement was amended on September 20, 2024, and the Tranche 1 loan with a principal amount of USD 40 million and the Tranche 2 loan with a principal amount of TL 2.271.037 which were due in December 2024, were repaid. Subsequently, a Tranche 5 loan amounting to USD 180 million with a maturity date of March 2026 was disbursed. This restructuring eased the pressure on the Group's cash flow, positively impacted its financial sustainability and competitiveness, and significantly reduced its exposure to high interest rate risks in Turkish Lira. The remaining Tranche 3 and Tranche 4 loans, amounting to USD 323 million, will continue under their existing terms with a maturity date of December 2032.

The Group takes various actions to enhance its operational profitability and cash flow from operations by evaluating all opportunities that may positively contribute to its cash flows and align with its interests. Accordingly, the consolidated financial statements are prepared under the assumption that the company will continue its operations in the foreseeable future, and no risks are anticipated regarding the company's going concern.

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 2024 and 2023 are as follows:

	31 December 2024	31 December 2023
Banks		
- Demand deposits	240.485	309.971
- Time deposits	1.574.862	1.379.823
	1.815.347	1.689.794
Restricted cash	(21.147)	(37.148)
Interest accrual	-	(838)
Cash and cash equivalents provided in statement of cash flows	1.794.200	1.651.808

As of 31 December 2024, TL 828.400 (2023: TL 1.608.459) 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 31.

As of 31 December 2024, the average effective interest rate for TL and EUR time deposits is 34,54% (2023: 16,78%) and none (31 December 2023: None) respectively.

The remaining day to maturity of time deposits as of 31 December 2024 is shorter than one month.

As of 31 December 2024, the Group's restricted cash at Takasbank amounting to TL 21.147 (2023: TL 37.148) is related with the electricity and natural gas sales operations, trading and debt reserve account of the Group.

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NOTE 5 - FINANCIAL INVESTMENTS

a) Short-term financial investments

	31 December 2024	31 December 2023
Exchange rate protected TL time deposits (*)	-	187.837
	-	187.837

(*) 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.

b) Long-term financial investments

	31 December 2024	31 December 2023
Long - term securities	439	100
Monetary gain	987	983
Total	1.426	1.083

Akenerji Toptan, a subsidiary of the Group, has participated to Enerji Piyasaları İşletme Anonim Şirketi ("EPIAŞ") who is established with 877.011 Class C shares (Share value: TL 439), representing a 0.16% stake, in exchange for a capital contribution of 61.573 TL (December 31, 2023: 100 TL).

NOTE 6 - BORROWINGS

The details of borrowings of the Group as of 31 December 2024 and 31 December 2023 are as follows:

	31 December 2024	31 December 2023
Short-term borrowings		
- Bank loans	304.810	-
Total short-term borrowings	304.810	-
Short-term portion of long-term borrowings		
- Bank loans	1.529.756	9.748.235
- Lease liabilities	56.237	73.478
Total short-term portion of long-term borrowings	1.585.993	9.821.713
Long-term borrowings		
- Bank loans	16.324.304	12.620.385
- Lease liabilities	258.224	351.047
Total long-term borrowings	16.582.528	12.971.432
Total short-term and long-term borrowings	18.473.331	22.793.145

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NOTE 6 - BORROWINGS (Continued)

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

As of 31 December 2024 and 2023, the original currencies and weighted average interest rates for short and long-term financial liabilities are as follows:

31 December 2024				
	Currency	Effective Interest rate %	Original Amount	Amount in TL
Short-term borrowings	TL	26,93	304.810	304.810
Total short-term borrowings			304.810	304.810
Short - term portion of long - term bank loans	USD	8,08	43.360	1.529.756
Short - term portion of long - term lease liabilities	EUR	5,97	1.580	58.052
Interest cost of short - term portion of long - term lease liabilities (-)	EUR	5,97	(291)	(10.681)
Short - term portion of long - term lease liabilities	TL	19,26	8.866	8.866
Total short - term borrowings				1.585.993
Long - term bank loans	USD	8,08	462.703	16.324.304
Long - term lease liabilities	EUR	5,97	5.071	186.279
Interest cost of long - term lease liabilities (-)	EUR	5,97	(1.292)	(47.479)
Long - term lease liabilities	TL	19,26	119.424	119.424
Total long - term borrowings				16.582.528

31 December 2023				
	Currency	Effective Interest rate %	Original Amount	Amount in TL
Short - term portion of long - term bank loans	USD	7,75	107.306	4.560.785
Short - term portion of long - term bank loans	TL	12,28	3.592.945	5.187.450
Short - term portion of long - term lease liabilities	EUR	5,56	1.603	75.374
Interest cost of short - term portion of long - term lease liabilities (-)	EUR	5,56	(333)	(15.639)
Short - term portion of long - term lease liabilities	TL	18,76	9.519	13.743
Total short - term borrowings				9.821.713
Long - term bank loans	USD	7,75	296.933	12.620.385
Long - term lease liabilities	EUR	5,56	6.530	307.110
Interest cost of long - term lease liabilities (-)	EUR	5,56	(1.599)	(75.224)
Long - term lease liabilities	TL	18,76	82.533	119.161
Total long - term borrowings				12.971.432

As of 31 December 2024, all of the Euro finance lease liabilities of the Group are subject to floating interest rate of Euribor + 3,4% (31 December 2023: 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 2024 and 2023 are as follows:

	31 December 2024	31 December 2023
Up to 1 - 2 years	8.145.650	1.697.995
Up to 2 - 3 years	1.740.226	1.844.267
Up to 3 - 4 years	1.521.003	1.931.612
Up to 4 - 5 years	1.343.891	1.688.280
More than 5 years	3.573.534	5.458.231
	16.324.304	12.620.385

The principal repayment schedule of the Group's long - term finance lease obligations as at 31 December 2024 and 2023 is as follows:

	31 December 2024	31 December 2023
Up to 1 - 2 years	49.809	59.175
Up to 2 - 3 years	47.450	59.022
Up to 3 - 4 years	47.023	56.205
Up to 4 - 5 years	3.155	60.860
Up to 5 - 6 years	289	4.828
Up to 6 - 7 years	341	3.116
Up to 7 - 8 years	403	1.117
Up to 8 - 9 years	479	1.257
Up to 9 - 10 years	572	1.172
More than 10 years	108.703	104.295
	258.224	351.047

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 2024, the Group is compliant with the financial covenant.

