Akfen Yenilenebilir Enerji A.Ş.

Consolidated Financial Statements as of and for the period ended 30 June 2023 With the Independent Auditor's Report

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Interim Review Report on Consolidated Financial Information

To the Board of Directors of Akfen Yenilenebilir Enerji Anonim Şirketi,

Introduction

We have reviewed the accompanying consolidated statement of financial position of Akfen Yenilenebilir Enerji Anonim Şirketi (the ''Company'') and its subsidiaries (the "Group") as of 30 June 2023, the consolidated statements of profit or loss and other comprehensive income, consolidated changes in equity and consolidated cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with Turkish Accounting Standards 34 *Interim Financial Reporting* ("TAS 34") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements ISRE 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity".* A review of consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. As a result, the review of the interim consolidated financial information does not provide an assurance that the firm will be familiar with all the important matters that can be determined in an independent audit. Therefore, we do not express an independent audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, in accordance with TAS 34.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Hatice Nesrin Tuncer SMMM
Partner
18 August 2023
İstanbul, Turkey

Akfen Yenilenebilir Enerji A.Ş. and Its Subsidiaries

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Akfen Yenilenebilir Enerji A.Ş.

Consolidated Statement of Financial Position
As of 30 June 2023
(All amounts are expressed in thousand Turkish Liras ("TL") unless otherwise specified.)

ASSETS	References	Current Year Reviewed 30 June 2023	Prior Year Audited 31 December 2022
Current Assets		**1.347.680**	**1.423.637**
Cash and cash equivalents	**4**	**746.587**	**903.207**
Financial investments	**5**	**190.026**	**-**
Trade receivables		**348.897**	**451.176**
- Trade receivables from related parties	*7-28*	*25*	*-*
- Trade receivables from third parties	*7*	*348.872*	*451.176*
Other receivables		**4.290**	**3.048**
- Other receivables from third parties	**7**	*4.290*	*3.048*
Prepaid expenses	**14**	**53.661**	**60.135**
Current tax assets	**26**	**428**	**2.159**
Other current assets	**16**	**3.791**	**3.912**
Non-Current Assets		**16.184.384**	**16.378.615**
Trade receivables		**2.558**	**3.206**
- Trade receivables from third parties	*7*	*2.558*	*3.206*
Other receivables		**17.940**	**15.200**
- Other receivables from third parties	*7*	*17.940*	*15.200*
Financial investments		**100**	**100**
Prepaid expenses	**14**	**72.057**	**68.653**
Derivative assets	**17**	**163.298**	**104.187**
Property, plant and equipment	**9**	**15.260.509**	**15.518.099**
Intangible assets		**465.741**	**470.865**
- Goodwill	*10*	*42.463*	*42.463*
- Other intangible assets	*10*	*423.278*	*428.402*
Right-of-use assets	**11**	**134.626**	**136.538**
Deferred tax assets	**26**	**24.490**	**22.982**
Other non-current assets	**16**	**43.065**	**38.785**
Total assets		**17.532.064**	**17.802.252**

Consolidated Statement of Financial Position
As of 30 June 2023
(All amounts are expressed in thousand Turkish Liras ("TL") unless otherwise specified.)

		Current year	Prior year
LIABILITIES	**References**	**Reviewed**	**Audited**
		30 June 2023	**31 December 2022**
Short-term liabilities		**2.444.492**	**2.391.242**
Short term financial borrowings		**2.037.236**	**1.571.080**
- Short term portion of long-term bank loans	**6**	*2.017.981*	*1.553.224*
- Leasing payables	**6**	*19.255*	*17.856*
Trade payables		**208.114**	**517.912**
- Trade payables to related parties	***8-28***	*1.327*	*11.637*
- Trade payables to third parties	***8***	*206.787*	*506.275*
Other payables		**64.712**	**27.450**
- Other payables to third parties	***8***	*64.712*	*27.450*
Obligations for employee benefits		**2.230**	**1.625**
Current tax liabilities	**26**	**3.770**	**684**
Short term provisions		**5.767**	**12.915**
- Provision for employee benefits	***12***	*5.767*	*3.098*
- Other short term provisions	***12***	-	*9.817*
Obligations arising from customer contracts	***15***	**122.663**	**259.576**
Long-term liabilities		**9.884.695**	**8.390.586**
Long term financial borrowings		**7.650.362**	**6.046.353**
- Long term bank loans	**6**	*7.419.250*	*5.814.376*
- Leasing payables	**6**	*231.112*	*231.977*
Other payables		**39**	**107**
- Other payables to third parties	***8***	*39*	*107*
Long term provisions		***32.721***	***22.161***
- Provision for employee benefits	***12***	*27.727*	*19.543*
- Other long term provisions	***12***	*4.994*	*2.618*
Deferred tax liability	***26***	**2.201.573**	**2.321.965**
Equity		**5.202.877**	**7.020.424**
Total equity attributable to equity holders of the parent		**5.192.020**	**6.999.859**
Paid in capital	**18**	**1.016.032**	**1.016.032**
Share Premium	**18**	**543.211**	**543.211**
Shareholder contribution	**18**	**23.451**	**23.451**
Other accumulated comprehensive income that will not be reclassified to profit or loss		**9.925.041**	**10.079.295**
- Revaluation fund	*18*	*9.933.809*	*10.090.760*
- Gains on remeasurement of defined benefit plans		*(8.768)*	*(11.465)*
Other accumulated comprehensive income that will be reclassified to profit or loss		**(6.888.289)**	**(4.654.639)**
- Hedge Reserve fund	*18*	*(6.888.289)*	*(4.654.639)*
Restricted reserves appropriated from profit		**21.791**	**20.980**
Accumulated profit/(loss)		**127.981**	**(728.864)**
Net profit for the period		**422.802**	**700.393**
Non-controlling interests		**10.857**	**20.565**
Total equity and liabilities		**17.532.064**	**17.802.252**

Akfen Yenilenebilir Enerji A.Ş.

Consolidated Statement of Profit or Loss and Other Comprehensive Income
As of and for the Period Ended 30 June 2023
(All amounts are expressed in thousand Turkish Liras ("TL") unless otherwise specified.)

	References	Current year Reviewed 1 January – 30 June 2023	Current year Not reviewed 1 April – 30 June 2023	Prior year Audited 1 January – 30 June 2022	Prior year Audited 1 April – 30 June 2022
Profit or loss from continuing operations					
Revenue	**19**	1.488.162	863.270	1.266.489	730.192
Cost of sales (-)	**20**	(710.189)	(347.599)	(483.374)	(254.406)
Gross profit		**777.973**	**515.671**	**783.115**	**475.786**
General administrative expenses (-)	**21**	(53.233)	(23.438)	(30.527)	(14.731)
Other operating income	**23**	7.516	2.257	52.530	46.883
Other operating expense (-)	**23**	(8.306)	(6.137)	(6.246)	(854)
Operating income		**723.950**	**488.353**	**798.872**	**507.084**
Income from investment activities	**24**	40.375	40.375	-	-
Operating profit before financial income		**764.325**	**528.728**	**798.872**	**507.084**
Financial income	**25**	177.432	103.130	385.219	140.310
Financial expense (-)	**25**	(637.094)	(469.352)	(567.544)	(459.115)
Profit before tax		**304.663**	**162.506**	**616.547**	**188.279**
Profit before tax from continuing operations		**118.558**	**89.157**	**24.054**	**45.022**
- Current period tax expense	***26***	*(3.342)*	*(2.480)*	*(1.673)*	*(1.201)*
- Deferred tax income	***26***	*121.900*	*91.637*	*25.727*	*46.223*
Net profit for the period		**423.221**	**251.663**	**640.601**	**233.301**
Attributable to					
Equity holders of the parent		422.802	252.890	640.056	233.318
Non-controlling interests		419	(1.227)	545	(17)
Earnings per share					
Basic earnings per share	**27**	0,42	0,25	0,63	0,23
Diluted earnings per share	**27**	0,42	0,25	0,63	0,23
Other comprehensive income		**(2.240.768)**	**(2.016.903)**	**(1.326.087)**	**(684.561)**
Other comprehensive income that will not be reclassified to profit or loss					
- Actuarial loss arising from employee benefits, after tax		2.697	1.829	1.453	(799)
Other comprehensive income that will be reclassified to profit or loss					
- Hedge Reserve fund, after tax		(2.243.465)	(2.018.732)	(1.327.540)	(683.762)
Total comprehensive income		**(1.817.546)**	**(1.765.239)**	**(685.486)**	**(451.260)**
Attributable to					
Equity holders of the parent		(1.817.966)	(1.764.013)	(686.031)	(451.243)
Non-controlling interests		419	(1.226)	545	(17)

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

Akfen Yenilenebilir Enerji A.Ş.

Consolidated Statement of Changes in Equity
As at and for the Period Ended 30 June 2023
(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

					Other Accumulated Comprehensive Income and Expenses That Will Not Be Reclassified in Profit or Loss		Other Accumulated Comprehensive Income and Expenses That Will Be Reclassified in Profit or Loss	Retained Earnings				
	Paid in capital	Share premium	Restricted reserves	Shareholder contribution	Gains/(Losses) on remeasurements of defined benefit plans	Revaluation fund	Hedge Reserve fund	Retained earnings/ (losses)	Net profit/(loss) for the period	Total	Non-controlling interests	Total equity
Balances as of 1 January 2022	**1.016.032**	**543.211**	**21.041**	**23.451**	**(3.670)**	**7.783.332**	**(2.953.688)**	**(1.363.366)**	**408.070**	**5.474.413**	**21.674**	**5.496.087**
Transfers	-	-	78	-	-	(104.570)	5.368	512.562	(408.070)	5.368	(5.368)	-
Other comprehensive income/(expense)	-	-	-	-	1.453	-	(1.327.540)	-	640.056	(686.031)	545	(685.486)
Balances as of 30 June 2022	**1.016.032**	**543.211**	**21.119**	**23.451**	**(2.217)**	**7.678.762**	**(4.275.860)**	**(850.804)**	**640.056**	**4.793.750**	**16.851**	**4.810.601**
Balances as of 1 January 2023	**1.016.032**	**543.211**	**21.119**	**23.451**	**(11.465)**	**10.090.760**	**(4.654.639)**	**(728.864)**	**700.393**	**6.999.859**	**20.565**	**7.020.424**
Transfers	-	-	811	-	-	(156.951)	9.815	856.845	(700.393)	10.127	(10.127)	-
Other comprehensive Income/(expense)	-	-	-	-	2.697	-	(2.243.465)	-	422.802	(1.817.966)	419	(1.817.547)
Balances as of 30 June 2023	**1.016.032**	**543.211**	**21.791**	**23.451**	**(8.768)**	**9.933.809**	**(6.888.289)**	**127.981**	**422.802**	**5.192.020**	**10.857**	**5.202.877**

Consolidated Statement of Changes in Cash Flow
As at and for the Period Ended 30 June 2023
(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

	References	Current year Reviewed 30 June 2023	Prior year Audited 30 June 2022
A. Cash Flows from Operating Activities		**652.652**	**826.974**
Profit/(Loss) for the period		**423.221**	**640.601**
Adjustments to reconcile profit		**750.587**	**841.688**
Adjustments for depreciation and amortization	**9-10-11-22**	304.314	235.990
Adjustments for tax expenses/(income)	**26**	(118.558)	(24.054)
Adjustments for provisions			
- Adjustments for provisions related to employee benefits	***12.1***	*10.853*	*2.502*
- Adjustments for provisions related to litigation	***12.2***	*2.376*	-
- Adjustments for provisions related to receivables	**23.2**	*2.817*	*1.429*
Adjustments for fair value gains/(losses) of financial assets	**23.1**	(40.375)	-
Adjustments for fair value gains/(losses) of derivative financial instruments	**25**	(59.111)	(263.581)
Adjustments for interest income	**25**	(11.852)	(7.554)
Adjustments for interest expenses	**25**	461.216	476.520
Adjustments for unrealized foreign exchange		198.907	420.436
Changes in working capital		**(620.480)**	**(229.964)**
Adjustments for decreases/(increases) in trade receivables		108.055	(224.296)
Adjustments for increases in other receivables related to operations		(3.982)	(9.652)
Adjustments for (decreases)/increases in other assets related to operations		(149.009)	18.336
Adjustments for decreases in trade payables		(472.970)	(125.617)
Adjustments for decreases in other liabilities related to operations		25.517	(92.621)
Adjustments for other increases/(decreases) in working capital		(128.091)	203.886
Cash flows from operations		**553.328**	**1.252.325**
Payments related with provisions for employee benefits	**12.1**	*(2.434)*	*(349)*
Tax payments		(1.482)	(542)
Other cash outflows(*)		103.240	(424.460)
B. Cash Flows used in Investment Operation		**(39.482)**	**(28.454)**
Cash outflows from the purchase of PPE	**9**	(39.474)	(28.454)
Cash outflows from the purchase of intangible assets	**10**	(8)	-
C. Cash Flows (used in)/from Financing Activities		**(921.505)**	**(858.520)**
Repayments of borrowings	**6**	(627.668)	(633.465)
Interest paid	**6**	(279.870)	(228.759)
Interest received		3.921	3.704
Cash outflows for lease payments	**6**	(17.888)	-
Effects of foreign exchange differences on cash and cash equivalents		**(308.335)**	**(60.000)**
Effects of foreign exchange differences		254.955	-
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**(53.380)**	**(60.000)**
D. Cash and cash equivalents at the beginning of the period(*)	**4**	216.817	91.663
Cash and cash equivalents at the end of the period(*)	4	**163.437**	**31.663**

(*) Cash and cash equivalents at the beginning and end of the period do not include project, reserve and assignment accounts. Changes in the project, reserve and assignment accounts are presented in the Other Cash Outflows item under the cash flows from operations.

1. Organization and nature of activities

AkfenHes Yatırımları ve Enerji Üretim Anonim Şirketi (AkfenHes) was incorporated on 12 January 2007 to construct and operate hydroelectric power plants in different regions of Turkey. AkfenHes acquired 14 hydroelectric energy production companies in 2007.

Within the ongoing restructuring in the renewable energy portfolio of Akfen Holding ("Akfen"), Akfenres Rüzgar Enerjisi Yatırımları A.Ş. ("Akfen RES") was merged with AkfenHes and AkfenHes's corporate name was changed into "Akfen Yenilenebilir Enerji A.Ş." ("Akfen Renewable") on 19 January 2016. Within this structuring the transfer of the Akfen's subsidiary Akfen Elektrik Enerjisi Toptan Satış A.Ş. ("Akfen Toptan") to Akfen Renewable was completed on 25 January 2016.

Akfen Renewables and its consolidated subsidiaries will be collectively referred to as the "Group". Akfen Holidng is the ultimate parent company of the Group.

Karine Enerji Üretim ve Sanayi A.Ş ("Karine GES") which was previously owned 100% by Selim Akın, BOD member of Akfen, has been acquired by Akfen for a consideration of USD 24.000.000 and Karine GES was merged with Akfen Renewable on 9 March, 2016.

On 14 December, 2015, a partnership agreement was signed between Akfen and European Bank for Reconstruction and Development ("EBRD"). According to the provisions of this agreement, Akfen RES, Akfen Toptan, Akfen HES and Karine GES, following its transfer to Akfen, would be consolidated under one roof, thus, it is planned to create a renewable energy company and the EBRD will hold a 20% stake in this Group at a cost of USD 100 million. The contract signed with the EBRD was revised on 22 June 2016, so that both the EBRD and International Finance Corporation ("IFC") acquired 16,667% shares of the Group, each paying USD 100 million.

As of 15 December 2022, A Share Transfer Agreement has been concluded regarding the transfer of the (i) EBRD shares corresponding to 17.10% of the Company's issued capital and (ii) IFC's shares corresponding to 15.99% of the Company's issued capital to Akfen Holding. In accordance with the Share Transfer Agreement, the approval of the Competition Authority, which was issued as a prerequisite for the realization of share transfers, was obtained on 06.01.2023; subsequently, the aforementioned share transfers were made on 18.01.2023 and Akfen Holding became the owner of all the shares of the Company.

The Capital Markets Board approved the public offering of Group (B) shares with a nominal value of TL 340,370,703 owned by Akfen Holding in Akfen Renewables capital on 02.03.2023. Group B shares with a nominal value of 340,370,703 TL were offered for sale between 08.03.2023 and 10.03.2023, and the Company's shares with a total nominal value of 340,370,703 TL (33.5% of the capital) were offered to the public.

Akfen Renewables was established to generate electricity from renewable resources. The Group continues to generate electricity with hydroelectric power plants ("HEPP"), wind power plants ("WPP") and solar power plants ("SPP") installed at different points in Turkey.

The Group's business segment are as follows:

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

1. Organization and nature of activities *(continued)*

HEPP Companies of the Group

As of 30 June 2023; the Group's subsidiaries, namely Bt Bordo Elektrik Üretim Dağıtım Pazarlama Sanayi ve Ticaret A.Ş. (“Bt Bordo”), Elen Enerji Üretimi Sanayi ve Ticaret A.Ş. (“Elen”), HHK Enerji Elektrik Üretim A.Ş. (“HHK”),”) and Yeni Doruk Enerji Elektrik Üretim A.Ş. (“Yeni Doruk”) (together, “HEPP Companies”) constitute HEPP Companies of the Group.