As of 31 December 2024, and 2023, the movements of borrowings are as follows:

	2024	2023
1 January	22.793.145	27.804.300
Cash flow impact	(1.639.633)	(3.551.429)
Change in unrealized foreign exchange differences	2.814.847	8.900.277
Change in interest accruals and amortization commission	1.911.326	2.279.497
Changes in lease liabilities	57.999	102.778
Monetary gain	(7.464.353)	(12.742.278)
31 December	18.473.331	22.793.145

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NOTE 7 - TRADE RECEIVABLES

a) Short term trade receivables

	31 December 2024	31 December 2023
- Trade receivables from related parties (Note 30)	12.370	181.166
- Trade receivables from third parties	707.318	1.025.788
	719.688	1.206.954
Provision for doubtful receivables	(16.254)	(28.053)
	703.434	1.178.901

As of 31 December 2024, trade receivable maturities which less than 1 months and unearned finance income from credit sales does not exist (31 December 2023: 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:

	2024	2023
1 January	28.053	46.722
No longer subject to provision	(3.719)	(402)
Monetary gain	(8.080)	(18.267)
31 December	16.254	28.053

As of 31 December 2024, the amount of receivables which are overdue and impaired is TL 16.254 (31 December 2023: TL 28.053). The aging list of these receivables as of 31 December 2024 and 2023 is as follows:

	31 December 2024	31 December 2023
More than 12 months	16.254	28.053
	16.254	28.053

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 31.469 as of 31 December 2024 (31 December 2023: TL 306.430). The aging list of these receivables as of 31 December 2024 and 2023 is as follows:

	31 December 2024	31 December 2023
1 to 3 months	-	301.749
3 to 12 months and over	31.469	4.681
	31.469	306.430

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NOTE 8 - OTHER RECEIVABLES

a) Short - term other receivables

	31 December 2024	31 December 2023
- Other receivables from third parties	130.581	22.143
	130.581	22.143

As of 31 December 2024 and 2023, the details of short - term receivables of the Group from third parties are as follows:

	31 December 2024	31 December 2023
Deposits and guarantees given	115.697	27
Receivables from tax office	14.205	21.660
Receivables from various public institutions	617	342
Short - term other receivables	62	114
	130.581	22.143

b) Long - term other receivables

	31 December 2024	31 December 2023
- Other receivables from third parties	26.954	34.517
	26.954	34.517

As of 31 December 2024 and 2023, the details of long - term receivables of the Group from third parties are as follows:

	31 December 2024	31 December 2023
Deposits and guarantees given	26.954	34.517
	26.954	34.517

NOTE 9 - TRADE PAYABLES

a) Short - term trade payables

	31 December 2024	31 December 2023
- Trade payables to third parties	1.335.968	1.191.718
- Trade payables to related parties (Note 30)	193.962	258.077
	1.529.930	1.449.795

As of 31 December 2024, the average maturity of trade payables is 30 days.

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NOTE 10 - OTHER PAYABLES

a) Short - term other payables

	31 December 2024	31 December 2023
- Other payables to third parties	292.118	362.841
	292.118	362.841

As of 31 December 2024, and 2023, details of short - term other payables of the Group are as follows:

	31 December 2024	31 December 2023
Payables to DSI (*)	204.436	233.697
Taxes and funds payable	61.084	82.807
Deposit and guarantees taken	31	45
Other payables	26.567	46.292
	292.118	362.841

b) Long - term other payables

	31 December 2024	31 December 2023
- Other payables to third parties	555.056	771.116
	555.056	771.116

The details of long - term other payables of the Group as of 31 December 2024 and 2023 are as follows:

	31 December 2024	31 December 2023
Payables to DSI (*)	482.332	677.288
Other long - term trade payables	72.724	93.828
	555.056	771.116

- (*) The Group signed an agreement with the General Directorate of State Hydraulic Works (DSİ) Department of Investigation and Planning for the Water Usage of Uluabat 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 DSI 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, 9 installments reported by DSI 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 204.436 (31 December 2023: TL 233.697) and long - term other payables to third parties amounting to TL 482.332 (31 December 2023: TL 677.288).

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NOTE 11 - PREPAID EXPENSES

Prepaid expenses as of 31 December 2024 and 2023 are as follows:

a) Short - term prepaid expenses

	31 December 2024	31 December 2023
Prepaid expenses for following months	169.855	193.152
Advances given for purchases	6.688	26.140
	176.543	219.292

b) Long - term prepaid expenses

	31 December 2024	31 December 2023
Advances given for fixed asset purchases	293	358.777
Prepaid expenses for following years	2.717	5.567
	3.010	364.344

NOTE 12 - INVENTORIES

a) Short - term inventories

	31 December 2024	31 December 2023
Raw materials	151.999	157.739
Spare parts	16.753	18.250
Work in progress	3.375	6.207
Other raw materials	16	4.595
	172.143	186.791

b) Long - term inventories

	31 December 2024	31 December 2023
Spare parts (*)	99.837	58.730
	99.837	58.730

(*) TL 99.837 (31 December 2023: TL 58.730) of spare parts classified in long - term inventories with an amount of TL 64.090 (31 December 2023: TL 40.129) 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 35.747 (31 December 2023: TL 18.601) 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

	31 December 2024	31 December 2023
Deferred VAT	91.317	151.104
Personnel advances	2.588	1.917
Job advances	986	1.026
	94.891	154.047

b) Other non-current assets

	31 December 2024	31 December 2023
Deferred VAT	367.645	327.255
	367.645	327.255

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NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2024	Additions	Transfers	Disposals(***)	Revaluation increase/decrease	Impairment	31 December 2024
Cost							
Lands	2.828	-	-	-	-	(1.320)	1.508
Land improvements (*)	24.269.015	28.560	1.243	(34.491)	(1.793.796)	(3.506.421)	18.964.110
Buildings	5.520.316	1.412	-	(44.725)	(555.396)	(335.708)	4.585.899
Machinery and equipment (**)	21.164.669	27.841	190.508	(149.726)	(1.580.798)	(989.582)	18.662.912
Motor vehicles	30.540	2.018	-	-	-	-	32.558
Furnitures and fixtures	224.341	6.677	-	(4.738)	-	-	226.280
Leasehold improvements	147.229	2.873	-	(46.596)	-	-	103.506
Construction in progress	445.129	114.333	(195.513)	(32.340)	-	-	331.609
	51.804.067	183.714	(3.762)	(312.616)	(3.929.990)	(4.833.031)	42.908.382
Accumulated depreciation							
Land improvements	(4.195.883)	(785.802)	-	5.593	-	-	(4.976.092)
Buildings	(784.517)	(158.947)	-	2.791	-	-	(940.673)
Machinery and equipment	(5.838.554)	(1.019.783)	-	29.816	-	-	(6.828.521)
Motor vehicles	(20.240)	(4.711)	-	-	-	-	(24.951)
Furnitures and fixtures	(166.019)	(7.430)	-	192	-	-	(173.257)
Leasehold improvements	(22.696)	(4.166)	-	1.071	-	-	(25.791)
	(11.027.909)	(1.980.839)	-	39.463	-	-	(12.969.285)
Net book value	40.776.158						29.939.097

(*) 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 4.438. As of 31 December 2024, the total amount of accumulated depreciation of related land improvement is TL 934

(**) 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 440.826. As of 31 December 2024, the total amount of accumulated depreciation of the related machinery and equipment is TL 352.661.

(***) As of 31 December 2024, out of the disposals with a net book value of TL 273.153, an amount of TL 190.743 relates to the Sungurlu BPP, which has been classified under assets held for sale.

Current period depreciation expense amounting to TL 1.976.023 has been included in cost of sales and TL 4.816 has been included in general administrative expenses.

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NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2023	Additions	Transfers	Disposals	Revaluation increase/decrease	Impairment	31 December 2023
Cost							
Lands	2.464	-	-	-	364	-	2.828
Land improvements (*)	27.317.076	30.130	24.408	-	(3.084.241)	(18.358)	24.269.015
Buildings	5.204.780	27.696	144.198	-	158.883	(15.241)	5.520.316
Machinery and equipment (**)	19.299.219	52.023	843.435	-	1.030.372	(60.380)	21.164.669
Motor vehicles	26.126	182	4.232	-	-	-	30.540
Furnitures and fixtures	199.039	17.579	7.723	-	-	-	224.341
Leasehold improvements	54.034	93.195	-	-	-	-	147.229
Construction in progress	866.308	602.817	(1.023.996)	-	-	-	445.129
	52.969.046	823.652	-	-	(1.894.622)	(93.979)	51.804.067
Accumulated depreciation							
Land improvements	(3.303.447)	(892.436)	-	-	-	-	(4.195.883)
Buildings	(633.280)	(151.237)	-	-	-	-	(784.517)
Machinery and equipment	(4.887.817)	(950.737)	-	-	-	-	(5.838.554)
Motor vehicles	(16.087)	(4.153)	-	-	-	-	(20.240)
Furnitures and fixtures	(154.701)	(11.318)	-	-	-	-	(166.019)
Leasehold improvements	(18.671)	(4.025)	-	-	-	-	(22.696)
	(9.014.003)	(2.013.906)	-	-	-	-	(11.027.909)
Net book value	43.955.043						40.776.158

(*) 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 4.438. As of 31 December 2023, the total amount of accumulated depreciation of related land improvement is TL 817.

(**) 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 440.826. As of 31 December 2023, the total amount of accumulated depreciation of the related machinery and equipment is TL 308.578

Current period depreciation expense amounting to TL 2.005.671 has been included in cost of sales and TL 8.235 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 2024 (31 December 2023: None).

Details of the guarantees, pledges and mortgages on property, plant and equipment as of 31 December 2024 and 2023 are explained in Note 17.

NOTE 15 - INTANGIBLE ASSETS

	1 January 2024	Additions	Transfers	Disposals	31 December 2024
Costs					
Rights	1.079.345	10.204	(33.074)	(41.851)	1.014.624
Licenses	8.312	63.110	36.836	(37)	108.221
	1.087.657	73.314	3.762	(41.888)	1.122.845
Accumulated amortization					
Rights	(483.762)	(34.871)	70.469	4.584	(443.580)
Licenses	(7.950)	(5.242)	(70.469)	11.732	(71.929)
	(491.712)	(40.113)	-	16.316	(515.509)
Net book value	595.945				607.336

	1 January 2023	Additions	31 December 2023
Cost			
Rights	1.038.069	41.276	1.079.345
Licenses	8.232	80	8.312
	1.046.301	41.356	1.087.657
Accumulated amortization			
Rights	(453.754)	(30.008)	(483.762)
Licenses	(7.925)	(25)	(7.950)
	(461.679)	(30.033)	(491.712)
Net book value	584.622		595.945

Current period amortization expense amounting to TL 24.504 (31 December 2023: TL 29.815) has been included in cost of sales and remaining TL 15.609 (31 December 2023: TL 218) has been included in general administrative expenses.

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NOTE 16 – RIGHT OF USE ASSETS

	1 January 2024	Additions	Disposals	31 December 2024
Cost				
Land (*)	286.875	61.782	-	348.657
Buildings	54.545	1.268	(50.076)	5.737
Motor vehicles	73.729	16.670	(8.323)	82.076
	415.149	79.720	(58.399)	436.470
Accumulated depreciation				
Land	(26.476)	(9.922)	-	(36.398)
Buildings	(41.501)	(3.841)	42.072	(3.270)
Motor vehicles	(40.387)	(27.325)	7.778	(59.934)
	(108.364)	(41.088)	49.850	(99.602)
Net book value	306.785			336.868

(*) Comprised of land rent and forest permit.

	1 January 2023	Additions	Disposals	31 December 2023
Cost				
Land (*)	197.129	89.746	-	286.875
Buildings	48.483	6.062	-	54.545
Motor vehicles	49.828	23.901	-	73.729
	295.440	119.709	-	415.149
Accumulated depreciation				
Land	(18.174)	(8.302)	-	(26.476)
Buildings	(26.033)	(15.468)	-	(41.501)
Motor vehicles	(23.287)	(17.100)	-	(40.387)
	(67.494)	(40.870)	-	(108.364)
Net book value	227.946			306.785

(*) Comprised of land rent and forest permit.

Current period depreciation expense of amounting to TL 9.922 (31 December 2023: TL 24.964) has been included in cost of sales and TL 31.166 (31 December 2023: TL 15.906) 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 2024, 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 2024 is TL 42.871 (31 December 2023: TL 71.394).

	31 December 2024	31 December 2023
Litigation provision	42.871	71.394
Periodical maintenance provisions	44.293	51.264
	87.164	122.658

The movements of litigation provision are as follows:

	2024	2023
1 January	71.394	115.485
Current period provision (Note 25)	2.089	1.624
Interest charges of litigation provision	-	1.131
Released provisions (Note 25)	(10.260)	(939)
Monetary gain	(20.352)	(45.907)
31 December	42.871	71.394

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:

		31 December 2024		31 December 2023	
	Original currency	Original Amount	TL equivalent	Original Amount	TL Equivalent
Letters of guarantees given	TL	616.924	616.924	222.274	222.274
	USD	1.560	55.030	2.693	114.469
	EUR	1.181	43.400	4.343	204.256
			715.354		540.999

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)

- Sales and purchase commitments

Electricity sales and purchase commitments:

Under the electricity sales agreements made with energy companies, the Group has committed to sell 1.257.698 MWh of energy in 2024. As of 31 December 2024, the sale of 1.257.698 MWh of energy has been fulfilled under this commitment. Within the scope of electricity energy purchase agreements made with energy companies, the Group has committed to purchase 239.184 MWh of energy physically in 2024, and within the scope of the related commitment, 239.184 MWh of energy has been procured as of 31 December 2024.