As of June 30, 2023, production is continuing at 12 plants with an installed capacity of 228,7 MW (31 December 2022: 228,7 MW) in HEPP Companies. Plant details of HEPP Companies are as follows:

Station	License	City	Established power (MWm)	Established power (MWe)	Receipt Date	YEKDEM Finish date
Sırma HEPP	Licensed	Aydın	6,66	6,00	23.05.2009	31.12.2019
Çamlıca-III HEPP	Licensed	Kayseri	28,48	27,62	1.04.2011	31.12.2021
Saraçbendi HEPP	Licensed	Sivas	26,28	25,49	6.05.2011	31.12.2021
Otluca HEPP	Licensed	Mersin	48,77	47,70	7.04.2011	31.12.2021
Demirciler HEPP	Licensed	Denizli	8,7	8,44	3.08.2012	31.12.2022
Yağmur HEPP	Licensed	Trabzon	9,19	8,95	27.11.2012	31.12.2023
Kavakçalı HEPP	Licensed	Muğla	11,45	11,14	29.03.2013	31.12.2023
Gelinkaya HEPP	Licensed	Erzurum	7,08	6,86	14.06.2013	31.12.2023
Doğançay HEP	Licensed	Sakarya	31,61	30,24	29.08.2014	31.12.2024
Doruk HEPP	Licensed	Giresun	28,89	28,28	19.09.2014	31.12.2024
Sekiyaka II HEPP	Licensed	Muğla	3,53	3,39	17.01.2014	31.12.2025
Çalıkobası HEPP	Licensed	Giresun	18,11	17,38	2.06.2017	31.12.2027
Total HEPP group			**228,7**	**221,5**		

WPP Companies of the Group

As of 30 June 2023, the Group's subsidiaries, namely İmbat Enerji A.Ş. (İmbat), Kanat Enerji A.Ş., Pruva Enerji A.Ş., Derbent Enerji Üretim Paz.İth.ve İhr.A.Ş., Isıder Enerji Üretim Paz.İth. ve İhr.A.Ş., Korda Enerji Üretim Paz.İth. ve İhr.A.Ş. ve Kovancı Enerji Üretim Paz.İth. ve İhr.A.Ş. (together “WPP Companies”) constitute WPP Companies of the Group.

Among the WPP Companies, pursuant to the contract signed between İmbat Energy A.Ş. (“İmbat Energy”) and Zorlu Enerji Elektrik Üretim A.Ş. , all of the shares representing 100% of the capital of Zorlu Rüzgar Enerjisi Elektrik Üretimi A.Ş. (“Zorlu Rüzgar”) were purchased by İmbat Enerji on 5 February 2020, with the permission and approval of the relevant institutions and organizations.. Zorlu Rüzgar owns Sarıtepe WPP (57 MW) and Demirciler WPP (23,3 MW) wind power central with a total installed capacity of 80,3 MW. On 21 April, 2020, Zorlu Rüzgar was merged with İmbat Energy. As of 30 June 2023, production continues in 6 power central with a total installed capacity of 348,9 MW (31 December 2022: 348,9 MW). WPP Companies central details are as follows:

Station	License	City	Established power (MWm)	Established power (MWe)	Receipt Date	YEKDEM Finish date
Sarıtepe WPP	Licensed	Osmaniye	57	50	17.06.2016	31.12.2026
Demirciler WPP	Licensed	Osmaniye	23,3	23,3	22.07.2016	31.12.2026
Kocalar WPP	Licensed	Çanakkale	30,6	26	15.03.2019	31.12.2029
Üçpınar WPP	Licensed	Çanakkale	112,2	99	11.05.2019	31.12.2029
Hasanoba WPP	Licensed	Çanakkale	51	51	2.08.2019	31.12.2029
Denizli WPP	Licensed	Denizli	74,8	66	13.09.2019	31.12.2029
Total WPP Group			**348,9**	**315,3**		

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

1. Organization and nature of activities *(continued)*

SPP Companies of the Group

As of 30 June 2023, the Group's subsidiaries, namely Ayna Enerji A.Ş., Bahçe Enerji A.Ş., Bahçeli Enerji A.Ş., Batikent Enerji A.Ş., Beysukent Enerji A.Ş., Çekirdek Enerji A.Ş., Cihangir Enerji A.Ş., Dalga Enerji A.Ş., Devir Enerji A.Ş., Düzey Enerji A.Ş., Farez Elektrik Üretim San.ve Tic. A.Ş., Gökada Elektrik Üretim Sanayi ve Tic. A.Ş., Günova Elektrik Üretim San. ve Tic. A.Ş., Hazine Enerji A.Ş., İota Güneş Enerji Elektrik Üretim ve TİC. A.Ş., Jupiter Enerji A.Ş., Kizilay Enerji A.Ş., Komsun Enerji Tarım Hayvan. İnş. San. ve Tic. A.Ş., Me-Se Enerji Elektrik Üretim Sanayi ve Tic. A.Ş., Mt Doğal Enerji Üretim A.Ş., Murel Elektrik Üretim San. ve Tic. A.Ş, Neptün Enerji A.Ş., Omicron Güneş Enerjisi Elektrik Üretim ve Tic. A.Ş., Plüton Enerji A.Ş., Psi Güneş Enerjisi Elektrik Üretim ve Tic. A.Ş., Radon Elektrik Üretim Sanayi ve Ticaret A.Ş., Solentegre Enerji Yatırımları Tic. A.Ş., Uranüs Enerji A.Ş., Yaysun Elektrik Üretim Sanayi ve Tic. A.Ş., Yeşildere Elektrik Üretim A.Ş, Yeşilvadi Elektrik Üretim A.Ş, Zengen Enerji A.Ş., Zincir Enerji A.Ş. (together "SPP Companies") constitute the SPP Companies of the Group.

As of 30 June 2023, SPP Companies continues its operations with a portfolio of 121,4 MW total installed capacity with 26 MW of unlicensed and 95,4 MW of licensed projects (31 December 2022: 26 MW of unlicensed and 95,4 MW of licensed projects). There are 33 project companies, with Akfen Renewable Energy holding 100% of shares in all but two (Me-Se Elektrik Üretim A.Ş. ("Me-Se") - 80%, Solentegre Enerji Yatırımları Tic. A.Ş. ("Solentegre") - 90%). SPP Companies power plant details are as follows:

Station	Licence	City	Established power (MWm)	Established power (MWe)	Receipt date	YEKDEM Finish date
Solentegre SPP (Licensed)	Licensed	Elazığ	9,06	8	14.10.2016	31.12.2026
Omicron Engil 208 SPP	Licensed	Van	12,1	9,95	20.09.2018	31.12.2028
Omicron Erciş SPP	Licensed	Van	12,09	9,95	21.09.2018	31.12.2028
Me-Se SPP	Licensed	Konya	12,1	9,9	27.09.2018	31.12.2028
Mt Doğal SPP	Licensed	Konya	12,08	9,98	27.09.2018	31.12.2028
Yaysun SPP (Licensed)	Licensed	Konya	12,08	9,98	27.09.2018	31.12.2028
Psi Engil 207 SPP	Licensed	Van	12,97	9,95	25.07.2019	31.12.2029
İota SPP	Licensed	Malatya	12,97	9,95	13.08.2020	31.12.2030
Yaysun SPP (Unlicensed)	Unlicensed	Konya	0,62	0,5	17.02.2014	16.02.2024
Denizli SPP	Unlicensed	Denizli	7,42	6,69	25.05.2015	24.05.2025
Solentegre SPP (Unlicensed)	Unlicensed	Elazığ	0,56	0,5	15.02.2017	14.02.2027
Karine SPP	Unlicensed	Elazığ	0,56	0,5	26.08.2017	25.08.2027
Amasya SPP	Unlicensed	Amasya	11,22	10,44	12.08.2017	11.08.2027
Tokat SPP	Unlicensed	Tokat	5,58	4,95	19.10.2017	18.10.2027
Total SPP Group			**121,4**	**101,2**		

The incentives utilized by the Group within the scope of its sales are as follows:

All of the HEPP Companies projects in Akfen Renewable's portfolio, with the exception of Sırma HEPP, Çamlıca-III HEPP, Saraçbendi HEPP, Otluca HEPP and Demirciler HEPP, are within the scope of The Law On The Utilization Of Renewable Energy Resources For The Purpose of Generating Electrical Energy. Projects included in this scope have the right to benefit from the government's guarantee of purchasing a minimum of 7,3 USD cents/kWh from generation for 10 years from the date commissioning, if they obtain a Renewable Energy Resources Certificate and complete their investments by 30 June 2021.

It was regulated that Renewable Energy Resources ("YEK") certified generation license holders that are subject to Renewable Energy Resources Support Mechanism ("YEKDEM") which was to be put into operation from January 1, 2021 to June 30, 2021, with the President's decision numbered 2949 and dated September 17, 2020, that was published and entered into force on the same day in the Official Gazette numbered 31248 on September 18, 2020, can benefit from the incentives regulated in Article 6/B of the Law on the Use of Renewable Energy Resources for the Purpose of Electricity Generation ("Law") until 31 December 2030.

1. Organization and nature of activities *(continued)*

In the case before the decision entered into force, the incentives for the YEK Support Mechanism would only be applied to the YEK certified generation license holders that would go into operation before 31 December 2020.Within the scope of the aforementioned support mechanism, WPP portfolio can benefit a purchasing guarantee over 7,3 USD cents/kWh while the SPP portfolio can benefit a purchasing guarantee of 13,3 USD cents/kWh if the investments are completed by 30 June 2021.

Within the scope of the same law, there are various domestic contribution additions in case of domestic equipment being used in the production facility. As of October 19, 2017, the application for Solentegre SPP project under Solentegre within the “Regulation on Supporting Domestic Parts Used in Facilities Producing Electric Energy from Renewable Energy Sources" has been evaluated positively and it was entitled a domestic contribution of 0,44 USD cent/kWh starting from 1 January 2018. However, the other licensed SPP in the Akfen Renewable portfolio are Me-Se, MT, Engil 208, Erciş and Yaysun, as of 1 January 2019, Engil 207 as of 1 January 2020, with 0,44 USD cent / kWs and licensed WPP projects, as of 1 January 2020, Kocalar, Hasanoba, Üçpınar and Denizli have been entitled to receive a domestic contribution of 0,60 USD cent/kWh. The period of benefiting from the addition of domestic contribution ends at the end of the 5th year of the YEKDEM period of the relevant power plant.

Akfen Toptan

Akfen Toptan obtained a procurement license for 20 years from the Energy Market Regulatory Authority (“EMRA”) on march 16,2011.

The address of the Group’s head office is as follows :

Akfen Yenilenebilir Enerji A.Ş.

Galip Erdem Cad. No: 3 Çankaya-Ankara

As of 30 June 2023, the Group has 227 employees (31 December 2022: 229).

2. Basis of presentation of the consolidated financial statements

Laws affecting the subject of activity / Regulations

Depending on the electricity generation and sales activities has carried out by the Group, it is subject to the regulations and communiqués published by the Energy Market Regulatory Authority (“EMRA”), as well as the Electricity Market Law dated 14 March 2013 and numbered 6446, which entered into force with the Official Gazette No. 28603 on 30 March 2013.

i. Basic principles of presentation

The accompanying consolidated financial statements have been prepared in accordance with the provisions of the "Communique on the Principles of Financial Reporting in the Capital Markets" (“Notification”), Series II, numbered 14.1, published in the Official Gazette dated 13 June 2013 and numbered 28676 of the Capital Markets Board (“CMB”). Companies reporting in accordance with the SEC regulations apply the Turkish Accounting Standards / Turkish Financial Reporting Standards and their annexes and interpretations (“TAS/TFRS”) published by the Public Company Accounting Oversight and Auditing Standards Authority (“PCAOA”) in accordance with Article 5 of the notification. The consolidated financial statements have been presented in accordance with the TFRS Taxonomy developed by the PCAOB based on the financial statement examples determined in the Financial Statement Examples and User Guide published in the Official Gazette dated 15 April 2019 and numbered 30794.

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

2. Basis of presentation of the consolidated financial statements *(continued)*

i. Basic principles of presentation *(continued)*

The consolidated financial statements are presented in Turkish Lira ("TL") of the Group.The consolidated financial statements have been prepared on the historical cost basis, except for power plants that are measured by the revaluation model and classified as property, plant and equipment.

Pursuant to the announcement made by the Public Oversight Authority ("POA") on January 20, 2022, it has been stated that firms applying TFRS do not need to make any adjustments in their financial statements for the year ending 31 December 2021 within the scope of TAS 29 Financial Reporting in Hyperinflationary Economies. Since no new announcement has been made by POA regarding the application of inflation accounting, no inflation adjustment was made in accordance with TAS 29 while preparing the consolidated financial statements as of 30 June 2023 and 31 December 2022.

Approval of Consolidated Financial statements

Consolidated financial statements have been approved by the Company Management on 18 August 2023. The General Assembly of the Company has the right to change these consolidated financial statements, and the relevant regulatory authorities have the right to demand that they be changed.

Functional and reporting currency

The functional currency of the Company and its Subsidiaries are Turkish Lira (TL), and all financial information presented in Turkish Lira (TL) in the accompanying consolidated financial statements and footnotes has been rounded to the nearest thousand TL unless otherwise stated. During the preparation of the Group's consolidated financial statements, transactions in foreign currencies (currencies other than TL) are recorded based on the exchange rates at the date of the transaction. Monetary assets and liabilities in foreign currencies in the consolidated statement of financial position are translated into TL using the exchange rates prevailing on the date of the statement of financial position. Among the non-monetary items that are accounted with their fair value, those whose fair value is calculated in foreign currency are translated into TL based on the exchange rates on the date of the statement of financial position where the fair value is determined. Income or expense arising from adjustments or translations of foreign currency items is included in the statement of profit or loss and other comprehensive income.

As of 30 June 2023 and 31 December 2022, EUR/TL and USD/TL rates are as follows:

	Period end		**Average**	
	EUR	**USD**	**EUR**	**USD**
31 June 2023	28,1540	25,8231	21,4273	19,8218
31 December 2022	19,9349	18,6983	17,3642	16,5512

2. Basis of presentation of consolidated financial statements *(continued)*

i. Basic principles of presentation *(continued)*

Consolidation principles

The Group controls the investee only if all of the following indicators are present;

- *Has power over the investee*
- *It is exposed to or entitled to variable returns from its involvement with the investee.*
- *It has the ability to use its power over the investee to influence the amount of returns it will receive.*

If circumstances indicate a change in one or more of the three elements of control, the Group reassesses whether it controls the investee. Consolidation of a subsidiary begins when the Group has control over the subsidiary and ends when the Group loses control of the subsidiary. The assets, liabilities, income and expenses of the subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group takes control to the date the Group loses control of the subsidiary.

Business Combinations

The Group accounts for business combinations using the purchasing method when the entire group of acquired activities and assets meets a business definition and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group considers whether the set of activities and assets has two key elements: inputs and processes applied to those inputs. However, for a set of activities and assets to be considered a business, it must, at a minimum, include an essential process that contributes significantly to its ability to generate inputs and outputs together. The consideration transferred on the acquisition is generally accounted for at fair value, as is the case with identifiable net assets purchased. The resulting goodwill is tested for impairment annually. The gain or loss from the bargain purchase is recognized immediately in profit or loss. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred. Purchase price; Does not include amounts related to closing existing relationships. These amounts are generally recognized in profit or loss. Any contingent consideration payable is recognized at its fair value at the acquisition date. If contingent consideration that meets the definition of a financial instrument is classified as an item of equity, it is not remeasured and is recognized in equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

Elimination of transactions in consolidation

Unrealized income and expenses resulting from intra-group balances and transactions and intra-group transactions are eliminated. Unrealised gains arising from equity transactions are eliminated in proportion to the group's shares in the investment. In the absence of any impairment, unrealized losses are eliminated in the same manner as unrealized gains.

2. Basis of presentation of consolidated financial statements *(continued)*

i. Basic principles of presentation *(continued)*

Non controlling interest

Non-controlling interests are measured at the proportionate share of the net assets of the acquirer at the date of acquisition. Changes in the group's share of subsidiaries are accounted for as equity operations without losing control.

Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Subsidiaries

Subsidiaries are companies under the control of the Group. Control; The Group has the authority to govern a company's financial and operating policies in order to derive benefits from its activities. The Group controls an investee when it is exposed to or has rights to variable returns and has the ability to affect those returns through its power over the investee. Potential enforceable voting rights are taken into account when assessing control. The financial statements of the subsidiaries are reflected in the consolidated financial statements, covering the period from the beginning of the control to the day it ends.