As of December 31, 2024, the Group does not have any committed sales agreements to be fulfilled in 2025 and beyond; however, there is a purchase agreement in place for 52,560 MWh.

Natural gas purchase commitments

The Group has fulfilled 100% of its annual take-or-pay commitment in 2024.

c) Contingent Assets

Guarantees received

		31 December 2024		31 December 2023	
	Currency	Original Currency	TL Equivalent	Original currency	TL Equivalent
Letters of guarantees received	TL	51.731	51.731	540.620	540.620
	EUR	24	882	319	14.981
	USD	484	17.076	1.729	73.487
Notes of guarantees received	TL	1.752	1.752	24.485	24.485
	USD	746	26.313	746	31.699
	EUR	34	1.242	34	1.590
	GBP	6	251	6	307
Cheques of guarantees received	TL	106	106	153	153
	USD	17	587	17	708
Mortgages received	TL	3.242	3.242	4.681	4.681
		103.182		692.711	

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 2024		31 December 2023	
	Contract amount	Fair value	Contract amount	Fair value
Forward contracts				
- Short - term	-	-	20.197	4.998
Derivative financial assets			20.197	4.998
Forward contracts				
- Short - term	593.874	47.550	1.781.011	54.804
Derivative financial liabilities	593.874	47.550	1.781.011	54.804

Movement of derivative instruments during the period is as follows:

	2024	2023
1 January	49.806	53.201
To be reclassified to profit or loss		
- Financial expense/(income)	14.074	17.512
Monetary loss	(16.330)	(20.907)
31 December	47.550	49.806

NOTE 19 - EMPLOYEE BENEFITS

a) Employee benefit obligations

	31 December 2024	31 December 2023
Social security payment	9.854	16.351
Due to personnel	550	687
	10.404	17.038

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NOTE 19 - EMPLOYEE BENEFITS (Continued)

b) Short - term provisions for employee benefits

	31 December 2024	31 December 2023
Bonus provision	45.756	43.005
	45.756	43.005

The movements of bonus provision are as follows:

	2024	2023
1 January	43.005	47.593
Current year charges	53.562	56.384
Payments during the year	(30.959)	(37.937)
Provisions no longer required	(4.734)	-
Monetary gain	(15.118)	(23.035)
31 December	45.756	43.005

c) Long - term provisions for employee benefits

	31 December 2024	31 December 2023
Provisions for employee termination benefits	40.043	38.987
Provisions for unused vacation rights	14.364	10.222
	54.407	49.209

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 full TL 41.828,42 for each year of service as of 31 December 2024 (31 December 2023: full TL 23.489,83).

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

The provision for severance pay represents the present value of the Group's estimated future obligations arising from employee retirements under the Turkish Labor Law.

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.

TAS 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:

	2024	2023
Discount rate (%)	4,70	4,70
Turnover rate related the probability of retirement (%)	95,13	95,13

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 46.655,43 (1 January 2024: full TL 35.058,58) which is effective from 1 January 2025 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:

	2024	2023
1 January	38.987	71.630
Service cost	7.189	8.009
Interest cost	(5.594)	(11.704)
Actuarial losses	8.051	3.309
Payments during the year	(9.405)	(31.697)
Monetary gain/loss	815	(560)
31 December	40.043	38.987

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

	2024	2023
1 January	10.222	10.694
Current year provision	10.100	8.305
Payments during the year	(1.241)	(4.574)
Monetary gain/loss	(4.717)	(4.203)
31 December	14.364	10.222

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 2024 and 2023 the share capital held is as follows:

	31 December 2024	31 December 2023
Limit on registered share capital (historical)	1.500.000	1.500.000
Issued capital	729.164	729.164

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NOTE 20 - EQUITY (Continued)

The Company's shareholders and shareholding structure as of 31 December 2024 and 2023 are as follows:

	31 December 2024		31 December 2023	
	Share (%)	Amount	Share (%)	Amount
CEZ a.s.	37,36	272.426	37,36	272.426
Akkök Holding A.Ş.	20,43	148.989	20,43	148.989
Akarsu Enerji Yatırımları San. ve Ticaret A.Ş. ("Akarsu")	16,93	123.437	16,93	123.437
Publicly held	25,28	184.312	25,28	184.312
		729.164		729.164
Adjustment to share capital (*)		12.301.512		12.301.512
Total paid - in capital		13.030.676		13.030.676

(*) "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 Kuruş 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:

Equity	PPE indexed accounting entries	CPE indexed accounting entries	Differences classified in retained earnings
Share capital	15.279.004	13.030.676	(2.248.328)
Share premiums	1.608.445	1.171.640	(436.805)
Restricted reserves	352.672	253.569	(99.103)

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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

According to the Turkish Commercial Code, legal reserves are classified into first-tier and second-tier legal reserves. In accordance with the Turkish Commercial Code, first-tier legal reserves are allocated at a rate of 5% of the statutory net profit until they reach 20% of the company's paid-in capital. Second-tier legal reserves, on the other hand, amount to 10% of the distributed profit exceeding 5% of the paid-in capital. Under the Turkish Commercial Code, legal reserves can only be used to offset losses unless they exceed 50% of the paid-in capital; otherwise, they cannot be utilized in any other manner.

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, pursuant to the relevant CMB Decision, it is stipulated that companies which have the obligation to prepare consolidated financial statements, calculate the net distributable profit amount by considering 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 2023: None).

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NOTE 21 - TAX ASSETS AND LIABILITIES

	31 December 2024	31 December 2023
Current income tax expenses	20	23.737
Prepaid taxes	(17.258)	(27.356)
Current income tax liabilities/ (Current income tax assets), net	(17.238)	(3.619)

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%. The corporate tax is applied to the net taxable profit, which is calculated by adding non-deductible expenses to the commercial profit and deducting exemptions and allowances specified in the tax laws. Losses can be carried forward for offset against future taxable income for up to 5 years. However, the resulting losses cannot be deducted retrospectively from the profits of previous years.

In 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 (25% for the taxation period of 2023) 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 2024, 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. In this context, as of December 31, 2024, a tax advantage amounting to TL 233.525 (December 31, 2023: TL 262.331) that is expected to be utilized in the foreseeable future has been recognized as a deferred tax asset in the consolidated financial statements.