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

2. Basis of presentation of the consolidated financial statements *(continued)*

ii. Basic principles of presentation *(continued)*

The HEPP Group, the SPP Group, the WPP Group companies and Akfen Toptan were consolidated on the basis of Akfen Renewable Energy. The number of subsidiaries is 45 as of 30 June 2023. (31 December 2022: 45)

As of 30 June 2023 and 31 December 2022, the subsidiaries included in the consolidation are as follows:

Company Name	Scope	Major activity	As of 30 June 2023 Ownership (%)	As of 31 December 2022 Ownership (%)
Bt Bordo Elektrik Üretim Dağ. Paz. San. ve Tic. A.Ş.	HEPP	Energy Production	100	100
Elen Enerji Üretimi San. Tic. A.Ş.	HEPP	Energy Production	100	100
H.H.K Enerji Elektrik Üretim A.Ş.	HEPP	Energy Production	100	100
Yeni Doruk Enerji Elektrik Üretim A.Ş.	HEPP	Energy Production	100	100
Ayna Enerji A.Ş.	SPP	Energy Production	100	100
Bahçe Enerji A.Ş.	SPP	Energy Production	100	100
Bahçeli Enerji A.Ş.	SPP	Energy Production	100	100
Batikent Enerji A.Ş.	SPP	Energy Production	100	100
Beysukent Enerji A.Ş.	SPP	Energy Production	100	100
Çekirdek Enerji A.Ş.	SPP	Energy Production	100	100
Cihangir Enerji A.Ş.	SPP	Energy Production	100	100
Dalga Enerji A.Ş.	SPP	Energy Production	100	100
Devir Enerji A.Ş.	SPP	Energy Production	100	100
Düzey Enerji A.Ş.	SPP	Energy Production	100	100
Farez Elektrik Üretim San.ve Tic. A.Ş.	SPP	Energy Production	100	100
Gökada Elektrik Üretim Sanayi ve Tic. A.Ş.	SPP	Energy Production	100	100
Günova Elektrik Üretim San. ve Tic. A.Ş.	SPP	Energy Production	100	100
Hazine Enerji A.Ş.	SPP	Energy Production	100	100
İota Güneş Enerrji Elektrik Üretim ve TİC. A.Ş.	SPP	Energy Production	100	100
Jupiter Enerji A.Ş.	SPP	Energy Production	100	100
Kizilay Enerji A.Ş.	SPP	Energy Production	100	100
Komsun Enerji Tarim Hayvan. İnş. San. ve Tic. A.Ş.	SPP	Energy Production	100	100
Me-Se Enerji Elektrik Üretim Sanayi ve Tic. A.Ş.	SPP	Energy Production	80	80
Mt Doğal Enerji Üretim A.Ş.	SPP	Energy Production	100	100
Murel Elektrik Üretim San. ve Tic. A.Ş	SPP	Energy Production	100	100
Neptün Enerji A.Ş.	SPP	Energy Production	100	100
Omicron Güneş Enerjisi Elektrik Üretim ve Tic. A.Ş.	SPP	Energy Production	100	100
Plüton Enerji A.Ş.	SPP	Energy Production	100	100
Psi Güneş Enerjisi Elektrik Üretim ve Tic. A.Ş.	SPP	Energy Production	100	100
Radon Elektrik Üretim Sanayi ve Ticaret A.Ş.	SPP	Energy Production	100	100
Solentegre Enerji Yatirimlari Tic. A.Ş.	SPP	Energy Production	90	90
Uranüs Enerji A.Ş.	SPP	Energy Production	100	100
Yaysun Elektrik Üretim Sanayi ve Tic. A.Ş.	SPP	Energy Production	100	100
Yeşildere Elektrik Üretim A.Ş	SPP	Energy Production	100	100
Yeşilvadi Elektrik Üretim A.Ş	SPP	Energy Production	100	100
Zengen Enerji A.Ş.	SPP	Energy Production	100	100
Zincir Enerji A.Ş.	SPP	Energy Production	100	100
İmbat Enerji A.Ş.	WPP	Energy Production	100	100
Kanat Enerji A.Ş.	WPP	Energy Production	100	100
Pruva Enerji A.Ş.	WPP	Energy Production	100	100
Isıder Enerji Ürt. Paz. İth. ve İhr. A.Ş.	WPP	Energy Production	100	100
Korda Enerji Ürt. Paz. İth. ve İhr. A.Ş.	WPP	Energy Production	100	100
Derbent Enerji Ürt. Paz. İth. ve İhr. A.Ş.	WPP	Energy Production	100	100
Kovancı Enerji Ürt. Paz. İth. ve İhr. A.Ş.	WPP	Energy Production	100	100
Akfen Elektrik Toptan Satış A.Ş.	Whosale	Energy Supply	100	100

2. Basis of presentation of the consolidated financial statements *(continued)*

ii. The new and revised standards, amendments and interpretations

New standards, amendments and interpretations effective as of 30 June 2023:

Amendments that have entered into force

The amendments that have entered into force for accounting periods beginning on or after 1 January 2023 are as follows:
Deferred Tax on Assets and Liabilities Arising from a Single Transaction - Amendments to TAS 12 Income Taxes
Definition of Accounting Estimates (Amendments to TAS 8)
Disclosure of Accounting Policies (Amendments to TAS 1)
These newly implemented standard amendments did not have a significant impact on the Group's consolidated financial statements.

Standards, modifications, and amendments that have been issued but not yet effective and not early adopted:

- TFRS 17 – Insurance Contracts
- Initial Application of TFRS 17 and TFRS 9—Comparative Information (Amendments to TFRS 17)
- Changes in TFRS 4 - Amendment on the implementation of TFRS 4 Insurance Contracts and TFRS 9
- Classification of Liabilities as Short or Long Term (Amendments to TAS 1)
- Lease liability in sale and leaseback transactions - Amendments to TFRS 16 Leases

New and revised standards and interpretations published by IASC/ISSB but not yet published by POA:

- IFRS S1 General Provisions for Disclosure of Sustainability-Related Financial Information and IFRS S2 Climate-Related Disclosures
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements

The standards, amendments and improvements above are not expected to have a material impact on the Group's consolidated financial statements.

2. Basis of presentation of the consolidated financial statements *(continued)*

iii. Significant accounting policies

Related Parties

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

(a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

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

The transaction with the related party is the transfer of resources, services or liabilities between the entity and the related party, regardless of whether or not it is for a fee.The Group has determined its senior management staff as board members, general manager and assistant general managers.

Property, Plant and Equipment

Fair value measurement

Group have choosen revaluation method among the accounting policies as allowed under TAS 16 with respect to measurement and disclosure of its power plant at fair value, commencing from 31 December 2020.

Accounting and measurement

The Group has obtained a valuation report for the power plants from an independent valuation firm authorized by the CMB on 31 December 2022 and has taken the fair values determined in its working as a basis.The discount rate used to calculate the discounted cash flows included in the valuations and impairment calculations of power plants is 13,6%, which is the after-tax Weighted Average Cost of Capital (WACOC).

2. Basis of presentation of the consolidated financial statements *(continued)*

iii. Significant accounting polics *(continued)*

Property, Plant and Equipment *(continued)*

Recognition and measurement *(continued)*

Increases in property, plant and equipment as a result of revaluation are credited after the deferred tax effect is netted on the revaluation fund account in the equity group in the statement of financial position. The difference between the depreciation calculated over the carrying values of the revalued assets (depreciation charged to the profit or loss statement) and the depreciation calculated over the acquisition cost of these assets is transferred from the revaluation fund to the accumulated profit/loss after the deferred tax effect is netted each year. The same applies to disposal of property, plant and equipment.

The revaluation decrease is recognized in the statement of profit or loss, except that it offsets the current increase on the same asset recognized in the item of property, plant and equipment revaluation increases. Normal maintenance and repair expenses incurred on a property, plant and equipment are recognized as an expense.Investment expenditures that increase the capacity of the tangible fixed asset and increase the future benefit from it are added to the cost of the tangible fixed asset and depreciated over the remaining estimated useful life of the tangible fixed asset.

Other tangible fixed assets are recognized at cost after deducting accumulated depreciation, if any, and accumulated impairment losses, if any. An item of property, plant and equipment, and a significant portion of it initially recognized, is derecognised after disposal (ie, when the buyer gains control) or when no future economic benefits are expected from use or disposal. Net gains on derecognition of the asset (calculated as the difference between net proceeds on disposal and the carrying amount of the asset) are included in the statement of profit or loss when the asset is derecognised.

Power plants consist of asset groups with similar characteristics used in the Group's activities and include land, building, machinery, equipment, furniture and fixtures.

Depreciation

Tangible fixed assets are depreciated and registered under profit or loss after the estimated surplus value is deducted by using the straight-line method of depreciation on the basis of the date of purchasing or installation according to the estimated useful lives of assets.

Terrain and land are not depreciated.

Economic lives in the current period and previous periods are as follows:

Tangible fixed asset type	Useful lives
Buildings	50 years
Machinery and equipment	2-50 years
Motor vehicles	5 years
Furniture and fixtures	3-49 years
Leasehold improvements	10 years

2. Basis of presentation of the consolidated financial statements *(continued)*

iii. Significant accounting polics *(continued)*

Intangible assets

Accounting and measurement

Other intangible assets

Intangible assets acquired within the limited economic period of the Group are carried at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditures

Other subsequent expenditures may be capitalized if they can increase the future economic benefit of the said intangible fixed asset. All other expenses within the enterprise including those related to goodwill and trademarks are indicated under profit or loss as they arise.

Amortization

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Goodwill is not depreciated.

The estimated useful lives of current and prior periods are as follows:

Intangible assets	Useful lives
Rights	49 years
Other intangible assets	3 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

Goodwill

Goodwill arising from the acquisition of subsidiaries is measured at cost less accumulated impairment losses. For purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that the Group expects to benefit from the synergies of the combination.

A cash-generating unit to which goodwill is allocated is tested for impairment annually or more frequently when there is an indication that the unit is impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is first allocated to the other assets of the unit to reduce the carrying amount of the goodwill allocated to the unit, then the amount of each asset in the unit on a book basis.

Impairment losses are recognized in profit or loss. It is distributed first, which will reduce the carrying amount of any goodwill distributed to the CGU, and then reduced by the carrying amount of the other assets in the CGU.

An impairment loss recognized for goodwill is not reversed.

2. Basis of presentation of the consolidated financial statements *(continued)*

iii. Significant accounting polics *(continued)*

Impairment of Tangible and Intangible Assets *(continued)*

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets that have an indefinite useful life and that are not ready for use are tested for impairment at least once a year or if there is an indication of impairment. The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. Value in use is the present value of the expected future cash flows from an asset or cash-generating unit. In calculating value in use, a pre-tax discount rate is used, which reflects the value in use of money according to the current market assessment and the asset-specific risks that are not taken into account in estimating future cash flows.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

In accordance with the accounting policy for the intangible assets which have indefinite useful lives and goodwill, are reviewed for impairment annually or whenever events or changes in circumstances indicate impairment, by the Group. The recoverable amounts of the cash-generating units are determined using the methods of value in use. Certain estimates were used in these calculations.

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

2. Basis of presentation of the consolidated financial statements *(continued)*

iii. Significant accounting polics *(continued)*

Financial asset

Classification

The Group classifies its financial assets in three categories of financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of loss (FVTPL). The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are not reclassified after initial recognition, except where the business model that the Group uses in the management of financial assets has changed; In case of a change in business model, the financial assets are reclassified on the first day of the following reporting period.

Recognition and Measurement

"Financial assets measured at amortized cost", are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.Group's financial assets measured at amortized cost comprise "cash and cash equivalents", "trade receivables","other receivables" and "financial investments". Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortized cost are accounted for under the consolidated statement of income.

Derecognition

The Group derecognized a financial asset when the contractual rights to the cash flows from the asset expired, or it transferred the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset were transferred. Any interest in such transferred financial assets that was created or retained by the Group was recognized as a separate asset or liability.

Impairment

Impairment of the financial and contractual assets measured by using "Expected credit loss model" (ECL). The impairment model applies for amortized financial and contractual assets. Provision for loss measured as below;

Lifetime ECL: results from all possible default events over the expected life of financial instrument.

The lifetime ECL measurement is applied if, at the reporting date, the credit risk associated with a financial asset increases significantly after initial recognition.

If the credit risk of the financial asset has a low credit risk at the reporting date, the Group can determine that the credit risk of the financial asset does not increase significantly. However, lifetime ECL measurement (simplified approach) is always valid for trade receivables and contract assets without significant funding element.

2. Basis of presentation of the consolidated financial statements *(continued)*

iii. Significant accounting polics *(continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial Liabilities

Financial liabilities are measured at fair value at initial recognition. Transaction costs directly attributable to the underwriting of the relevant financial liability are also added to the said fair value. The Group's financial liabilities consist of borrowings, trade payables and other payables.

Borrowings

Loans are initially recorded at fair value after deducting transaction costs incurred. Borrowings are measured at amortized cost. The difference between revenues (less transaction costs) and amortization is recognized in profit or loss over the borrowing period using the effective interest method. Fees paid for the establishment of the loan facility are recognized as the transaction cost of the loan if it is probable that some or all of the loan will be retired. In this case, the fee will be delayed until the draw takes place. If there is no evidence that some or all of the loan will be retired, the fee is capitalized as a prepayment for liquidity services and amortized over the term of the relevant loan.

Borrowing costs

Financing costs arising from loans are included in the cost value of qualifying assets if they are related to the acquisition or construction of qualifying assets. Qualifying assets refer to assets that take a long time to be used or sold as intended. Other borrowing costs are recognized in the profit or loss statement in the period in which they are incurred.

Trade payables and other debts

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

2. Basis of presentation of the consolidated financial statements *(continued)*

iii. Significant accounting polics *(continued)*

Derecognition

The Group derecognises a financial liability only when the liability for that liability is eliminated or canceled. In addition, the Group derecognises a financial liability in the event of a material change in the terms or cash flows of an existing financial liability. Instead, it requires the recognition of a new financial liability at its GUD based on the modified terms.

On derecognition of a financial liability, the difference between its carrying amount and the amount paid for that liability (including any non-cash assets transferred or any liabilities assumed) is recognized as profit or loss.

Offsetting of financial assets and liabilities

The Group offsets its financial assets and liabilities and presents the net amount in its financial statements only when it has a legal right to offset and it intends to settle the transaction on a net basis or to realize the asset and settle the liability simultaneously.

Derivatives and hedging instruments

Derivative instruments are initially recorded at their acquisition cost, which reflects their fair value at the contract date, and are valued at their fair value in the following periods. Derivative instruments of the Group mainly consist of forward foreign currency purchase and sale contracts and foreign currency and interest rate swap transactions. Although these derivative instruments provide an effective protection against risks for the Group economiscally, if they do not meet the necessary conditions for risk accounting, they are accounted for as trading derivatives in the consolidated financial statements and the fair value changes related to them are reflected in the consolidated profit or loss statement.

Foreign currency risk management

Foreign currency transactions cause foreign currency risk.

The Group has foreign currency risk, due to the fluctuations in exchange rates used in foreign currency transactions. The foreign currency risk arises from future trade transactions and the difference between recorded assets and liabilities. Under such circumstances, the group controls this risk by netting off the foreign currency assets and liabilities. The management analyses the Group's foreign currency position and takes necessary precautions when needed.

In order to ensure that the effect of foreign exchange gains and losses arising from changes in foreign exchange rates on the Group's financial statements is reflected within the scope of the periodicity principle of accounting; Hedging Accounting is applied within the scope of TFRS 9 of the Group. The Group uses the foreign currency based investment loan as a hedging instrument against the USD/TL spot currency risk, which is exposed due to its highly probable estimated USD income. As a result of the effectiveness test carried out in this context, the Group determined that the entire transaction was effective and applied cash flow hedge accounting. As of 30 June 2023, foreign exchange expense of investment loans amounting to TL 6.888.289 (31 December 2022: 4.654.639 TL) is recognized in the "Hedging gains (losses)" account under equity until the cash flows of the related hedged item are realized and it has no effect on the current period profit.

2. Basis of presentation of the consolidated financial statements *(continued)*

iii. Significant accounting polics *(continued)*

Effects of currency change

The financial statements of each business of the Group are presented in the currency of the main economic environment in which they operate (the functional currency). The financial status and operating results of each business are expressed in TL, which is the functional currency of the Company and the presentation unit for the consolidated financial statements. During the preparation of the financial statements of each enterprise, transactions in foreign currencies (currencies other than TL) are recorded based on the exchange rates on the date of the transaction. Monetary assets and liabilities indexed to foreign currency in the balance sheet are translated into Turkish Lira using the exchange rates prevailing on the balance sheet date. Among the non-monetary items that are followed at fair value, those recorded in foreign currency are translated into TL based on the exchange rates at the date of determination of the fair value. Foreign currency non-monetary items measured at historical cost are not reconverted.

Exchange differences are recognized in profit or loss in the period in which they occur, except as follows:

- Exchange differences related to assets under construction for future use and included in the cost of such assets, treated as an adjustment to interest costs on foreign currency denominated liabilities,

- Exchange differences arising from transactions carried out to provide financial hedging against foreign currency risks (accounting policies for financial hedging are explained below),

Earnings/ Losses Per Share

Earnings per share disclosed in the accompanying consolidated statement of profit or loss is determined by dividing net income by the weighted average number of shares in existence during the year concerned.

Companies in Turkey can increase their capital through "bonus shares" that they distribute to their shareholders from retained earnings. Such “bonus share” distributions are treated as pre-issued shares in earnings per share calculations. Accordingly, the weighted average number of shares used in these calculations has been calculated by taking into account the retrospective effects of the aforementioned share distributions.
If the number of ordinary or potential ordinary shares outstanding increases as a result of capitalization, bonus issues, or splits, or decreases as a result of a share merger, the calculation of basic and diluted earnings per share for all periods presented is adjusted retrospectively.

Subsequent event

Events after the reporting period are those events that occur between the balance sheet date and the date when the financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or public disclosure of other selected financial information. The Group adjusts the amounts recognized in its financial statements if adjusting events occur after the balance sheet date.

2. Basis of presentation of the consolidated financial statements *(continued)*

iii. Significant accounting polics *(continued)*

Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

Segment Reporting

Operating segments are segments of the Group which engage in operating activities from which the Group can reap revenues and through which it can make expenditures, the operating results of which are regularly reviewed by the chief operating decision maker of the Group for allocating resources and assessing performance of the operating segments, and for which there are separate financial information.

Taxes Calculated on Corporate Earnings

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.
Income tax expense represents the sum of the tax currently payable and deferred tax.

<u>Current tax</u>

In Turkey, the corporate tax rate applied to the legal tax base to be found by adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the institutions in Turkey and by deducting the exemptions in the tax laws was applied as 20% after January 1, 2021. However, with the Provisional Article 13 added to the Corporate Tax Law No. The rate is 25% for corporate earnings for the 2021 taxation period, and 23% for the 2022 taxation period. This amendment has been valid in the taxation of corporate earnings for the periods starting from January 1, 2021, starting with the declarations that must be submitted as of July 1, 2021. Since the tax rate change came into effect as of April 22, 2021, the tax rate was used as 20% in the period tax calculations in the financial statements dated 30 June 2023.

<u>Deferred tax</u>

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

2. Basis of presentation of the consolidated financial statements *(continued)*

iii. Significant accounting policies *(continued)*

Taxable profit is determined according to the business plans of each subsidiary in the Group.

Deferred tax assets are recognized if it is probable that taxable profits will be sufficient to offset unused prior year tax losses, tax benefits and deductible temporary differences in the future. Taxable profit is determined according to the business plans of each subsidiary in the Group. Deferred tax assets are reviewed at each reporting date and unrecognized deferred tax assets are recognized, limited to these amounts, if it is probable that taxable profit will be generated in the future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

<u>Current and deferred tax for the period</u>

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity.

<u>Tax Risk</u>

While determining the period tax expense and deferred tax expense amounts, the Group considers uncertain tax positions and whether there is any additional tax and interest liability to be paid. This assessment may include many judgments about future events and is based on guesswork and assumptions. In the event that new information emerges that will change the adequacy and judgment of the Group's current tax liability, this change in tax liability will affect the tax expense for the period in which this situation is determined.
The details of the Group's ongoing tax inspections are as follows:

Company	Type	Term	Review start date	Record expiry date
Yaysun Elektrik Üretim San.ve Tic. A.Ş.	Full	2018	20.04.2020	Continues

The tax inspection in the table above is not the special purpose inspections regarding the practices / transactions carried out by the Group companies in 2018; They are general purpose and full scope reviews initiated by the Financial Administration.

This tax review has been completed. As a result of the said examination, no calculable tax risk has emerged.

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

2. Basis of presentation of the consolidated financial statements *(continued)*

iii. Significant accounting polics *(continued)*

Employee Benefits

<u>Severance pay</u>
Pursuant to Article 25 / II of the Turkish Labor Law, the Group is obliged to make lump-sum payments to employees whose employment is terminated due to retirement or reasons other than resignation or misconduct. The liability is not funded and therefore there are no plan assets as there are no funding requirements for defined benefits. The amount payable consists of one month's salary for each year of service. This right is limited to 23.489,83 TL for each year of service as of 30 June 2023 (31 December 2022: 19.982,83 TL). As of 30 June 2023, the probability of employees leaving the Group is 2,8% (31 December 2021: 2,8%).

For post-retirement benefits, the cost of benefits is determined using the projected compensation method and actuarial valuation is made at the end of each reporting period. The severance pay liability recognized in the statement of financial position represents the present value of the specified indemnity obligation. There are no funding requirements for the specified compensation obligation. The Group recognizes actuarial gains and losses in the other comprehensive income statement in accordance with the revised IAS 19, apart from the consolidated statement of income.

Accordingly, the actuarial assumptions used in the calculation of total liabilities are as follows:

	30 June 2023	**31 December 2022**
Expected interest rates in the coming years %	9	9
Expected inflation in the coming years %	6,8	6,8
Expected probability of leaving without compensation in the coming years	2,8	2,8

All actuarial losses or gains are recognized in other comprehensive income and expense.

Unused vacation liability

A liability is recorded for leave wages earned by employees as a result of past service. In case of termination of employment of its employees, the Group is obliged to pay an amount equal to the number of days earned but not used multiplied by the total of the daily gross wage at the date of termination of the employment contract and other contractual benefits. In this cotext, the Group records it as a short-term employee benefit obligation as a leave provision.

The leave allowance is a short-term employee benefit obligation that is measured without discounting and is expensed in profit or loss as the related service is performed.

Fees and deductions

Wages, salaries and social security contributions are the amounts owed to the employees during the period. These amounts are reflected in the personnel expenses in the period they accrue.

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

2. Basis of presentation of the consolidated financial statements *(continued)*

iii. Significant accounting polics *(continued)*

Statement of Cash Flows

In statement of cash flow, cash flows are classified according to operating, investing and financing activities.Cash flows from operating activities reflect cash flows generated from electricity sales of the Group. Cash flows from investing activities express cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Group. Cash flows relating to financing activities express sources of financial activities and payment schedules of the Group.
Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Share Capital and Dividends

Common shares are classified as equity. Dividends on common shares are recognised in equity in the period in which they are approved and declared.

Income and expenses

The accrual basis is applied in determining the income and expense items. Accordingly, revenue, income and profits are accounted for in comparison with the cost, expenses and losses of the same period.Interest income is accrued based on the effective interest rate. In case of unpaid interest accrual prior to the acquisition of a security that includes interest; subsequently, interest is allocated to pre-acquisition and post-acquisition periods and only the portion of the post-acquisition period is recognized as income in the financial statements.

Revenue

The Group carries out its activities in accordance with the Electricity Market Law No. 6446, the Electricity Market License Regulation of EMRA, the Electricity Market Balancing and Settlement Regulation ("EMBSR") and other relevant legislation. The subsidiaries that the Group is registered to EMM within the scope of EMBSR are as follows with their user code:

Company	User code
Me-Se Enerji Elektrik Üre. San. ve Tic. A.Ş.	11714
Mt Doğal Enerji Üretim A.Ş.	11713
Omicron Güneş Enerjisi Elektrik Üretim ve Tic. A.Ş.	11637
PSİ Güneş Ene. Ele. Üre. Tic. A.Ş.	12298
Solentegre Enerji Yat. Tic. A.Ş.	10335
Yaysun Elektrik Üre San ve Tic. A.Ş.	11659
İota Güneş En. Ele. Üre ve Tic. A.Ş.	14239
Elen Enerji Üretimi Sanayi Ticaret A.Ş.	7902
Bt Bordo Elektrik Üretim Dağ.Paz.San.Ve Tic.A.Ş.	5710
Yeni Doruk Enerji Elektrik Üretim A.Ş.	7901
H.H.K. Enerji Elektrik Üretim A.Ş.	10894
Derbent Enerji Üretim Pazarlama İthalat ve İhracat A.Ş.	11918
Isıder Enerji Üretim Pazarlama İthalat ve İhracat A.Ş.	11835
Kovancı Enerji Üretim Pazarlama İthalat ve İhracat A.Ş.	12297
Korda Enerji Üretim Pazarlama İthalat ve İhracat A.Ş.	12317
İmbat Enerji A.Ş.	14240

2. Basis of presentation of the consolidated financial statements *(continued)*

iii. Significant accounting polics *(continued)*

Revenue *(continued)*

Electricity sales are recognized as revenue during electricity distribution on an accrual basis. In the case of YEKDEM revenues, electricity sales are recorded according to the service rendered at the rates specified under YEKDEM. In case of income other than YEKDEM, electricity sales are recorded based on the service delivered, but at market rates and prices.

The Group has defined the sale of electricity as a performance obligation. Since the billed amounts reasonably represent the value to customers of the performance obligations fulfilled to date, the identified performance obligations were evaluated and determined to be fulfilled over time and eligible for billing. The transaction price is based on the actual price per mega-watt output. In licensed projects, sales subject to YEKDEM are generally invoiced on the 15-20th day of the following month, and the collections consisting of the difference between the YEKDEM sales price and the market clearing price are collected on the 25-30th day of the following month. In non-licensed projects, sales subject to YEKDEM are generally invoiced on the 15-20th day of the following month. All sales are collected on the 5th-8th day of the following month.

General accounting principles

In accordance with TFRS 15 “Revenue from contracts with customers”, the Group's performance obligations consist of electricity wholesale and ancillary services related to electricity sales. The sold electricity is transmitted to the customer over transmission lines and the customer consumes the benefit obtained from the performance simultaneously. Revenue from electricity sales and ancillary services related to electricity sales are recognized at the moment of delivery. As a result of the Group's operations, TFRS 15 did not have a material impact on the Group's financial position and performance.

The Group recognizes revenue when it fulfills its performance obligation by transmitting the electricity service to the customer.

The Group recognizes revenue in line with the following 5 basic principles:

a) Determination of customer contracts
b) Determination of performance obligations in contracts
c) Determination of the transaction price in the contracts
d) Allocating the transaction price to the performance obligations in the contracts
e) Recognition of revenue when each performance obligation is met.

The Group recognizes a contract with a customer as revenue if all of the following conditions are met:

a) The parties to the contract have approved the contract (written, verbal or in accordance with other commercial practices) and have committed to fulfill their own obligations,
b) The rights of each party regarding the goods or services to be transferred can be defined.
c) Payment terms for the goods or services to be transferred can be defined,
d) The contract is commercial in nature,
e) It is probable that the Group will collect a consideration for the goods or services to be transferred to the customer. The Group considers only the customer's ability and willingness to pay the consideration in due time when assessing whether a charge is likely to be collectible.

2. Basis of presentation of the consolidated financial statements *(continued)*

iii. Significant accounting polics *(continued)*

General accounting principles *(continued)*

At the beginning of the contract, the Group evaluates the services it has committed in the contract with the customer and defines each commitment to the customer as a separate performance obligation.The Group also determines, at the inception of the contract, whether it has fulfilled each performance obligation over time or at a particular moment in time. The Group takes into account the contractual terms and trade practices to determine the transaction price. Transaction price is the amount the Group expects to be entitled in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, some sales taxes).

Leases

Group - as a lessee

At the inception of a contract, the Group assesses whether the contract is or contains a lease. If the contract transfers the right to control the use of the identified asset for a specified period of time, the contract is or includes a lease. After these assessments, the Group reflects a right-of-use asset and a lease liability to its financial statements at the commencement date of the lease.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (for example, as of the date the asset is available for use). Right-of-use assets are calculated at cost less accumulated depreciation and impairment losses, and this figure is adjusted if lease liabilities are remeasured.
The Group presents right-of-use assets in right-of-use assets and lease liabilities in “Lease liabilities” in the statement of financial position.

Short term leases and low value leases

The Group has chosen not to recognize right-of-use assets and lease liabilities for short-term leases of machinery with lease terms of 12 months or less, and leases of low-value assets, including IT equipment. The Group has recognized the lease payments related to these leases as an expense on a straight-line basis over the lease term.

The cost of the right-of-use asset includes:
a) the initial measurement amount of the lease liability
b) the amount of all lease payments made on or before the commencement date of the lease, less any lease incentives received
c) All initial direct costs paid by the group,
d) Estimated costs incurred by the lessee in dismantling and relocating the underlying asset, restoring the site in which it is located, or restoring the underlying asset to the condition required by the terms and conditions of the lease (except where these costs are incurred to produce inventory).

If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term, or if the cost of the right-of-use asset indicates that the lessee will exercise a call option, the right-of-use asset is depreciated from the date the lease actually began to the end of the useful life of the underlying asset. In other cases, the right-of-use asset is depreciated over the shorter of the useful life of the asset or the lease term, starting from the actual commencement date of the lease. In addition, the value of the right-of-use asset is periodically reduced, less any impairment losses, and adjusted for remeasurement of the lease liability.

2. Basis of presentation of the consolidated financial statements *(continued)*

iii. Significant accounting polics *(continued)*

Leasing Obligations

The Group measures its lease liability over the present value of the lease payments that were not paid at the commencement date. Lease payments are discounted using the Group's alternative borrowing interest rate since the implied interest rate in the lease cannot be easily determined.

At the commencement date of the lease, the lease payments included in the measurement of the lease liability consist of the following payments for the right to use the underlying asset during the lease term, which were not paid at the commencement date of the lease:

a) The amount obtained by deducting all kinds of lease incentive receivables from fixed payments
b) Variable lease payments based on an index or rate, initially measured using an index or rate at the commencement date of the lease,
c) Amounts expected to be paid by the Group within the scope of residual value commitments,
d) If the Group is confident that it will exercise the call option, the exercise price of this option,
e) Fine payments for termination if the lease term indicates that the Group will exercise an option to terminate the leasing.

After the lease actually commenced, the group measures the lease liability as follows:

a) Increases the book value to reflect the interest on the lease liability,
b) Decreases book value to reflect lease payments made.
c) It remeasures the book value to reflect any reassessments and restructurings. The Group reflects the remeasurement amount of the lease liability as an adjustment to the right-of-use asset in its financial statements.

Significant assumptions and estimates regarding options to extend or terminate the lease:

The lease liability is determined by taking into account the extension and early termination options in the contracts. The majority of the extension and early termination options in the contracts consist of options that can be applied jointly by the Group and the lessor. The Group determines the lease term by including such extension and early termination options in the lease term, if the Group is at the discretion of the relevant contract and the exercise of the options is reasonably certain. If there is a material change in the conditions, the assessment is reviewed by the Group.

Financing revenues and financing costs

The Group's financing income and financing costs include the following:

- interest income
- interest expenses
- loss from derivative transactions
- rediscount interest income
- commission expenses
- foreign exchange gains and expenses on financial assets and financial liabilities
- interest expenses arising from leasing transactions

Interest income is shown until the end of maturity using the effective interest rate and the effective interest rate is taken into account.Interest income is included in finance income in the statement of profit or loss and comprehensive income.

2. Basis of presentation of the consolidated financial statements *(continued)*

iii. Significant accounting polics *(continued)*

Determination of fair values

The Group has to determine the fair values of financial and non-financial assets and liabilities according to various accounting policies and footnote explanations currently available. Fair value is determined by the following methods for the purpose of the valuation or disclosure. If appropriate, the assumptions used in determining fair value are disclosed as additional information in the footnotes of the related assets or liabilities. Valuation methods according to levels are defined as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: Data other than recorded prices in Level 1 that are directly (through prices) or indirectly (derived from prices) observable data in terms of assets or liabilities;
Level 3: Data on assets or liabilities that are not based on observable market data (non-observable data).

iv. Going Concern

As of 30 June 2023, the Group has made a net profit of TL 423.221 in the current period. The Group’s short-term liabilities exceed current assets by TL 1.096.812. The Group Management foresees that the repayments of the financial debts, which constitute the majority of the short-term liabilities in the consolidated financial statements, can be collected as a result of the revenues to be obtained from the power plants that generate foreign currency indexed generation due to the Renewable Energy Resources Support Mechanism (“YEKDEM”) in the future, as in previous years.

All of the Group's power plants have achieved a high rate of availability from the date of their commissioning until today, and they have carried out the generation processes strongly.

All of the Group's power plants have achieved a high rate of availability from the date of their commissioning until today, and they have carried out their production strongly as long as there is no adverse effect in climatic conditions. Since the Group's production assets are expected to continue to generate strong cash and a strong performance, it is considered that there is no issue that may affect the continuity of the business regarding the payment of short and long-term debts related to these investments.

2. Basis of presentation of the consolidated financial statements *(continued)*

v. Significant accounting judgments, estimates and assumptions

In the process of applying the accounting policies specified in the summary of significant accounting policies and evaluation methods section, management made the following comments that have a significant impact on the amounts recognized in the consolidated financial statements:

<u>Deferred tax</u>

Deferred tax assets can only be recognized if it is probable that sufficient taxable profit will be generated in future periods. Where tax advantage is probable, deferred tax asset is calculated over previous year losses. As of 30 June 2023, the Group has recognized the deferred tax asset because it is highly probable that sufficient profit will arise that will result in tax liabilities that can be offset in subsequent periods. However, the Group reduces the carrying value of the deferred tax asset to the extent that it is not probable that a financial profit will be obtained to allow the benefit of some or all of the deferred tax asset (Note 26).

<u>Derivative financial assets held for cash flow hedges</u>
In order to ensure that the effect of foreign exchange gains and losses arising from changes in foreign exchange rates on the Group's financial statements is reflected within the scope of the periodicity principle of accounting; Hedging Accounting is applied within the scope of TFRS 9 of the Group. The Group uses the foreign currency based investment loan as a hedging instrument against the USD/TL spot currency risk, which is exposed due to its highly probable estimated USD income. As a result of the effectiveness test carried out in this context, the Group determined that the entire transaction was effective and applied cash flow hedge accounting.

<u>Goodwill impairment assessment studies</u>

Goodwill amounts associated with cash-generating units are assessed for impairment once a year or more frequently when conditions indicate impairment, as indicated in Note 2 iii. The recoverable value of cash generating units has been determined based on the value in use or fair value calculations less cost to sell. As a result of the impairment tests performed on the basis of cash generating units, detailed below, no impairment has been detected in the goodwill amounts as of 30 June 2023.

Imbat Energy Inc.

Oedaş's operations are considered as separate cash generating units and the recoverable values of these cash generating units have been determined according to fair value calculations. Fair value calculations include cash flow projections to be realized throughout the license life, and the projections determined in USD are based on long-term plans prepared by the Group management. Goodwill impairment: In the evaluation of goodwill impairment, estimations and assumptions used in the fair value calculations of power plants are used. These estimates and assumptions are explained in the “revaluation of power plants” section.

2. Basis of presentation of the consolidated financial statements *(continued)*

v. Significant accounting judgments, estimates and assumptions *(continued)*

Revaluation of power plants

The Group has chosen the revaluation model, one of the application methods in TAS 16, as its accounting policy in order to present the power plants with their fair values. As of 31 December 2022, the Group obtained a valuation report from an independent valuation company and brought its plants to their revalued values.

In the valuation, “income based approach- DCF Analysis” was applied. Income based approach- The most basic assumptions affecting the valuation within the framework of “DCF Analysis”; (i) the weighted average cost of capital ratio (discount rate) used to discount expected future cash flows to the present; average YEKDEM and market electricity sales price and (iii) electricity production amount. The values of these assumptions used in the valuation are as follows. In the period subject to YEKDEM, the larger of the YEKDEM and the market electricity sales were taken into account.

• Discount rate: 13,6%
• Average market electricity sales price (USD c /kWh, nominal): 9,95 (Average price in the 2023-2040 period and increased by an annual average of 2,5% after 2040.)
• YEKDEM electricity sales price range (USD c /kWh, real): 7,3 – 13,74
• Total annual electricity generation: 1.801 GWh

If the weighted capital cost ratio used in the models increases or decreases by 10%, assuming all other variables are constant, the fair value of the power plants accounted for in the consolidated financial statements will decrease by TL 1.493.329 or increase by TL 1.820.104.

If the electricity sales price used in the models increases or decreases by 10%, assuming all other variables are constant, the fair value of the power plants recognized in the consolidated financial statements will decrease by 1.283.682 TL or increase by 1.207.258 TL.

3. Segment Reporting

Financial information for tangible fixed assets is provided to senior management members, who form the Group's decision-making mechanism on a plant basis. This information provided includes fair valuation gains/losses. Hydroelectric power plants, power plants producing Electricity from Wind Energy and power plants producing Electricity from Solar Energy, Wholesale Electricity sales and other constitute the basis of reporting according to sections. Divisions with similar structures are reported together on the basis of electricity generation source. The Group considers segment reporting to be the most useful presentation to measure the financial performance of segments.

As the departments are affected by different economic conditions and different activities in terms of risk and return, they are managed separately. The reporting of operating segments has been arranged in such a way as to ensure uniformity with the reporting made to the decision-making authorities of the enterprise. The chief operating decision maker of the enterprise is responsible for making decisions regarding the resources to be allocated to the division and evaluating the performance of the division.