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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 2024 and 2023 are as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Deferred tax income	(231.551)	4.212.312
Current income tax expense (-)	(20)	(34.272)
	(231.571)	4.178.040

As of 31 December 2024 and 2023 the reconciliation of tax income stated in consolidated profit or loss statement is as follows:

	2024	2023
Loss before tax	(3.066.167)	3.098.446
Tax rate (%)	25	25
Tax income calculated at domestic tax rate	766.542	(774.612)
Tax exemptions	363.360	33.331
Expenses not deductible for tax purposes	(107.623)	(256.720)
Temporary differences not subject to deferred tax calculation	(251.393)	(672.113)
Effect of different tax rate	-	(883.850)
Investment incentives	51.828	(37.374)
Tax procedure law inflation impact	329.946	5.855.072
Monetary gain/(loss)	(1.384.231)	914.306
Current year tax income/(expense)	(231.571)	4.178.040

Deferred taxes

	31 December 2024	31 December 2023
Deferred tax assets	214.712	15.255
Deferred tax liabilities	(13.144)	(566.647)
Deferred tax asset/(liabilities), net	201.568	(551.392)

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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:

		Total temporary differences		Deferred tax assets/(liabilities)
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Investment incentives (*)	(934.099)	(1.049.325)	233.525	262.331
Property, plant and equipment	14.178	3.420.261	(3.545)	(855.065)
Borrowings	-	304.523	-	(76.131)
Provisions for lawsuits	-	(71.394)	-	17.848
Derivative financial instruments	-	(49.806)	-	12.451
Provision for employment termination benefit	-	(38.987)	-	9.747
Provision for unused vacation rights	-	(10.222)	-	2.555
Other	113.647	(299.480)	(28.412)	74.872
Deferred tax assets/(liabilities), net			201.568	(551.392)

(*) 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 2024 and 2023 are as follows:

	2024	2023
1 January	(551.392)	(4.927.339)
Recognized in statement of profit or loss	(231.551)	4.212.312
Recognized in other comprehensive income	984.511	163.635
31 December	201.568	(551.392)

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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 2024	31 December 2023
2019	2024	-	133.262
2020	2025	262.766	262.766
2021	2026	1.181.822	1.181.822
2022	2027	220.742	220.742
2023	2028	1.846.248	1.846.248
2024	2029	1.413.867	-
		4.925.445	3.644.840

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.

NOTE 22 - REVENUE AND COST OF SALES

a) Revenue

	1 January - 31 December 2024	1 January - 31 December 2023
Electricity sales revenue	11.935.677	18.918.020
Revenue on sharing of imbalance	10.841.212	11.055.462
Revenue on secondary frequency control	1.037.875	1.210.032
Revenue on capacity mechanism	599.634	290.089
Revenue on loading orders	251.893	2.264.898
Other revenues	818.312	439.297
	25.484.603	34.177.798

b) Cost of sales

	1 January - 31 December 2024	1 January - 31 December 2023
Raw materials, supplies, and electricity procurement expense (*)	21.457.816	28.085.350
Depreciation and amortization expenses	2.010.449	2.060.450
Personnel expenses	629.195	737.596
Maintenance and repair expenses	465.791	543.433
Other materials and spare parts, and consumables expenses	201.178	204.662
Insurance expenses	163.440	173.518
Other expenses	138.573	199.605
	25.066.442	32.004.614

(*) 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

	1 January - 31 December 2024	1 January - 31 December 2023
Personnel expenses	332.536	272.195
Consultancy expenses	61.823	36.649
Depreciation and amortization expenses	51.591	24.359
IT expenses	48.633	39.623
Taxes and duties	36.313	40.051
Rent expenses	23.495	2.386
Office expenses	23.263	20.898
Vehicle expenses	22.959	18.208
Legal and notary expenses	22.750	20.586
Travel expenses	13.165	18.566
Insurance expenses	3.492	2.771
Advertising and sponsorship expenses	2.949	4.658
Other expenses	41.948	40.557
	684.917	541.507

NOTE 24 - EXPENSES BY NATURE

	1 January - 31 December 2024	1 January - 31 December 2023
Raw materials, supplies, and electricity procurement expense	21.457.816	28.085.350
Depreciation and amortization expenses (*)	2.062.040	2.084.809
Personnel expenses (**)	961.731	1.009.791
Maintenance and repair expenses	465.791	543.433
Other materials and spare parts consumed	201.178	204.662
Insurance expenses (***)	166.932	176.289
Consultancy expenses	61.823	36.649
IT expenses	48.633	39.623
Taxes and duties	36.313	40.051
Rent expenses	23.495	2.386
Office expenses	23.263	20.898
Vehicle expenses	22.959	18.208
Legal and notary expenses	22.750	20.586
Travel expenses	13.165	18.566
Advertising and sponsorship expenses	2.949	4.658
Other expenses	180.521	240.162
	25.751.359	32.546.121

(*) Depreciation and amortization expenses amounting to TL 2.010.449 (31 December 2023: TL 2.060.450) is classified in cost of sales, TL 51.591 (31 December 2023: TL 24.359) of amortization and depreciation expenses is classified in general administrative expenses.

(**) Personnel expenses amounting to TL 629.195 (31 December 2023: TL 737.596) is classified in cost of sales, TL 332.536 (31 December 2023: TL 272.195) is classified in general and administrative expenses.

(***) Insurance expenses amounting to TL 163.440 (31 December 2023: TL 173.518) is classified in cost of sales, TL 3.492 (31 December 2023: TL 2.771) 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:

	1 January - 31 December 2024(*)	1 January - 31 December 2023(*)
Audit and assurance fee	4.123	4.542
Other assurance services fee	74	63
	4.197	4.605

(*) 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

	1 January - 31 December 2024	1 January - 31 December 2023
Gain on futures and options markets	172.724	250.140
Delay interests income (*)	61.384	166.297
Foreign exchange gains from trading activities	49.580	188.556
Gain on risk sharing contracts	48.532	2.105
Provisions no longer required (**)	20.650	2.835
Income from compensation	3.176	26.188
Other income	32.495	267.838
	388.541	903.959

(*) Comprised of delay interests charges for trade receivables which are not collected at their due dates. As of 31 December 2024, the applied interest rate is 4,50% per month, unless there is a different interest rate agreed by the parties.