Since the Group has companies operating in various categories in this market, it reports according to departments in order to provide objective and transparent information to the reader of the financial statements.

The Group management monitors the reportable parts of the Group on the basis of power generation plants. Decisions regarding the distribution of financial resources and the departments that will be associated with the needs are made by the management according to these departments. Accounting policies applied for each reportable segment are in line with the consolidated financial statements prepared in accordance with IFRS. Detailed information on the reportable segments of the Group is presented below. The Group's segment assets and liabilities and profit or loss statement information for the periods ended 30 June 2023 and 30 June 2022 are as follows on the basis of operating segments:

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

3. Segment reporting *(continued)*

30 June 2023	**HEPP Group**	**SPP Group**	**WPP Group**	**Elektric Wholesale**	**Other(*)**	**Total**	**Consolidation Adjustment and Classification**	**Consolidated Total**
Revenue	514.171	261.611	712.380	-	-	**1.488.162**	-	**1.488.162**
Cost of sales (-)	(229.740)	(90.281)	(382.281)	(151)	(819)	**(703.272)**	(6.917)	**(710.189)**
Gross profit/(loss)	**284.431**	**171.330**	**330.099**	**(151)**	**(819)**	**784.890**	**(6.917)**	**777.973**
General administrative expenses (-)	(1.350)	(2.139)	(4.329)	(3.846)	(43.161)	**(54.825)**	1.592	**(53.233)**
Other operating income	4.211	7.474	4.504	137	1.505	**17.831**	(10.315)	**7.516**
Other operating expense (-)	(5.479)	(31.853)	(57)	(106)	27.772	**(9.723)**	1.417	**(8.306)**
Income from investment activities	40.375	-	-	-	-	**40.375**	-	**40.375**
Operating profit/(loss)	**322.188**	**144.812**	**330.217**	**(3.966)**	**(14.703)**	**778.548**	**(14.223)**	**764.325**
Financial income	10.879	26.912	79.173	843	12.216	**130.023**	47.409	**177.432**
Financial expense (-)	(613.194)	(74.818)	(306.958)	2.913	(81.830)	**(1.073.887)**	436.793	**(637.094)**
Income/(loss) before tax from continuing operations	**(280.127)**	**96.906**	**102.432**	**(210)**	**(84.317)**	**(165.316)**	**469.979**	**304.663**
Tax income from continuing operations	**6.668**	**3.842**	**106.538**	**589**	**77**	**117.714**	**844**	**118.558**
- Current period tax expense	-	(3.342)	-	-	-	**(3.342)**	-	**(3.342)**
- Deferred tax income	6.668	7.184	106.538	589	77	**121.056**	844	**121.900**
Profit/(loss) for the period	**(273.459)**	**100.748**	**208.970**	**379**	**(84.240)**	**(47.602)**	**470.823**	**423.221**
Depreciation and amortization expenses	92.853	54.416	153.565	14	1.137	**301.985**	2.329	**304.314**
Investment expense	2.613	149	34.989	1.118	613	**39.482**	-	**39.482**
30 June 2023								
Segment assets	5.540.032	2.778.950	9.736.563	103.174	1.982.659	**20.141.378**	(2.609.314)	**17.532.064**
Segment liabilities	2.948.043	2.086.056	7.562.131	31.446	852.616	**13.480.292**	(1.151.105)	**12.329.187**

(*) Consist of Akfen Renewables.

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

3. Segment reporting *(continued)*

30 June 2022	**HEPP Group**	**SPP Group**	**WPP Group**	**Elektric Wholesale**	**Other(*)**	**Total**	**Consolidation Adjustment and Classification**	**Consolidated Total**
Revenue	497.826	191.609	577.054	-	-	**1.266.489**	-	**1.266.489**
Cost of sales (-)	(145.636)	(62.853)	(270.510)	(79)	(819)	**(479.897)**	(3.477)	**(483.374)**
Gross profit/(loss)	**352.190**	**128.756**	**306.544**	**(79)**	**(819)**	**786.592**	**(3.477)**	**783.115**
General administrative expenses (-)	(1.007)	(1.167)	(2.267)	105	(25.559)	**(29.895)**	(632)	**(30.527)**
Other operating income	50.886	7.871	14.165	-	826	**73.748**	(21.218)	**52.530**
Other operating expense (-)	(4.218)	(3.004)	(699)	-	(12.240)	**(20.161)**	13.915	**(6.246)**
Operating profit/(loss)	**397.851**	**132.457**	**317.743**	**26**	**(37.792)**	**810.284**	**(11.412)**	**798.872**
Financial income	8.949	77.388	317.444	1.493	17.580	**422.855**	(37.636)	**385.219**
Financial expense (-)	(362.405)	(113.988)	(327.617)	(239)	(46.259)	**(850.508)**	282.964	**(567.544)**
Income/(loss) before tax from continuing operations	**44.395**	**95.857**	**307.570**	**1.280**	**(66.470)**	**382.631**	**233.916**	**616.547**
Tax expense	**(10.882)**	**(6.071)**	**40.444**	**(34)**	**694**	**24.151**	**(97)**	**24.054**
- Current period tax expense	-	(1.673)	-	-	-	**(1.673)**	-	**(1.673)**
- Deferred tax income/(expense)	(10.882)	(4.398)	40.444	(34)	694	**25.824**	(97)	**25.727**
Profit/(loss) for the period	**33.513**	**89.786**	**348.014**	**1.246**	**(65.776)**	**406.782**	**233.819**	**640.601**
Depreciation and amortization expenses	66.137	47.016	119.061	18	1.096	**233.328**	2.662	**235.990**
Investment expense	6.595	485	29.156	-	472	**36.708**	-	**36.708**
31 December 2022								
Segment assets	4.707.118	2.437.885	8.170.371	49.859	1.936.879	**17.302.112**	(2.372.028)	**14.930.084**
Segment liabilities	2.639.314	1.773.539	5.896.489	48.364	689.182	**11.046.888**	(927.405)	**10.119.483**

(*) Consist of Akfen Renewables.

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

4. Cash and cash equivalent

	30 June 2023	31 December 2022
Cash on hand	409	293
Cash at banks		
-Demand deposits	*39.568*	*845*
Other cash and cash equivalents (*)	*123.460*	215.679
Project, reserve and fund (**)	*583.150*	686.390
Cash and cash equivalents	**746.587**	**903.207**
Project, reserve and fund(**)	(583.150)	(686.390)
Cash and cash equivalent in statement of cash flows	**163.437**	**216.817**

(*) As 30 June 2023 and 31 December 2022 other cash and cash equivalents consist of overnight repo balances.
(**) The Group has certain project, reserve and assignment accounts, regarding the agreements made with banks, in order to fund their projects. These accounts can only be used for the purposes which are mentioned in terms and conditions of the agreements.

The Group has no time deposits as of 30 June 2023 and 31 December 2022.

The detail of the project reserve and assignment accounts and interest rates of the Group are as follows:

Currency	**Due Date**	**Interest rate %**	**30 June 2023**
USD	August 2023	0,01 - 0,75	457.588
TL	August 2023	3,0- 28,5	91.638
Time deposits			549.226
USD			16.411
TL			9.723
EUR			7.790
Demand deposits			33.924
Total project, reserve and fund			**583.150**

Currency	**Due Date**	**Interest rate %**	**31 December 2022**
USD	January 2023	0,01 - 2,50	599.092
TL	January 2023	3,0- 13,0	16.466
Time deposits			615.558
USD			8.581
TL			55.648
EUR			6.603
Demand deposits			70.832
Total project, reserve and fund			**686.390**

Currency, interest rate risks and sensitivity analyzes for the Group’s financial assets and liabilities are disclosed in Note 30.

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

5. Financial investments

Short-term financial investments

The details of Short-term financial investments as of 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
Foreign currency protected deposits	190.026	-
Total	**190.026**	**-**

Currency protected deposit accounts are accounted for as financial assets at fair value through profit or loss.
The Group converted its foreign currency deposit account amounting to 7.250 USD to "Foreign Currency Protected TL Time Deposit Accounts". The maturity of Foreign Currency Protected Deposit accounts is 92 days.

6. Financial borrowings

Bank Loans

The details of bank loans as of 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
Short-term portions of long-term bank loans	2.017.981	1.553.224
Long-term bank loans	7.419.250	5.814.376
Total bank loans	**9.437.231**	**7.367.600**

As of 30 June 2023 and 31 December 2022, the terms and conditions of open bank loans are as follows:

30 June 2023	Currency	Nominal Interest Rate %	Year of Maturity	Nominal Amount	Carrying Amount
Secured bank loans (1)	USD	5,9	2025	1.624.134	1.650.107
Secured bank loans (2)	USD	6,5	2033	259.513	266.770
Secured bank loans (3)	USD	5,6	2024	15.895	16.355
Secured bank loans (4)	USD	3,5+ floating rate	2027	23.371	23.561
Secured bank loans (5)	USD	3,5+ floating rate	2027	2.446	2.413
Secured bank loans (5)	USD	3,5+ floating rate	2027	3.486	3.479
Secured bank loans (5)	USD	2,0+ floating rate	2030	146.915	150.896
Secured bank loans (5)	EUR	3,0+ floating rate	2026	11.262	11.814
Secured bank loans (6)	EUR	3,0+ floating rate	2025	5.927	6.234
Secured bank loans (6)	EUR	3,0+ floating rate	2026	9.854	10.532
Secured bank loans (4)	EUR	3,0+ floating rate	2026	845	885
Secured bank loans (4)	EUR	3,0+ floating rate	2027	2.373	2.517
Secured bank loans (7)	USD	5,35+ floating rate	2032	803.330	875.188
Secured bank loans (7)	USD	0,90+ floating rate	2033	3.354.126	3.733.550
Secured bank loans (8)	USD	5,45+ floating rate	2030	606.656	657.446
Secured bank loans (8)	USD	5,55+ floating rate	2032	637.080	693.978
Secured bank loans (9)	USD	6,95	2031	1.330.745	1.331.506
Total				**8.837.958**	**9.437.231**

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

6. Financial borrowings *(continued)*

31 December 2022	Currency	Nominal Interest Rate %	Year of Maturity	Nominal Amount	Carrying Amount
Secured bank loans (1)	USD	5,9	2025	1.356.949	1.379.177
Secured bank loans (2)	USD	6,5	2033	195.555	201.136
Secured bank loans (3)	USD	5,6	2024	15.346	15.810
Secured bank loans (4)	USD	3,5+ floating rate	2027	19.140	20.503
Secured bank loans (5)	USD	3,5+ floating rate	2027	1.993	2.136
Secured bank loans (5)	USD	3,5+ floating rate	2027	2.805	2.989
Secured bank loans (5)	USD	2,0+ floating rate	2030	113.632	121.079
Secured bank loans (5)	EUR	3,0+ floating rate	2026	9.303	9.439
Secured bank loans (6)	EUR	3,0+ floating rate	2025	5.246	5.399
Secured bank loans (6)	EUR	3,0+ floating rate	2026	7.974	8.215
Secured bank loans (4)	EUR	3,0+ floating rate	2026	698	707
Secured bank loans (4)	EUR	3,0+ floating rate	2027	1.904	1.938
Secured bank loans (7)	USD	5,35+ floating rate	2032	618.677	666.770
Secured bank loans (7)	USD	0,90+ floating rate	2033	2.587.127	2.860.969
Secured bank loans (8)	USD	5,45+ floating rate	2030	480.879	517.893
Secured bank loans (8)	USD	5,55+ floating rate	2032	498.616	538.954
Secured bank loans (9)	USD	6,95	2031	1.014.321	1.014.486
Total				**6.930.165**	**7.367.600**

The details of bank loans as of 30 June 2023 and 31 December 2022 are as follows:
(1) Within the scope of project financing as collateral for these loans, all of the shares corresponding to 100% of the capital of the debtor HEPP Companies Elen, Bt Bordo and Yeni Doruk have been pledged to the lender.In addition to the pledge of shares, the loans are secured in the following ways:
- Deposit pledge on accounts of the Elen, Bt Bordo and Yeni Doruk
- Assignment of project incomes
- Commercial enterprise pledge
- 1st degree pledge on real estate
- Undertaking about electricity production license
- Assignment of consecutive receivables

Within the supporting guarantee; Elen, BT Bordo, Yeni Doruk and Akfen Renewable as the shareholders and Akfen Renewable and Akfen as the guarantors, guarantee the payment of excess project costs and in the case of default on payment of the loans, guarantee the payment of loan through capital increase.

(2) For the loans of HEPP Company; HHK, shares of Akfen Renewable on HHK, equal to 100 percent of total shares, are pledged for the project financing in favor of creditor. In addition to share pledges, loans are secured by following:

- Deposit pledge on accounts of the HHK
- Assignment of project incomes
- Commercial enterprise pledge
- 1st degree pledge on real estate
- Assignment of subordinated receivables

Akfen guarantees pay back of loan during the operation period.

(3) Used for the project finance of Yeşilvadi Elektrik Üretim A.Ş and Murel Elektrik Üretim San. Ve Tic. A.Ş. The guarantees of the loan consist of the assignment of the project revenues, the mortgage and Akfen Renewable's guarantee throughout the loan term.

6. Financial borrowings *(continued)*

[4] Used for the financing of the SPP projects of Yeşilvadi Elektrik Üretim A.Ş.. Farez Elektrik Üretim San. ve Tic A.Ş. and unlicensed SPP projects of Solentegre Enerji Yatırımları Ticaret A.Ş. The guarantees of the loan consist of the assignment of the project revenues, the mortgage and Akfen Renewable's guarantee throughout the loan term.

[5] Used for the financing of the licensed SPP projects of Solentegre Enerji Yatırımları Ticaret A.Ş. The guarantees of the loan consist of the assignment of the project revenues, the mortgage and Akfen Renewable's guarantee throughout the loan term.

[6] Used for the project finance of Günova Elektrik Üretim A.Ş and Yeşildere Elektrik Üretim San. Ve Tic. A.Ş. The guarantees of the loan consist of the assignment of the project revenues, the mortgage and Akfen Renewable's guarantee throughout the loan term.

[7] Derbent, Isıder, Korda and Kovancı, as borrowers, provided share pledge over all of their shares without limitation as a guarantee to the loan. Also, bank letter of guarantees have been submitted for the ECA loan within the scope of project financing. Following guarantees have also been given to the lenders by the borrowers:

- Deposit pledge on accounts of the Companies
- Assignment of project incomes and receivables
- Movable assets pledge and real estate mortgages
- Assignment of subordinated receivables
- Assignment of rights and receivables arising from interest rate swap agreements

Akfen Holding and Akfen Renewable are guarantors until the “certain conditions are met” and a certain percentage of the repayment has been made by project income.

[8] Yaysun, MT Doğal, Me-Se, Omicron, PSI, IOTA, as borrowers, Amasya and Tokat Companies, as unlicensed project companies, provided share pledge over all of their shares without limitation as a guarantee to the loan. Following guarantees have also been given to the lenders by the borrowers:

- Deposit pledge on accounts of the Companies
- Assignment of project incomes and receivables
- Movable assets pledge and real estate mortgages
- Assignment of subordinated receivables
- Assignment of hedging receivables and rights

The borrowers and unlicensed project companies have cross-warrantors for each other during the loan term. Until certain conditions in the loan agreement are actualize, Akfen Holding and Akfen Renewables are the warrantors. However, Akfen Holding's warrator exists for unlicensed projects during the loan term.

[9] İmbat, as borrower, provided share pledge over all of their shares without limitation as a guarantee to the loan. Following guarantees have also been given to the lenders by the borrowers:

- Deposit pledge on accounts of the Companies
- Assignment of project incomes and receivables
- Movable assets pledge and real estate mortgages
- Assignment of subordinated receivables

Akfen Holding is a guarantor until the “certain conditions are met” and a certain percentage of the repayment has been made by project income.

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

6. Financial borrowings *(continued)*

Redemption schedules of the Group's bank loans according to original maturities are as follows:

	Nominal amount		Carrying Amount	
	30 June 2023	**31 December 2022**	**30 June 2023**	**31 December 2022**
Within 1 year	1.556.227	1.117.330	2.017.981	1.553.224
1-2 years	1.517.458	1.131.633	1.871.132	1.404.821
2-3 years	1.239.874	1.068.638	1.432.625	1.198.292
3-4 years	838.309	636.416	984.621	722.323
5 years and more	3.686.091	2.976.148	3.130.872	2.488.940
Total	**8.837.959**	**6.930.165**	**9.437.231**	**7.367.600**

Leasing payables

The details of leasing payables as of 30 June 2023 and 31 December 2022 are as follows:

30 June 2023	**Currency**	**Nominal Interest Rate %**	**Short term**	**Long term**
Lease payables	TL	16,22	19.255	231.112

31 December 2022	**Currency**	**Nominal Interest Rate %**	**Short term**	**Long term**
Lease payables	TL	16,22	17.856	231.977

Movement of financial borrowings for the period between 30 June 2023 and 30 June 2022 is stated as follows:

	2023	**2022**
Financial borrowings at the beginning of the year	**7.617.433**	**6.168.360**
Repayments of borrowings	(627.668)	(633.465)
Interest paid	(279.870)	(228.759)
Lease paid	(17.888)	-
Interest accrual	459.881	446.201
Foreign exchange loss(*)	2.535.710	1.632.751
Financial borrowings at the ending of the year	**9.687.598**	**7.385.088**

(*) The withdrawn amount of hedge accounting amounting to TL 2.243.465 (30 June 2022: TL 1.327.540) is included in the exchange differences shown in the cash flow statement as of 30 June 2023.

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

7. Trade and other receivables

The Group's short-term trade receivables as of 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
Trade receivables from third parties	348.872	451.176
Doubtful trade receivables	12.518	9.701
Provision for doubtful trade receivables (-)	(12.518)	(9.701)
Trade receivables from related parties (Note:28)	25	-
Current trade receivables	**348.897**	**451.176**

The movements of provision for doubtful receivables for the years ended 30 June 2023 and 30 June 2022 are as follows:

	30 June 2023	30 June 2022
Openning Balance	9.701	7.151
Reserving provision in current period	2.817	1.429
Ending Balance	**12.518**	**8.580**

The maturity distribution and impairment of trade receivables from non-related parties that are overdue as of 30 June 2023 and 31 December 2022, are as follows:

	30 June 2023	31 December 2022
1-5 years past due	12.518	9.701
Total overdue receivables	**12.518**	**9.701**

The Group's long-term trade receivables as of 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
Trade receivables from third parties	2.558	3.206
Non current trade receivables	**2.558**	**3.206**

Currency, interest rate risks and sensitivity analyzes for the Group's financial assets and liabilities are disclosed in Note 30.

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

7. Trade and other receivables *(continued)*

The Group's other receivables as of 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
Other receivables from third parties	4.290	3.048
Current other receivables	**4.290**	**3.048**

	30 June 2023	31 December 2022
Deposits and guarantees given	3.567	11.892
Other receivables from third parties	14.373	3.308
Non current other receivables	**17.940**	**15.200**

8. Trade and other payables

As of 30 June 2023 and 31 December 2022, the Group's trade payables are as follows:

	30 June 2023	31 December 2022
Trade payables to third parties	206.787	506.275
Trade payables to related parties (Note: 28)	1.327	11.637
Current trade payables	**208.114**	**517.912**

Currency, interest rate risks and sensitivity analyzes for the Group's financial assets and liabilities are disclosed in Note 30.

As of 30 June 2023 and 31 December 2022, the Group's other payables are as follows:

	30 June 2023	31 December 2022
Taxes and funds payable	64.712	27.450
Current other payabes	**64.712**	**27.450**

	30 June 2023	31 December 2022
Deposits and guarantees received	39	107
Long term other payables	**39**	**107**

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

9. Property, plant and equipment

As of 30 June 2023, the movements of the property, plant and equipment and related accumulated depreciation are as follows:

	1 January 2023	Additions	Disposal	30 June 2023
Cost:				
Land	26.448	-	-	**26.448**
Buildings	369.073	154	-	**369.227**
Machinery and equipment	16.458.420	2.101	-	**16.460.521**
Vehicles	1.529	-	-	**1.529**
Furniture and fixtures	7.442	1.408	(28)	**8.822**
Leasehold improvements	3.551	24	-	**3.575**
Construction in progress	10.076	35.787	-	**45.863**
Total	**16.876.539**	**39.474**	**(28)**	**16.915.985**
Accumulated depreciation:				
Buildings	56.077	4.483	-	**60.560**
Machinery and equipment	1.295.586	291.792	-	**1.587.378**
Vehicles	528	154	-	**682**
Furniture and fixtures	3.924	579	(13)	**4.490**
Leasehold improvements	2.325	41	-	**2.366**
Total	**1.358.440**	**297.049**	**(13)**	**1.655.476**
Net book value	**15.518.099**	**(257.575)**	**(15)**	**15.260.509**

In the period ending on 30 June 2023, depreciation expenses of TL 296.574 are shown in cost of sales and TL 475 in general administrative expenses respectively.
Collaterals, pledges and mortgages on property, plant and equipment are presented in Note 6 and Note 13.
As of 30 June 2023 and 31 December 2022, the value hierarchy for the power plants owned by the Group is Level 3.

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

9. Property, plant and equipment *(continued)*

As of 30 June 2022, the movements of the property, plant and equipment and related accumulated depreciation are as follows:

	1 January 2022	Additions	Disposal	30 June 2022
Cost:				
Land	5.484	20.652	-	**26.136**
Buildings	368.270	-	-	**368.270**
Machinery and equipment	13.273.351	2.636	-	**13.275.987**
Vehicles	1.149	-	-	**1.149**
Furniture and fixtures	5.839	890	-	**6.729**
Leasehold improvements	3.388	22	-	**3.410**
Construction in progress	4.499	4.254	-	**8.753**
Total	**13.661.980**	**28.454**	**-**	**13.690.434**
Accumulated depreciation:				
Buildings	47.061	4.468	-	**51.529**
Machinery and equipment	821.311	225.466	-	**1.046.777**
Vehicles	397	107	-	**504**
Furniture and fixtures	3.012	441	-	**3.453**
Leasehold improvements	2.300	17	-	**2.317**
			-	
Total	**874.081**	**230.499**	**-**	**1.104.580**
Net book value	**12.787.899**	**(202.045)**	**-**	**12.585.854**

In the period ended 30 June 2022, depreciation expenses are shown in the cost of sales of TL 230.202 and in general administrative expenses of TL 297, respectively.

Collaterals, pledges and mortgages on property, plant and equipment are presented in Note 6 and Note 13.

As of 30 June 2022, the value hierarchy for the power plants owned by the Group is Level 3.

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

9. Property, plant and equipment *(continued)*

As of 30 June, 2023, the revaluation of the Group's power plants is reflected in the consolidated financial statements.

As of 30 June 2023 and 31 December 2022, the fund movement table related to the valuation is as follows:

1 January 2023	**10.090.760**
Transfers	(156.951)
30 June 2023	**10.090.760**
1 January 2022	**7.783.332**
Transfers	(104.570)
30 June 2022	**7.678.762**

10. Intangible assets

Movements of intangible assets and accumulated amortization during the period ended 30 June 2023 are as follows:

	1 January 2023	Additions	Disposals	30 June 2023
Cost:				
Rights	464.931	-	-	**464.931**
Goodwill(*)	42.463	-	-	**42.463**
Other intangible assets	27.800	8	-	**27.808**
Total	**535.194**	**8**	**-**	**535.202**
Accumulated depreciation:				
Rights	60.649	4.841	-	65.490
Other intangible assets	3.680	291	-	3.971
Total	**64.329**	**5.132**	**-**	**69.461**
Net book value	**470.865**	**(5.124)**	**-**	**465.741**

(*) The goodwill amount regarding the acquisition of Zorlu Enerji Elektrik Üretim A.Ş. by the WPP Company İmbat Enerji A.Ş.

All current year depreciation expenses in the table of intangible assets are shown in cost of sales.

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

10. Intangible assets *(continued)*

Movements of intangible assets and accumulated amortization during the period ended 30 June 2022 are as follows:

	1 January 2022	Additions	Disposals	30 June 2022
Cost:				
Rights	467.042	-	-	**467.042**
Goodwill(*)	42.463	-	-	**42.463**
Other intangible assets	27.800	-	-	**27.800**
Total	**537.305**	**-**	**-**	**537.305**
Accumulated depreciation:				
Rights	50.173	5.204	-	55.377
Other intangible assets	3.838	287	-	4.125
Total	**54.011**	**5.491**	**-**	**59.502**
Net book value	**483.294**	**(5.491)**	**-**	**477.803**

(*) The goodwill amount regarding the acquisition of Zorlu Enerji Elektrik Üretim A.Ş. by the WPP Company İmbat Enerji A.Ş.
All depreciation expenses in the table of intangible assets are shown in cost of sales.

11. Right of use assets

Movements of right-of-use assets as of 30 June 2023 and 30 June 2022 are presented below.

	1 January 2023	Addition	Disposal	30 June 2023
Cost				
Land(*)	152.308	222	-	152.530
Total	**152.308**	**222**	**-**	**152.530**
Accumulated depreciation				
Land(*)	15.770	2.134	-	17.904
Total	**15.770**	**2.134**	**-**	**17.904**
Net book value	**136.538**	**(1.912)**	**-**	**134.626**

	1 January 2022	Addition	Disposal	31 June 2022
Cost				
Land(*)	76.754	-	-	76.754
Total	**76.754**	**-**	**-**	**76.754**
Accumulated depreciation				
Land(*)	5.865	-	-	5.865
Total	**5.865**	**-**	**-**	**5.865**
Net book value	**70.889**	**-**	**-**	**70.889**

(*) Consist of rents of land and forestry permits for power plants.
All current year amortization expenses of right-of-use assets are shown in cost of sales.

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

12. Provisions

12.1 Employee benefits

Employee benefits as of 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
Provision for unused vacation - current	5.767	3.098
Provision for severance pay - non current	27.727	19.543
Provision for employee benefits	**33.494**	**22.641**

In accordance with the existing social legislation, the Group is liable to pay accumulated compensation for each employee who has completed a one-year term of service with the Group and whose employment is terminated due to retirement or other reasons for resignation and misconduct.

The Group reflects an obligation on the basis of the factors discounted using the available market return on the date when the financial position date of government bonds is declared, resulting from the use of employee experience and retirement benefits. The provision calculated by estimating the present value of the future probable obligation of the Group in case of retirement of employees.

As of 30 June 2023 and 30 June 2022, the provision for unused vacation movements are as follows:

	30 June 2023	30 June 2022
Opening Balance	3.098	2.646
Current period increase/(decrease)	4.351	1.354
Paid during the period	(1.682)	(193)
Ending Balance	**5.767**	**3.807**

As of 30 June 2023 and 30 June 2022, the provision for severance pay movements are as follows:

	30 June 2023	30 June 2022
Opening Balance	19.543	9.254
Interest Expenses	2.913	1.748
Service Expenses	2.295	1.686
Paid during the period	(752)	(156)
Actuarial losses/(earnings)	3.727	(1.937)
Ending Balance	**27.727**	**10.595**

TFRS requires the development of actuarial valuation methods for the entity's liabilities under defined benefit plans. Accordingly, the following actuarial assumptions which used in the calculation of the total liability. The related ratios are presented by considering the weighted average actuarial assumptions of the subsidiaries within the scope of consolidation.

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

12. Provisions *(continued)*

12.1 Employee benefits *(continued)*

Sensitivity analysis for significant assumptions as of 30 June 2023 and 31 December 2022 is as follows:

	Impact on severance pay liability	
Assumptions for Severance Pay Liability	**30 June 2023**	**31 December 2022**
Inflation change		
1% increase	(3.922)	(2.416)
1% decrease	3.298	2.050
Interest rate change		
1% increase	3.210	1.995
1% decrease	(3.875)	(2.387)

12.2 Other provisions

Other provisions as of 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
Other current provisions(*)	-	9.817
Other current provisions	**-**	**9.817**

(*) Comprise payables of WPP licensed projects that provisional acceptance of the facility, the equivalent of the contribution amounts to be paid to Turkiye Elektriik İletim A.Ş. ("TEİAŞ").

	30 June 2023	31 December 2022
Provision for litigation	4.994	2.618
Other non current provisions	**4.994**	**2.618**

Movements of the provision on litigation are as follows:

	30 June 2023	30 June 2022
Balance at the beginning of the period	2.618	2.300
Additions	2.376	-
Period-end balance	**4.994**	**2.300**

Movements of the other provisions are as follows:

	30 June 2023	30 June 2022
Balance at the beginning of the period	9.817	29.452
Payments	(9.817)	(19.635)
Period-end balance	**-**	**9.817**

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

13. Commitment and contingencies

13.1 GPM given by the Group

As of 30 June 2023 and 31 December 2022, the Group's statements on its position related to letters of guarantee/pledges/mortgages are as follows:

GPM given by the Group	30 June 2023	31 December 2022
A.Total Amount of GPM Given on Behalf of Own Legal Entity	31.659.234	22.964.507
B.Total Amount of GPM Given in Favor of Partnerships which are Fully Consolidated	10.131	26
C.Total Amount of GPM Given for Assurance of Third Parties Debts	-	-
D.Total Amount of Other GPM Given	-	-
i. Total Amount of GPM's Given in Favor of the Parent Shareholder	-	-
ii. Not Covered by Items B and C	-	-
Total Amount of GPMs Given in Benefit of Other Group Companies		-
iii. Total Amount of GPMs Given to Third Parties Not Covered by Article C	-	-
Total	-	-
GPM given by the Group	**31.669.365**	**22.964.533**

The breakdown, in foreign currency, of the GPM the Group has given is as follows:

	30 June 2023 (*)			31 December 2022 (*)		
	TL	USD	EUR	TL	USD	EUR
GPM given on behalf of the Group's own legal entity	232.546	31.226.795	199.893	211.897	22.611.072	141.538
GPM given in favor of companies under full consolidation	10.131	-	-	26	-	-
Toplam	**242.677**	**31.226.795**	**199.893**	**211.923**	**22.611.072**	**141.538**

(*)All amounts are TL denominated.

GPM table above; It consists of bank letters of guarantee given to various institutions and organizations (EMRA, TETI), electricity distribution companies, public institutions) within the scope of the Group's ordinary commercial activities, and pledges and mortgages that constitute the guarantee of the loans, the details of which are explained in Note 5. In this context, given as of 30 June 2023; total amount of bank letters of guarantee is TL 107.602 (31.12.2022: TL 76.848), total amount of pledges and mortgages is TL 31.561.763 (31.12.2022: TL 22.887.685)

The ratio of the total amount of GPM's given by the Group to the Group's equity is 0% as of 30 June 2023 (31.12.2022: 0%).

13.2 Guarantees Received

	Currency	30 June 2023 TL	31 December 2022 TL
Letters of guarantee received (*)	USD	1.159.669	819.602
Letters of guarantee received (*)	EUR	253.623	180.280
Letters of guarantee received (*)	TL	5.828	1.897
Total		**1.419.120**	**1.001.779**

(*) The letters of guarantee received are the guarantees received against the risk of not providing the services to be received from the suppliers.

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

14. Prepaid Expenses

As of 30 June 2023 and 31 December 2022, short and long term prepaid expenses are as follows:

	30 June 2023	31 December 2022
Prepaid expenses (*)	35.661	57.830
Advances given	17.168	1.447
Personnel and job advances	832	858
Short-term Prepaid Expenses	**53.661**	**60.135**

	30 June 2023	31 December 2022
Advances given	70.485	67.668
Prepaid expenses (*)	1.572	985
Long-term prepaid expenses	**72.057**	**68.653**

(*) Consists of loan insurance expenses.

15. Liabilities arising from customer contracts

As of 30 June 2023 and 31 December 2022, the liabilities arising from sales are as follows:

	30 June 2023	31 December 2022
Contractual liabilities arising from sales	122.663	259.576
Liabilities arising from customer contracts	**122.663**	**259.576**

(*) Consists of advances regarding the operating activities of the Group in the electricity market.

16. Other current and non current assets

As of 30 June 2023 and 31 December 2022, other current and non current assets are as follows:

	30 June 2023	31 December 2022
Deferred VAT	3.369	3.490
Other	422	422
Other current assets	**3.791**	**3.912**

	30 June 2023	31 December 2022
Deferred VAT	43.065	38.785
Other non current assets	**43.065**	**38.785**

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

17. Derivative financial instruments

As of 30 June 2023 and 31 December 2022, detail of derivative financial instruments is as follows:

	30 June 2023	31 December 2022
Liabilities from derivative financial instruments	163.298	104.187
Derivative financial instruments	**163.298**	**104.187**

30 June 2023	Currency	Maturity Date	Original contract value	Liability
Derivative asset	USD	June 20, 2033	3.632.517	117.006
Derivative asset	USD	December 14, 2033	1.408.285	46.292
Derivative financial instruments				**163.298**

31 December 2022	Currency	Maturity Date	Original contract value	Liability
Derivative asset	USD	June 20, 2033	2.630.277	74.651
Derivative asset	USD	December 14, 2033	1.019.728	29.536
Derivative financial instruments				**104.187**

The liability arising from derivative instruments is in the nature of an interest swap transaction and has been calculated using the market adjustment method.

18. Equity, Reserves and Other Equity Items

18.1 Equity

The Group's shareholders and share capital structure as of 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023		31 December 2022	
	Share (%)	TL	Share (%)	TL
Akfen	66,50	675.661	66,91	679.797
Listed	33,50	340.371	-	-
EBRD	-	-	17,10	173.780
IFC	-	-	15,99	162.455
Paid in capital	**100**	**1.016.032**	**100**	**1.016.032**

The approved and issued capital of the Company consists of 1.016.032 shares (31 December 2022: 1.016.032) with TL 1 nominal price each. The Company’s capital is fully paid.

18. Equity, Reserves and Other Equity Items *(continued)*

18.1 Equity *(continued)*

As of 15 December 2022, A Share Transfer Agreement has been concluded regarding the transfer of the (i) EBRD shares corresponding to 17.10% of the Company's issued capital and (ii) IFC's shares corresponding to 15.99% of the Company's issued capital to Akfen Holding. In accordance with the Share Transfer Agreement, the approval of the Competition Authority, which was issued as a prerequisite for the realization of share transfers, was obtained on 06.01.2023; subsequently, the aforementioned share transfers were made on 18.01.2023 and Akfen Holding became the owner of all the shares of the Company.

The Capital Markets Board approved the public offering of Group (B) shares with a nominal value of TL 340,370,703 owned by Akfen Holding in Akfen Renewables capital on 02.03.2023. Group B shares with a nominal value of TL 340,370,703 were offered for sale between 08.03.2023 and 10.03.2023, and the Company's shares with a total nominal value of TL 340,370,703 (33.5% of the capital) were offered to the public.

18.2 Share premium

It consists of the difference between the nominal price of Akfen Yenilenebilir shares and the selling price after the capital increases realized by the EBRD and IFC, and it is TL 543.211 as of 30 June 2023 (31 December 2022: TL 543.211).

18.3 Additional capital contributions of shareholders

The Group has to demise a portion of the revenue to the previous shareholders of certain HEC project companies every year as a variable share purchase price within the scope of the signed share demise agreements. However, this price has not been paid due to the alleged misrepresentation of figures and information, and the matter has been brought to court and the case is ongoing.

As of 31 December 2019, the Group has reached an agreement with one of the respondent and Akfen paid US$ 5.7 million to the complainant. Since Akfen is the warrantor according to the share transfer agreement signed with the EBRD and IFC in 2016, TL 23.451 has been transferred to the additional capital contributions of the shareholders.

18.4 Restricted reserves

According to the Turkish Commercial Law, the general legal reserve is set aside as 5% of the annual profit, until it reaches 20% of the paid-in capital of the Company. Other legal reserves are set aside at the rate of 10% of the total amount to be distributed to those who will receive a share of the profit, after the five percent dividend is paid to the shareholders. According to the Turkish Commercial Law, if the general legal reserve does not exceed half of the capital or the issued capital, it can only be used to cover losses, to continue the business when things are not going well, to prevent unemployment and to take measures to ease its results.