(**) As of 31 December 2024, provisions that are no longer required are comprised of TL 10,260 from litigation provisions (31 December 2023: TL 939) and TL 4.734 from bonus provisions (31 December 2023: None). As of December 31, 2024, there is no collection of doubtful receivables (31 December 2023: TL 350). As of December 31, 2024, TL 5,656 of the provisions that are no longer required is comprised of other provisions (31 December 2023: TL 1.546).

b) Other operating expenses

	1 January - 31 December 2024	1 January - 31 December 2023
Losses on futures and options market	187.889	167.311
Foreign exchange losses from trading activities	43.555	323.542
Delay interest charged	18.473	-
Losses from claims	5.310	-
Provisions for litigations	2.089	1.624
Losses on risk sharing contracts	110	-
Losses on energy systems	-	1.435
Other expenses	30.834	110.279
	288.260	604.191

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NOTE 26 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

a) Income from investing activities

	1 January - 31 December 2024	1 January - 31 December 2023
Fair value difference gain on exchange rate protected deposit accounts	2.520	85.564
Dividend income	423	-
Profit on sale of Property, plant and equipment	68	76
Other income and gains	135	-
	3.146	85.640

b) Expenses from investing activities

	1 January - 31 December 2024	1 January - 31 December 2023
Impairment Loss on sale of Property, plant and equipment	4.833.031	93.978
Other (*)	170.681	1.362
	5.003.712	95.340

(*): TL 142.743 is related to impairment loss of Sungurlu BPP.

NOTE 27 - FINANCIAL INCOME AND EXPENSES

a) Financial income

	1 January - 31 December 2024	1 January - 31 December 2023
Interest income	294.485	197.116
Foreign exchange gains	230.087	844.473
Gain on derivative instruments	29.035	119.241
	553.607	1.160.830

b) Financial expenses

	1 January - 31 December 2024	1 January - 31 December 2023
Foreign exchange losses	2.918.134	8.884.581
Interest and commission expenses	1.988.315	2.691.896
Losses on derivative instruments	297.190	76.110
Other financial expenses	17.889	23.362
	5.221.528	11.675.949

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NOTE 28- NET MONETARY GAIN/(LOSS)

	1 January - 31 December 2024
Statement of financial position items	
Inventories	29.755
Prepaid expenses	3.009
Financial investments	48
Property, plant, and equipment	12.485.182
Intangible assets	24.162
Right of use assets	25.916
Deferred tax assets	4.689
Deferred income	(274)
Deferred tax liabilities	(174.174)
Share capital	(323.530)
Adjustments to share capital	(3.781.207)
Other reserves	5.191
Share premiums	(360.136)
Gains/(losses) on re-measurement of defined benefit plans	16.229
Legal reserves	(77.941)
Increase on revaluation of property, plant and equipment	(949.804)
Accumulated profit/(loss)	(742.283)
Profit or Loss Statement Items	
Revenue	(3.358.476)
Cost of sales (-)	3.324.084
General administrative expenses (-)	85.800
Other operating income	(61.270)
Other operating expense (-)	47.558
Income from investment activities	(1.574)
Expenses from investment activities	2.095
Financial income	(73.931)
Financial expense (-)	777.456
Current income tax expense	4
DSI indexation	(157.783)
	6.768.795

NOTE 29 – PROFIT/(LOSS)PER SHARE

	31 December 2024	31 December 2023
Weighted average number of issued shares (kurus 1 per value)	72.916.400	72.916.400
Net profit for the period	(3.297.738)	7.276.486
Profit/(loss) per share (kurus)	(4,523)	9,979

Nominal value of each of the issued share as of 31 December 2024 and 2023 is 1 kurus.

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NOTE 30 - RELATED PARTY DISCLOSURE

a) Transaction with related parties

- Purchases from related parties

	1 January - 31 December 2024	1 January - 31 December 2023
Dinkal Sigorta Acenteliği A.Ş. ("Dinkal") ^{(1) (**)}	204.403	226.431
Sakarya Elektrik Perakende Satış A.Ş. ("Sepaş") ^{(2) (**)}	146.773	968.808
Aktek Bilgi İletişim Tek. San. ve Tic. A.Ş. ("Aktek") ^{(3) (**)}	60.587	38.919
Aksa Akrilik Kimya Sanayi A.Ş. ("Aksa") ^{(4) (**)}	43.394	42.859
Ak-Han Bak. Yön. Serv. Hiz. Güv. Malz. A.Ş. ("Ak-Han") ^{(5) (**)}	33.570	25.425
CEZ a.s. ^{(6) (*)}	17.288	35.740
Akgirişim Mühendislik Müş. ve Çevre Tekn. San. ve Tic. A.Ş. ^{(7) (**)}	1.168	23.453
Akiş Gayrimenkul Yatırım A.Ş. ^{(8) ("Akiş") (**)}	1.147	33
Akkök Holding A.Ş. ("Akkök") ^{(9) (*)}	411	4.762
Other	73	1.115
	508.814	1.367.545

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

(2) Comprised of purchase of electricity and sharing of imbalance.

(3) Comprised of IT services and equipment received.

(4) Comprised of sharing of imbalance.

(5) Comprised of recharged invoices of building maintenance and other expenses.

(6) Comprised of purchase of electricity and risk sharing.

(7) Comprised of investment services received.

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

(9) Comprised of rent service received.

- Sales to related parties

	1 January - 31 December 2024	1 January - 31 December 2023
Sepaş ^{(1) (**)}	681.897	8.444.632
CEZ a.s. ^{(2) (*)}	372.204	53.982
Aksa ^{(3) (**)}	31.419	67.178
Akiş ^{(4) (**)}	6.519	-
Akkök ^{(5) (*)}	2.242	13.458
Other	50	525
	1.094.331	8.579.775

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

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

(3) Comprised of sharing of imbalance.

(4) Comprised of receivables related to solar power plant service fee.

(5) Comprised of rent services provided.

(*) Shareholder.

(**) Akkök Holding group company.

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

(Amounts expressed in thousands of Turkish Lira ("TL") based on the purchasing power of TL as of 31.12.2024 unless otherwise indicated.)

NOTE 30 - RELATED PARTY DISCLOSURES (Continued)

b) Balances with related parties

- Short - term trade receivables from related parties

	31 December 2024	31 December 2023
CEZ a.s. ^{(1) (*)}	10.235	2.924
Aksa ^{(2) (**)}	1.951	4.894
Akiş ^{(3) (**)}	184	-
Sepaş ^{(4) (**)}	-	173.304
Other	-	44
	12.370	181.166

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

(2) Comprised of receivables from sharing of imbalance.

(3) Comprised of receivables related to solar power plant service fee.

(4) Comprised of receivables from sales of electricity and sharing of imbalance.