As of 30 June 2023, the Group's restricted reserves set aside from profit is TL 21.791 (31 December 2022: TL 20.980).

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

18. Equity, Reserves and Other Equity Items *(continued)*

18.5 Revaluation of property, plant and equipment

As of 30 June 2023, the Group has revalued all its centrals and reflected the value increase resulting from the revaluation to the consolidated financial statements. As of 30 June 2023, the amount of revaluation value increase net of deferred tax effect is TL 9.933.809 (31 December 2022:TL10.090.760)

18.6 Defined benefit plans remeasurement

As of 30 June 2023, it consists of actuarial losses accounted for as other comprehensive income related to severance pay provision amounting to TL 8.768 (31 December 2022: TL 11.465). As of 30 June 2023, the portion accounted for in other comprehensive income is TL 3.728 (30 June 2022: TL 2.252).

18.7 Hedging reserve

Hedging losses consist of the effective portion of the accumulated net change in the fair value of the cash flow hedging instrument related to the hedged transaction that has not yet materialized.

As of July 1, 2020, the Group has started to apply hedge accounting (hedging against cash flow risk) as an accounting policy, which is one of the application methods specified in TFRS 9, and as of June 30, 2023, accumulated other comprehensive income related to cash flow hedge amounting to TL 6.888.289 has been recognized (31 December 2022: TL4.654.639). The portion recognized in other comprehensive income is TL 2.243.465 as of 30 June 2023 (30 June 2022: TL1.327.540).

Although the functional currency is TL, the Group is exposed to currency risk due to its financing structure and electricity sales activities originating from energy production. US dollar-denominated loans used for power generation power plant investments constitute the majority of the currency risk on the liability side. Electricity sales in US Dollars due to the incentives of the Renewable Energy Resources Support Mechanism (Decision 2013/5625 of the Council of Ministers dated 18/11/2013) also create an exchange rate risk for income.

The Group subjects these two opposing currency risk sources to “Hedging Accounting” in accordance with TFRS 9 as a natural hedging relationship based on the harmony in loan payment and estimated electricity generation tables. In this context, as a result of the "Hedging from Cash Flow Variability" model, the "natural" currency risk protection in the Group's cash flows is also reflected in the financial reporting results.

Hedging Accounting Model	Hedging from Cash Flow Volatility
Hedged Item	Expectations for electricity sales to be made in US Dollars within the scope of YEKDEM incentive, which is highly probable
Hedging Tool	Loan Repayments in US Dollars

18. Equity, Reserves and Other Equity Items *(continued)*

18.7 Hedging reserve *(continued)*

Accounting principles applied within the scope of Cash Flow Hedging model in accordance with TFRS 9 are elaborated below:
- Unrealized foreign exchange gain or expense arising from the Hedging Instrument for the part of the hedging relationship that is determined to be "effective" is reported in Other Comprehensive Income under Equity until the related Hedge Item is realized.
- If there are "ineffective" parts of the hedging relationship, unrealized foreign exchange gains or expenses of the Hedging Instrument are reported as "Financing Expenses – Foreign Exchange Income/Expense" in the consolidated statement of profit or loss at each reporting period.
- The realized portions of the Hedge Instrument and the Hedged Item are included in the income and debt payments of the periods in which they meet the accounting criteria under TFRS 15.
- Gains and losses reported under Other Comprehensive Income remain under Other Comprehensive Income until the cash flows associated with the Hedge are realized (as long as hedging effectiveness continues). As the cash flows associated with the hedged item occur, the relevant portion under Other Comprehensive Income is transferred to the Income Statement as Finance Income/Expense. Thus, when the sales expectations subject to the Cash Flow Hedging model expire, there is no balance left under Other Comprehensive Income.

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

19. Revenue

The analysis of the Group's revenue for the period ended 30 June 2023 and 30 June 2022 is as follows:

	1 January – 30 June 2023	1 April – 30 June 2023	1 January – 30 June 2022	1 April – 30 June 2022
WPP	712.380	352.236	577.054	299.880
HEPP	514.171	350.969	497.826	302.133
SPP	261.611	160.065	191.609	128.179
Total	**1.488.162**	**863.270**	**1.266.489**	**730.192**

20. Cost of sales

The analysis of the Group's costs of sales for the period ended 30 June 2023 and 30 June 2022 is as follows:

	1 January – 30 June 2023	1 April – 30 June 2023	1 January – 30 June 2022	1 April – 30 June 2022
Depreciation and amortization expenses	303.839	142.552	235.693	118.140
System usage fee	108.318	63.774	37.879	4.946
Maintenance and repair expenses	93.153	49.383	54.930	29.121
Contribution fee of WPP	79.298	36.839	74.922	59.199
Personnel expenses	53.896	25.879	20.888	8.485
Insurance expenses	29.413	14.832	20.111	8.725
Taxes and other fees	14.637	4.403	14.985	10.353
Consultancy expenses	11.231	2.998	9.205	6.525
Security expenses	4.844	2.406	2.180	946
Vehicle expenses	3.767	1.910	2.978	1.860
Personnel transportion expenses	2.906	1.535	1.925	1.077
Electricity costs	730	279	534	223
Other	4.157	809	7.144	4.806
Total	**710.189**	**347.599**	**483.374**	**254.406**

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

21. General administrative expenses

The analysis of the Group's general administrative expenses for the period ended 30 June 2023 and 30 June 2022 is as follows:

	1 January – 30 June 2023	1 April – 30 June 2023	1 January – 30 June 2022	1 April – 30 June 2022
Personnel expenses	25.242	9.855	16.507	6.187
Consultancy expenses	10.656	4.813	5.376	3.412
Charity and donations	3.663	1.356	249	231
Travel expenses	2.161	1.587	656	372
Office expenses	1.541	808	930	490
Support services expenses	1.461	1.001	2.145	1.073
Representation and hospitality expenses	1.418	1.208	351	226
Vehicle expenses	1.148	545	749	531
Advertising and meeting expenses	918	50	2.063	1.483
Rent expenses	753	377	374	187
Taxes and other fees	727	386	336	137
Depreciation and amortization expenses	475	158	297	159
Other	3.070	1.294	494	243
Total	**53.233**	**23.438**	**30.527**	**14.731**

22. Expense by nature

The total analysis of the Group's cost of sales and general administrative expenses for the period ended 30 June 2023 and 30 June 2022 is as follows:

	1 January – 30 June 2023	1 April – 30 June 2023	1 January – 30 June 2022	1 April – 30 June 2022
Depreciation and amortization expenses	304.314	142.710	235.990	118.299
System usage fee	108.318	63.774	37.879	4.946
Maintenance and repair expenses	93.153	49.383	54.930	29.121
Contribution fee of WPP	79.298	36.839	74.922	59.199
Personnel expenses	79.138	35.734	37.395	14.672
Insurance expenses	29.413	14.832	20.111	8.725
Consultancy expenses	21.887	7.811	14.581	9.937
Taxes and other fees	15.364	4.789	15.321	10.490
Vehicle expenses	4.915	2.455	3.727	2.391
Security expenses	4.844	2.406	2.180	946
Charity and donations	3.663	1.356	249	231
Personnel transportion expenses	2.906	1.535	1.925	1.077
Travel expenses	2.161	1.587	656	372
Office expenses	1.541	808	930	490
Support services expenses	1.461	1.001	2.145	1.073
Representation and hospitality expenses	1.418	1.208	351	226
Advertising and meeting expenses	918	50	2.063	1.483
Rent expenses	753	377	374	187
Electricity costs	730	279	534	223
Other	7.227	2.103	7.638	5.049
Total	**763.422**	**371.037**	**513.901**	**269.137**

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

23. Other operating income and expense

23.1 Other operating income

The analysis of the Group's other operating expenses for the period ended 30 June 2023 and 30 June 2022 is as follows:

	1 January – 30 June 2023	1 April – 30 June 2023	1 January – 30 June 2022	1 April – 30 June 2022
Insurance compensation income	4.027	413	46.682	44.505
Foreign exchange income of trade receivables and payables	757	757	517	517
Cancellation of provision for receivables	944	-	-	-
Other	1.788	1.087	5.331	1.861
Other operating income	**7.516**	**2.257**	**52.530**	**46.883**

23.2 Other operating expense

The analysis of the Group's other operating expenses for the period ended 30 June 2023 and 30 June 2022 is as follows:

	1 January – 30 June 2023	1 April 30 June 2023	1 January 30 June 2022	1 April – 30 June 2022
Foreign exchange loss on trade receivables and payables, net	321	-	4.170	-
Litigation provision expense	2.376	2.376	-	-
Receivable provision expenses	3.761	3.761	1.429	710
Other	1.848	-	647	144
Other operating expense	**8.306**	**6.137**	**6.246**	**854**

24. Income from investment activities

	1 January – 30 June 2023	1 April – 30 June 2023	1 January – 30 June 2022	1 April – 30 June 2022
Fair value increases of foreign currency protected deposits	40.375	40.375	-	-
Income from investment activities	**40.375**	**40.375**	**-**	**-**

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

25. Financial income and expense

The financial income and expenses for the period ended 30 June 2023 and 30 June 2022 consists of the following:

	1 January – 30 June 2023	1 April – 30 June 2023	1 January – 30 June 2022	1 April – 30 June 2022
Earnings from derivative transactions	97.474	97.474	263.581	134.927
Foreign exchange gain, net	68.107	-	113.064	-
Interest income	11.852	5.656	7.554	5.383
Discount interest income, net	-	-	1.020	-
Financial income	**177.432**	**103.130**	**385.219**	**140.310**
Interest expenses	(443.042)	(328.516)	(476.520)	(383.963)
Foreign exchange loss, net	(104.693)	(104.693)	(58.271)	(58.271)
Interest expense from lease liabilities	(18.174)	(18.174)	-	-
Letter of guarantee and bank loan commissions	(26.804)	(14.342)	(28.771)	(14.970)
Loss from derivative transactions	(38.363)	-	-	-
Rediscount expenses , net	(1.292)	(882)	-	-
Other	(4.726)	(2.746)	(3.982)	(1.911)
Financial expense	**(637.094)**	**(469.352)**	**(567.544)**	**(459.115)**
Financial income/(expense), net	**(459.662)**	**(366.222)**	**(182.325)**	**(318.805)**

26. Taxation

Corporate taxes

The Company and its subsidiaries located in Turkey are subject to the tax legislation and practices in force in Turkey. Corporate tax is declared until the evening of the twenty-fifth day of the fourth month following the end of the relevant accounting period and is paid in one installment until the end of the relevant month.

In Turkey, the corporate tax rate applied to the legal tax base to be found by adding the expenses that are not accepted as deductible in accordance with tax laws to the commercial income of corporations in Turkey and by deducting the exemptions in the tax laws was applied as 20% after January 1, 2021. However, with the Provisional Article 13 added to the Corporate Tax Law No. The rate is set to be 23% for corporate earnings for the 2022 taxation period. Therefore, current tax in the consolidated financial statements for the period of 2023 is calculated with the rate of 20%.

Within the scope of the aforementioned amendment, deferred tax assets and liabilities in the consolidated financial statements dated 30 June 2023 are calculated with the rate of 20% (31 December 2022: 23% and 20% for the portions of temporary differences that will have tax effects in 2022 and the following periods, respectively).

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

26. Taxation (continued)

As of 30 June 2023, the tax rates (%) used in the calculation of deferred tax, taking into account the tax legislation in effect in each counTL, are as follows:

Country	**Tax Rate**
Turkey	% 20

Tax legislation in Turkey does not allow the Company and its subsidiaries to file consolidated tax returns. Therefore, the tax provision reflected in the financial statements has been calculated on a company-by-company basis.

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period, provided that they do not exceed 5 years. Declarations and related accounting records can be examined by the tax office within five years and tax accounts can be revised.

Dividend payments made to resident joint stock companies in Turkey, to those who are not responsible for and exempt from corporate tax and income tax, and to real persons and non-resident legal entities in Turkey are subject to 15% income tax.

Dividend income (excluding profits from investment funds participation certificates and investment trusts' shares) obtained from participating in the capital of another corporation which is fully taxpayer is exempt from corporation tax. In addition. 75% of the profits arising from the sale of associated shares. redeemable shares and preferential rights of real estates (property. plant) owned by the same duration as the participation shares included in the assets of the institutions for at least two full years are exempt from corporate taxation as at 31 December 2017. However, with the amendment made by Law No. 7061, this ratio has been decreased from 75% to 50% in terms of property, plant and this ratio will be used as 50% in tax declarations to be prepared from 2018.

In order to benefit from the exemption, the said income must be kept in a passive fund account and not withdrawn from the business for 5 years. The sales price must be collected until the end of the second calendar year following the year of sale. In Turkey. there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns on the fifteenth date of the four months following the close of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filling during which time the tax authorities have the right to audit tax returns and the related accounting records on which they are based and may issue re-assessments based on their findings.

Income tax withholding

There is a withholding tax liability on dividend distributions, and this withholding liability is accrued in the period when the dividend payment is made. Dividend payments were subject to a 15% withholding tax until December 22, 2021, except for limited taxpayer institutions that generate income in Turkey through a workplace or their permanent representative, and those made to institutions residing in Turkey. However, pursuant to Presidential Decree No. 4936, published in the Official Gazette dated 22 December 2021 and numbered 31697, the provisions of the Income Tax Law No. 193 and the Corporate Tax Law No. 5520 on dividend distribution has been amended, and the withholding tax rate of 15% has been reduced to 10% as a result. In the application of withholding tax rates for profit distributions made to non-resident companies and real persons, the withholding tax rates included in the relevant Double Taxation Agreements are also taken into account. The addition of retained earnings to the capital is not considered as profit distribution, so it is not subject to withholding tax.

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

26. Taxation (continued)

Transfer pricing regulations

In Turkey, the transfer pricing provisions has been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing".The General Communiqué on Disguised Profit Distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.If the companies enter into transactions concerning to the sale or the purchase of the goods or services with the related entities by setting the prices or amounts which are not in line with the arm's length principle, related profits will be treated as having been wholly or partially distributed in a disguised way via transfer pricing.

26.1 Current income/(expense) tax

The details of tax expense for the period ending on 30 June 2023 and 30 June 2022 are as follows:

	1 January – 30 June 2023	1 April – 30 June 2023	1 January – 30 June 2022	1 April – 30 June 2022
Current period tax expense	(3.342)	(2.480)	(1.673)	(1.201)
Deferred tax income	121.900	91.637	25.727	46.223
Tax income	**118.558**	**89.157**	**24.054**	**45.022**

26.2 Period profit tax liability

The reported tax expenses for the years ended 30 June 2023 and 30 June 2022 are different than the amounts computed by applying the statutory tax rate to profit before tax of the Group, as shown in the following reconciliation:

	30 June 2023	%	30 June 2022	%
Income for the period	**423.222**		**700.810**	
Taxable income	**118.558**		**63.009**	
Income excluding income tax	**304.663**		**637.801**	
Income tax(benefit)/expense using the Group's domestic rate	(60.933)	**20**	(146.694)	**23**
Change in tax rate	-		32.648	
Non-taxable other revenues	448.693		394.964	
Disallowable expenses	(49.469)		(81.657)	
Accumulated loss which is no deferred tax is recognized	(219.775)		(135.872)	
Other	42		(380)	
Income tax income	**118.558**		**63.009**	
Current tax expense (A)	(3.342)		(4.661)	
Tax to be deducted (B)	-		6.136	
Current tax-related assets/(liabilities), net (A+B)	**(3.342)**		**1.475**	

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

26. Taxation (continued)

26.2 Current income/(expense) tax (continued)

The Group has a total of TL 4.110.865 (31 December 2022: TL 3.011.990) accumulated financial losses that can be deducted against future profits, and it is assumed that TL 802.472 (31 December 2022: TL 802.472) will be used and TL 170.152 (31 December 2022: 170.152 TL) tax asset is recorded. Deferred tax assets are not recorded as it is thought that the accumulated financial losses of TL 3.308.393 (31 December 2022: TL 2.209.518) will not be subject to tax in the coming years.

The maturity of previous year losses that are not recorded in the deferred tax asset calculation will expire as follows:

	30 June 2023	31 December 2022
2023	40.941	40.941
2024	85.228	85.228
2025	51.864	51.864
2026	163.573	163.573
2027	1.867.912	1.867.912
2028	1.098.875	-
Total	**3.308.393**	**2.209.518**

The maturity of previous year losses recorded in the deferred tax asset calculation is as follows:

	30 June 2023	31 December 2022
2023	321.958	321.958
2024	446.461	446.461
2025	30.419	30.419
2027	3.634	3.634
Total	**802.472**	**802.472**

26.3 Deferred tax assets and liabilities

Deferred tax is calculated over the temporary differences between the recorded values of assets and liabilities in the financial statements and the values used in the tax base, excluding the goodwill that is not subject to tax deduction and the differences in assets and liabilities recorded for the first time that are not subject to accounting and taxation.