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

- Short - term trade payables to related parties

	31 December 2024	31 December 2023
Dinkal ^{(1) (**)}	160.687	201.222
Aktek ^{(2) (**)}	15.697	8.757
CEZ a.s. Turkey Daimi Tem. ^{(3) (***)}	5.554	7.111
Ak-Han ^{(4) (**)}	5.082	3.387
Aksa ^{(5) (**)}	4.011	3.705
Sepaş ^{(6) (**)}	1.584	20.833
CEZ a.s. ^{(7) (*)}	1.346	9.100
Akkök ^{(8) (*)}	-	3.335
Other	1	627
	193.962	258.077

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

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

(3) Comprised of the payables related to consultancy services.

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

(5) Comprised of the payables related to sharing of imbalance.

(6) Comprised of the payables related to electricity purchases.

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

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

(*) Shareholder.

(**) Akkök Holding group company.

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

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

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NOTE 30 - RELATED PARTY DISCLOSURES (Continued)

c) Key management compensation

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

	1 January - 31 December 2024	1 January - 31 December 2023
Salaries and benefits	41.520	38.315
Bonus	9.502	15.252
Attendance fee	5.508	4.643
	56.530	58.210

NOTE 31 - 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.

AKENERJİ ELEKTRİK ÜRETİM A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2024**

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NOTE 31 - FINANCIAL RISK MANAGEMENT (Continued)**a) Liquidity risk**

Prudent liquidity risk management involves ensuring sufficient cash and marketable securities, enabling funding through adequate amount of credit facilities, and maintaining the ability to close foreign currency open positions. Due to the dynamic nature of the business environment, the Group aims to maintain flexibility in funding by keeping 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 2024 and 2023. The amounts shown in the table represent contractual undiscounted cash flow amounts, and the Group manages its liquidity by considering expected undiscounted cash flows. 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.

31 December 2024		Total contractual	Demand or up to	3 months -		5 years
Maturities in accordance with contract	Carrying value	cash outflow	3 months (I)	1 year (II)	1 - 5 years (III)	and over (IV)
		(I-II-III-IV)				
Non - derivative financial liabilities						
Borrowings	18.473.331	23.570.042	95.357	1.886.894	15.350.968	6.236.823
Trade payables	1.529.930	1.529.930	1.529.930	-	-	-
Other payables	847.174	847.174	97.787	194.331	520.115	34.941
Derivative financial liabilities						
Derivative financial instrument	47.550	47.550	20.169	27.381	-	-
	20.897.985	25.994.696	1.743.243	2.108.606	15.871.083	6.271.764
31 December 2023		Total contractual	Demand or up to	3 months -		5 years
Maturities in accordance with contract	Carrying value	cash outflow	3 months (I)	1 year (II)	1 - 5 years (III)	and over (IV)
		(I-II-III-IV)				
Non - derivative financial liabilities						
Borrowings	22.793.146	30.161.846	47.344	10.617.190	9.604.143	9.893.169
Trade payables	1.449.795	1.449.795	1.449.795	-	-	-
Other payables	1.133.957	1.133.957	143.355	219.487	582.502	188.613
Derivative financial liabilities						
Derivative financial instrument	54.804	54.804	21.181	33.623	-	-
	25.431.701	32.800.402	1.661.675	10.870.300	10.186.645	10.081.782

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

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NOTE 31 - FINANCIAL RISK MANAGEMENT (Continued)

b) Market risk

- Interest rate risk

The Group is aware that it may be exposed to interest rate risk due to the impact of changes in interest rates on interest-bearing assets and liabilities. In this context, the Group manages interest rate risk by considering borrowing market conditions and expectations, utilizing assets and liabilities with fixed or variable interest rates. 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. The Group directs its unused cash assets to time deposits and money market funds to optimize their effective utilization.

The table of the interest position of the Group as of 31 December 2024 and 2023 is as follows:

	31 December 2024	31 December 2023
Financial instruments with fixed interest rates		
Borrowings	18.174.470	22.389.967
Trade payables	1.529.930	1.449.795
Cash and cash equivalents	1.574.862	1.379.823
Trade receivables	703.434	1.178.901
Other receivables	155.922	214.916
Other debts	157.535	56.660
Financial instruments with floating interest rates		
Other payables	691.252	919.041
Financial liabilities	298.861	403.178

The Group has analyzed various scenarios including refinancing the existing situation alternative financing options and to avoid the hedging risk. Based on these scenarios, if the annual interest rate on variable-rate loans had been 100 basis points higher/lower as of December 31, 2024, with all other variables remaining constant, the current period profit/loss before tax would have been approximately TL 828.135 higher/lower (2023: TL 928.078) due to the increased/decreased interest expense/income from variable-rate loans not covered by interest rate swap agreements.

- Foreign exchange risk

The Group is exposed to currency risk due to foreign currency transactions. Currency risk arises due to recognized assets and liabilities resulting from future commercial and financial transactions. These risks are monitored and limited by the monitoring of the foreign currency position. The Group manages this risk through a natural hedge by offsetting foreign currency assets and liabilities. Group management monitors the net foreign currency position by conducting analyses and takes balancing measures accordingly. To manage this risk, spot foreign exchange purchases are made, and derivative instruments are utilized in accordance with the Group's Currency Risk Hedging Procedure.

The details of the foreign currency assets and liabilities as of 31 December 2024 and 2023 are as follows:

	31 December 2024	31 December 2023
Assets	973.729	1.843.871
Liabilities	(18.374.304)	18.043.406
Net financial position	(17.400.575)	(16.199.535)
Net position of derivative instruments	(593.874)	(2.542.245)
Foreign currency position (net)	(17.994.449)	(18.741.780)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

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

NOTE 31 - FINANCIAL RISK MANAGEMENT (Continued)

Assets and liabilities denominated in foreign currency held by the Group at 31 December 2024 and 2023 and their TL equivalent are as follows:

	31 December 2024				31 December 2023			
	TL Equivalent	USD	EUR	Other	TL Equivalent	USD	EUR	Other
Trade receivables	118.695	3.053	299	-	201.316	4.232	456	-
Monetary financial assets	828.400	20.262	3.091	-	1.608.459	34.885	2.674	-
Current assets	947.095	23.315	3.390	-	1.809.775	39.117	3.130	-
Monetary financial assets	26.634	-	725	-	34.096	-	725	-
Non-current assets	26.634	-	725	-	34.096	-	725	-
Total assets	973.729	23.315	4.115	-	1.843.871	39.117	3.855	-
Trade payables	234.757	6.300	340	-	430.471	9.431	630	-
Financial liabilities	1.577.107	43.360	1.289	-	4.620.502	107.306	1.270	-
Other monetary liabilities	26.637	755	-	-	46.285	1.089	-	-
Short-term liabilities	1.838.501	50.415	1.629	-	5.097.258	117.826	1.900	-
Financial liabilities	16.463.090	462.703	3.778	-	12.852.302	296.933	4.931	-
Other monetary liabilities	72.713	2.061	-	-	93.846	2.208	-	-
Long-term liabilities	16.535.803	464.764	3.778	-	12.946.148	299.141	4.931	-
Total liabilities	18.374.304	515.179	5.407	-	18.043.406	416.967	6.831	-
Net Asset /(Liability) Position of Off-Statement of Financial Position Derivative Instruments	(593.874)	(16.000)	(800)	-	(2.542.245)	(59.814)	-	-
Off-Statement of financial position derivative assets	-	-	-	-	29.157	686	-	-
Off-Statement of financial position derivative liabilities	593.874	16.000	800	-	2.571.402	60.500	-	-
Net foreign currency asset(liability) position	(17.994.449)	(507.864)	(2.092)	-	(18.741.780)	(437.664)	(2.976)	-
Net foreign currency asset(liability) position of monetary items	(17.400.575)	(491.864)	(1.292)	-	(16.199.535)	(377.850)	(2.976)	-
Total fair value of financial instruments used for foreign currency hedging	47.550	1.228	115	-	49.806	1.172	-	-
Export	984.578	20.103	8.955	-	1.516.453	17.030	24.833	-
Import	802.686	22.856	1.382	-	967.440	20.784	7.592	7

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

NOTE 31 - FINANCIAL RISK MANAGEMENT (Continued)

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and EUR. As of 31 December 2024 and 31 December 2023, 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 covers only the open foreign currency denominated monetary items as of the year end.

31 December 2024				
	Profit /Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
+/- 10% fluctuation of USD rate				
1- USD net asset/liability	(1.735.311)	1.735.311	-	-
2- Part of hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(1.735.311)	1.735.311	-	-
+/- 10% fluctuation of EUR rate				
4- EUR net asset/liability	(4.746)	4.746	-	-
5- EUR net effect	(4.746)	4.746	-	-
Total (3+5)	(1.740.057)	1.740.057	-	-
31 December 2023				
	Profit /Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
+/- 10% fluctuation of USD rate				
1- USD net asset/liability	(1.605.957)	1.605.957	-	-
2- Part of hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(1.605.957)	1.605.957	-	-
+/- 10% fluctuation of EUR rate				
4- EUR net asset/liability	(13.996)	13.996	-	-
5- EUR net effect	(13.996)	13.996	-	-
Total (3+5)	(1.619.953)	1.619.953	-	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 31 - 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 2024 and 2023 are as follows:

	31 December 2024	31 December 2023
Total borrowings	18.473.331	22.793.145
Trade payables to related parties and third parties	1.529.930	1.449.795
Other payables	847.174	1.133.957
Total debt	20.850.435	25.376.897
Less: Cash and Cash Equivalents (Note 4)	(1.815.347)	(1.689.794)
Net debt	19.035.088	23.687.103
Total equity	13.645.885	19.897.153
Net debt/total equity ratio	139%	119%

e) Credit risk

Credit risk consists of cash and cash equivalents, deposits held in banks, and customers exposed to credit risk related to outstanding receivables.

Holding financial instruments also carries the risk that the counterparty may fail to fulfill its contractual obligations. The Group management mitigates these risks by limiting the average risk for each counterparty in every agreement and obtaining collateral when 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.

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FOR THE YEAR ENDED 31 DECEMBER 2024****(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)****NOTE 31 - FINANCIAL RISK MANAGEMENT (Continued)**

The exposure of the Group to credit risk as of 31 December 2024 and 2023 based on types of financial instruments is as follows:

	Trade receivables		Other receivables		Cash at banks	Derivative financial instruments
	Related parties	Third parties	Related parties	Third parties		
31 December 2024						
Maximum exposure to credit risk as of reporting date (*) (A+B+C+D+E)	12.370	691.064	-	157.535	1.815.347	-
- Secured with guarantees	-	30.242	-	-	-	-
A.Net book value of neither past due nor impaired financial assets (**)	12.370	659.595	-	157.535	1.815.347	-
- Secured with guarantees	-	27.000	-	-	-	-
B.Net book value of restructured financial assets	-	-	-	-	-	-
- Secured with guarantees	-	-	-	-	-	-
C.Net book value of past due but not impaired financial assets	-	31.469	-	-	-	-
- Secured with guarantees	-	3.242	-	-	-	-
D.Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross net book value)	-	16.254	-	-	-	-
- Impairment (-)	-	(16.254)	-	-	-	-
- 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 have not been considered.

(**) As of 31 December 2024, trade receivables from third parties categorized on neither past due nor impaired financial assets amounting to TL 483.632 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 2024	Not due	Overdue up to 1 months	Overdue 1-3 months	Overdue 3 -12 months	Overdue more than 1 year	Total
Closing balance	671.965	-	-	31.469	16.254	719.688
Expected credit losses	-	-	-	-	(16.254)	(16.254)

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NOTE 31 - FINANCIAL RISK MANAGEMENT (Continued)

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)	181.166	997.735	-	56.660	1.689.794	4.998
- Secured with guarantees	-	306.430	-	-	-	-
A.Net book value of neither past due nor impaired financial assets (**)	181.166	691.305	-	56.660	1.689.794	4.998
- Secured with guarantees	-	306.430	-	-	-	-
B.Net book value of restructured financial assets	-	-	-	-	-	-
- Secured with guarantees	-	-	-	-	-	-
C.Net book value of past due but not impaired financial assets	-	306.430	-	-	-	-
- Secured with guarantees	-	-	-	-	-	-
D.Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross net book value)	-	28.053	-	-	-	-
- Impairment (-)	-	(28.053)	-	-	-	-
- 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 have not been considered.

(**) As of 31 December 2023, trade receivables from third parties categorized on neither past due nor impaired financial assets amounting to TL 460.357 are comprised of receivables from EPIAŞ and TEİAŞ within the scope of electricity trading operations.

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	872.471	-	-	306.430	28.053	1.206.954
Expected credit losses	-	-	-	-	(28.053)	(28.053)

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NOTE 32 - 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 recorded values of financial assets measured at cost, including cash and cash equivalents, are assumed to be equal to their fair values due to their short-term nature.

The recorded values of trade receivables are assumed to reflect their fair value, together with the related impairment allowances.

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 2024, the Group has short - term derivative financial instruments classified as Level 2 amounting to TL 47.550 (31 December 2023: TL 54.804). As of 31 December 2024, the Group does not have long-term derivative financial instruments (31 December 2023: None). As of 31 December 2024, there is no short-term derivative financial asset (31 December 2023: TL 4.998).

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 2024 through other valuation techniques involving direct and indirect observable inputs (Level 3) (Note 2.7).

NOTE 33 - SUBSEQUENT EVENTS

None.

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