Deferred tax (assets)/liabilities movements for the years ended at 30 June 2023 and 30 June 2022 are as follows:

	1 January –30 June 2023	1 January -30 June 2022
Deferred tax liability as of 1 January, net	(2.298.983)	(1.731.190)
Recognized in the statement of profit or loss	121.900	25.727
Deferred tax (asset)/ liability as of the end of the period, net	**(2.177.083)**	**(1.705.463)**

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

26. Taxation (continued)

26.3 Deferred tax assets and liabilities (continued)

Deferred tax assets and deferred tax liabilities as of 30 June 2023 and 31 December 2022 were attributable to the items detailed in the table below:

	Assets		Liabilities		Net	
	30 June 2023	**31 December 2022**	**30 June 2023**	**31 December 2022**	**30 June 2023**	**31 December 2022**
Tangible and intangible assets	-	-	(2.506.323)	(2.586.148)	**(2.506.323)**	**(2.586.148)**
Severance pay and unused vacation provisions	6.730	4.624	-	-	**6.730**	**4.624**
Financial borrowings	159.033	128.768	-	-	**159.033**	**128.768**
Fair value impact of derivative instruments	-	-	(32.660)	(20.837)	**(32.660)**	**(20.837)**
Tax losses carried forward	170.152	170.152	-	-	**170.153**	**170.152**
Other	12.918	4.458	-	-	**12.918**	**4.458**
Deferred tax asset/(liability)	**348.834**	**308.002**	**(2.538.983)**	**(2.606.985)**	**(2.190.149)**	**(2.298.983)**
Net-off	(324.344)	(285.020)	337.410	285.020	-	-
Deferred tax asset/(liability)	**24.490**	**22.982**	**(2.201.573)**	**(2.321.965)**	**(2.177.083)**	**(2.298.983)**

27. Earnings (Loss) per share

Earnings per share is calculated by dividing the income/(loss) for the period attributable to the Group by the weighted average number of ordinary shares outstanding during the period. Earnings per share as of 30 June 2023 and 31 December 2022 are as follows:

Number of shares	**1 January – 30 June 2023**	**1 April – 30 June 2023**	**1 January – 30 June 2022**	**1 April – 30 June 2022**
1 January	1.016.032.000	1.016.032.000	1.016.032.000	1.016.032.000
End of Period	**1.016.032.000**	**1.016.032.000**	**1.016.032.000**	**1.016.032.000**
Net profit	422.802	252.890	640.056	233.318
Earnings per share (full TL)	0,42	0,25	0,63	0,23
Diluted earnings per share	0,42	0,25	0,63	0,23

In accordance with TAS 33 Earnings Per Share, if the number of ordinary or potential ordinary shares increases as a result of capitalization, bonus issue or share split, or decreases as a result of a share merger, the process of calculating basic and diluted earnings per share for all periods presented is applied backwards. corrected for.

28. Related party disclosures

Transactions with related parties are classified according to the following groups and include all related party disclosures in this note:
(1) Main partner and its subsidiaries
(2) Other group companies and partner affiliates controlled by the partner shareholders
Transactions between the Group and its subsidiaries, which are related parties of the Group, are not disclosed in this note as they are eliminated on consolidation.

In the consolidated statement of financial position, shareholders, key management personnel and members of the Board of Directors, their families and partners financed by themselves or financed by their partners are considered and named as related parties. Group companies carried out various transactions with related parties during operations.

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

28. Related party disclosures (continued)

28.1 Balances with related parties

Summary of Related Party balances as of 30 June 2023 and 31 December 2022 are summarized in below:

	30 June 2023	31 December 2022
Akfen (1)	7	-
Akfen Turizm Yatırımları ve İşletmecilik A.Ş. ("Akfen Turizm") (2)	18	-
Current trade payables to related parties	**25**	**-**

	30 June 2023	31 December 2022
Akfen (1)	1.234	11.565
Akfen Turizm Yatırımları ve İşletmecilik A.Ş. ("Akfen Turizm") (2)	93	72
Non current other payables to related parties	**1.327**	**11.637**

(1) Parent company
(2) Other group companies and parent affiliates controlled by the parent shareholders

Trade payables to related parties mainly arise from the services received. Other payables to related parties mainly arise from financing transactions. At the end of each quarter, interest is accrued for other debts using market interest rates determined using the Group's external borrowing costs.

28.2 Transactions with related parties

As of 30 June 2023 and 2022, the services given to related parties are as follows:

Services given to related parties	30 June 2023		30 June 2022	
Company	**Amount**	**Nature**	**Amount**	**Nature**
Akfen İnşaat	3.797	Financing income	-	-
	3.797		-	

As of 30 June 2023 and 2022, the services received from related parties are as follows:

Services received due from related parties	30 June 2023		30 June 2022	
Company	**Amount**	**Nature**	**Amount**	**Nature**
Akfen(1)	-	Financing expense	25.047	Financing expense
Akfen(1)	1.461	Support services expenses	2.145	Support services expenses
Akfen Gayrimenkul Portföy Yönetimi A.Ş.("Akfen GPYŞ")(2)	483	Rent expenses	278	Rent expenses
Akfen Turizm(2)	528	Personnel meal expenses	242	Personnel meal expenses
Türkiye İnsan Kaynakları Eğitim ve Sağlık Vakfı (Tikav)(2)	2.521	Charity and donation expenses	194	Charity and donation expenses
European Bank for Reconstruction and Development ("EBRD") (1)	1.524	Other	784	Other
	6.517		**28.690**	

(1) The parent company
(2) Other group companies and parent affiliates controlled by the parent shareholders

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

29. Transactions with key management personnel

Benefits to senior executives include salaries and salary-related expenses, which are recognized under administrative expenses in the consolidated financial statements. For the accounting period ending on 30 June 2023, benefits provided to senior executives are 5.631 TL (31 December 2022: 3.553 TL).

30. Financial risk management objectives and policies

30.1 Credit risk

The credit risks exposed by types of financial instruments are as follows:

30 June 2023	Receivables					
	Trade Receivables		Other Receivables			
	Related Party	Other Party	Related Party	Other Party	Bank Deposit(*)	Other
Maximum credit risk exposure as of the reporting date (A+B+C+D+E)	**25**	**351.430**	**-**	**22.230**	**936.205**	**-**
- Portion of the maximum risk that is guaranteed with a collateral, etc,	-	-	-	-	-	-
A. Net book value of financial assets that are not overdue or not impaired	25	351.430	-	22.230	936.205	-
B. Book value of financial assets, the terms of which are re-negotiated, and which will otherwise be considered to be overdue or impaired	-	-	-	-	-	-
C. Net book value of assets that are overdue but not impaired	-	-	-	-	-	-
- Portion guaranteed with a collateral, etc.	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Overdue (gross book value)	-	12.518	-	-	-	-
- Impairment (-)	-	(12.518)	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
E. Elements including off-balance-sheet financing	-	-	-	-	-	-

30 June 2023	Receivables	
	Trade Receivables	Other Receivables
0-3 months overdue	-	-
3-12 months overdue	-	-
1-5 years overdue	12.518	-
More than 5 years overdue	-	-
Total receivables overdue	12.518	-
Total provisions reserved	(12.518)	-
Portion guaranteed with a collateral, etc.	-	-

(*)Includes the foreign exchange protected deposit amount shown under short-term financial investments.

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

30. Financial risk management objectives and policies *(continued)*

30.1 Credit risk *(continued)*

31 December 2022	Receivables				Bank Deposits	Other
	Trade Receivables		Other Receivables			
	Related Party	Other Party	Related Party	Other Party		
Maximum credit risk exposure as of the reporting date (A+B+C+D+E)	**-**	**454.382**	**-**	**18.248**	**902.914**	**-**
- Portion of the maximum risk that is guaranteed with a collateral, etc,	-	-	-	-	-	-
A. Net book value of financial assets that are not overdue or not impaired	-	454.382	-	18.248	902.914	
B. Book value of financial assets, the terms of which are re-negotiated, and which will otherwise be considered to be overdue or impaired	-	-	-	-	-	-
C. Net book value of assets that are overdue but not impaired	-	-	-	-	-	-
- Portion guaranteed with a collateral, etc.	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Overdue (gross book value)	-	9.701	-	-	-	-
- Impairment (-)	-	(9.701)	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
E. Elements including off-balance-sheet financing	-	-	-	-	-	-

31 December 2022	Trade Receivables	
	Related Party	Other Party
0-3 months overdue	-	-
3-12 months overdue	-	-
1-5 years overdue	9.701	-
More than 5 years overdue	-	-
Total receivables overdue	9.701	-
Total provisions reserved	(9.701)	-
Portion guaranteed with a collateral, etc.	-	-

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

30. Financial risk management objectives and policies *(continued)*

30.2 Liquidity risk

As of June 30, 2023 and December 31, 2022, the Group's financial liabilities, including estimated interest payments, are as follows:

Non derivative financial liabilities

30 June 2023 Contractual maturities	Carrying amount	Contractual cash outflows total (I+II+III+IV+V)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)	More than 5 years (IV)
Financial Liabilities						
Borrowings	9.437.231	(11.324.601)	(470.051)	(1.709.895)	(5.911.400)	(3.233.255)
Leasing payables	250.367	(250.367)	-	(19.255)	(91.669)	(139.443)
Trade payables to third parties	206.787	(206.787)	(102.561)	(104.226)	-	-
Trade and other payables to related parties	1.327	(1.327)	(1.327)	-	-	-

31 December 2022 Contractual maturities	Carrying amount	Contractual cash outflows total (I+II+III+IV+V)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)	More than 5 years (IV)
Financial Liabilities						
Borrowings	7.367.600	(10.194.180)	(32.563)	(1.966.205)	(4.976.680)	(3.218.732)
Leasing payables	249.833	(249.833)	-	(17.856)	(84.297)	(147.680)
Trade payables to third parties	506.275	(506.275)	(407.702)	(98.573)	-	-
Trade and other payables to related parties	11.637	(11.637)	(11.637)	-	-	-

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

30. Financial risk management objectives and policies *(continued)*

30.3 Foreign currency risk

Exchange risk exposure

As of 30 June 2023, the Group's foreign currency position consists of foreign currency denominated assets and liabilities stated in the table below.

	30 June 2023			
	TL Equivalent	**USD**	**EUR**	**Other (*)**
1. Trade receivables	-	-	-	
2a. Monetary Financial Assets (including safe and bank accounts)	630.176	24.084	293	-
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	13.469	522	-	
4. Current Assets (1+2+3)	**643.645**	**24.606**	**293**	**-**
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	163.298	6.324	-	
8. Non-Current Assets (5+6+7)	**163.298**	**6.324**	**-**	**-**
9. Total Assets (4+8)	**806.943**	**30.930**	**293**	**-**
10. Trade Payables	40.284	1.545	14	-
11. Financial Liabilities	2.017.981	77.683	425	
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	**2.058.265**	**79.228**	**439**	**-**
14. Trade Payables	-	-	-	-
15. Financial Liabilities	7.419.250	286.536	711	-
16a. Other Monetary Liabilities	560	-	20	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	**7.419.810**	**286.536**	**731**	**-**
18. Total Liabilities (13+17)	**9.478.075**	**365.764**	**1.170**	**-**
19. Net Asset/(Liability) Position of Foreign Currency-Denominated Derivatives Excluded from Financial Position Statement (9-18)	**(8.671.132)**	**(334.834)**	**(877)**	**-**
19a. Total amount of assets hedged	**-**	**-**	**-**	**-**
19b. Total amount of liabilities hedged	**9.311.198**	**360.576**	**-**	**-**
20. Net Foreign Currency Asset/(Liability) position (9-18+19)	**640.066**	**25.742**	**(877)**	**-**

(*) *Assets and liabilities in other currencies are expressed as TL equivalents.*

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

30. Financial risk management objectives and policies *(continued)*

30.3 Foreign currency risk *(continued)*

Exchange risk exposure *(continued)*

As of 31 December 2022, the Group's foreign currency position consists of foreign currency denominated assets and liabilities stated in the table below.

31 December 2022	TL Equivalent	USD	EUR	Other (*)
1. Trade receivables	-	-	-	-
2a. Monetary Financial Assets (including safe and bank accounts)	840.748	44.602	339	-
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	899	-	45	
4. Current Assets (1+2+3)	**841.647**	**44.602**	**384**	**-**
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	104.187	5.572	-	
8. Non-Current Assets (5+6+7)	**104.187**	**5.572**	**-**	**-**
9. Total Assets (4+8)	**945.834**	**50.174**	**384**	**-**
10. Trade Payables	71.349	3.602	200	-
11. Financial Liabilities	1.553.224	82.629	411	
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	**1.624.573**	**86.231**	**611**	**-**
14. Trade Payables	-	-	-	-
15. Financial Liabilities	5.814.376	310.022	878	-
16a. Other Monetary Liabilities	433	-	22	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	**5.814.809**	**310.022**	**900**	**-**
18. Total Liabilities (13+17)	**7.439.382**	**396.253**	**1.511**	**-**
19. Net Asset/(Liability) Position of Foreign Currency-Denominated Derivatives Excluded from Financial Position Statement (9-18)	**(6.493.548)**	**(346.079)**	**(1.127)**	**-**
19a. Total amount of assets hedged	**-**	**-**	**-**	**-**
19b. Total amount of liabilities hedged	**7.268.483**	**388.724**	**-**	**-**
20. Net Foreign Currency Asset/(Liability) position (9-18+19)	**774.935**	**42.645**	**(1.127)**	**-**

(*) *Assets and liabilities in other currencies are expressed as TL equivalents.*

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

30. Financial risk management objectives and policies *(continued)*

30.3 Foreign currency risk *(continued)*

Sensitivity analysis

The Group's foreign exchange risk generally comprises of TL's changing value against EUR and USD. The basis of the sensitivity analysis which is carried out to measure the foreign exchange risk is to bring in the total currency explanation within the entity. Total foreign currency position includes all foreign currency-denominated short-term and long-term purchasing agreements and all such assets and liabilities. The analysis does not cover net foreign currency investments. The Group delivers its medium-term and long-term loans over the currency of the project revenues it obtains.

Exchange Rate Sensitivity Analysis Statement				
30 June 2023				
	Profit/Loss		**Equity**	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In the event that USD appreciates/depreciates by 20% against TL				
1- USD net asset/liability	132.950	(132.950)	-	-
2- Portion hedged for USD (-)	-	-	-	-
3- USD Net Impact (1+2)	132.950	(132.950)	-	-
In the event that EUR appreciates/depreciates by 20% against TL				
4- Net asset/liability in EUR	(4.943)	4.943	-	-
5- Portion hedged for EUR (-)	-	-	-	-
6- Euro Net Impact (4+5)	(4.943)	4.943	-	-
In the event that other foreign currencies appreciate/depreciate by 20% against TL				
7- Other foreign currency net asset/liability	-	-	-	-
8- Portion hedged for other foreign currency (-)	-	-	-	-
9- Other Foreign Currency Assets Net Impact (7+8)	-	-	-	-
TOTAL (3+6+9)	128.007	(128.007)	-	-

31 December 2022				
	Profit/Loss		**Equity**	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In the event that USD appreciates/depreciates by 20% against TL				
1- USD net asset/liability	159.479	(159.479)	-	-
2- Portion hedged for USD (-)	-	-	-	-
3- USD Net Impact (1+2)	159.479	(159.479)	-	-
In the event that EUR appreciates/depreciates by 20% against TL				
4- Net asset/liability in EUR	(4.496)	4.496	-	-
5- Portion hedged for EUR (-)	-	-	-	-
6- Euro Net Impact (4+5)	(4.496)	4.496	-	-
In the event that other foreign currencies appreciate/depreciate by 20% against TL				
7- Other foreign currency net asset/liability	-	-	-	-
8- Portion hedged for other foreign currency (-)	-	-	-	-
9- Other Foreign Currency Assets Net Impact (7+8)	-	-	-	-
TOTAL (3+6+9)	154.983	(154.983)	-	-

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

30. Financial risk management objectives and policies *(continued)*

30.4 Interest risk

Profile

At the reporting date the interest rate profile of the Group’s interest-bearing financial instruments was:

	30 June 2023	31 December 2022
Fixed-interest items		
Financial assets	739.252	615.558
Financial liabilities	3.264.738	2.610.609
Variable-interest items		
Financial assets	123.460	215.679
Financial liabilities	6.172.493	4.756.991

Fair value risk of fixed-interest items:

The Group does not have any financial asset or liability the fair value of which is recognized in profit / loss. Therefore, changes in interest rates do not have a direct impact on shareholders' equity items on the reporting date.

Cash flow risk of variable-interest items:

When the debt profile of the Group is considered, 100 base points increase in Euribor or Libor rate, when the effect of derivative financial instruments is disregarded, would cause to approximately TL 60.490 (31 December 2022: 45.413 TL) increase in the annual interest costs of floating interest rate liabilities of the Group. TL 41.721 of this amount (31 December 2022: 32.092 TL). was hedged with due interest rate swap. Because of this reason, the net risk on profit and loss is 18.769 TL (31 December 2022: 13.321 TL).

Interest Position Statement		
	30 June 2023	**31 December 2022**
Fixed-Interest Financial Instruments	**-**	**-**
Financial liabilities		
Variable-Interest Financial Instruments	**(60.490)**	**(45.413)**
Financial assets	1.235	2.157
Financial liabilities	(61.725)	(47.570)

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

30. Financial risk management objectives and policies (continued)

30.5 Capital Risk Management

The Group's goals in capital management are;

• To ensure the continuity of its activities, to provide return to shareholders and benefit to other shareholders
• To increase the profitability in accordance with the risk level by increasing the service prices.

The Group determines the amount of capital in proportional to the risk level. The Company regulates the structure of equity according to the economic conditions and the risk quality of the assets.

The Group are following its capital management using the debt/equity ratio. This ratio is found by dividing net debt by total capital. Net debt is calculating by deducting cash and cash equivalents from total debt (total of short-term and long-term liabilities stated in the consolidated statement of financial position). Total capital is the sum of shareholders' equity stated in the consolidated statement of financial situation.

The ratios of net liability/invested capital as of 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	**31 December 2022**
Total financial borrowings	9.437.231	7.367.600
Less: Cash and cash equivalents(*)	(936.613)	(903.207)
Net debt	8.500.618	6.464.393
Total equity	5.192.020	6.999.859
Net debt / total equity	**1,64**	**0,92**

(*)Includes the foreign exchange protected deposit amount shown under short-term financial investment

Total financial liabilities include the Group's short-term and long-term financial liabilities. It does not cover debts from rental transactions.

31. The fair value explanations

The fair value is described as a price that will be obtained from sales of an asset or paid on transfer of a debt, in an ordinary transaction on the date of calculation among the market attendants.

Financial instruments

The Group has determined the estimated fair values of the financial instruments by employing current market information and appropriate valuation methods. However, interpretation and reasoning are required to estimate the fair values by evaluating the market information. As a result, the estimations presented herein may not be indicative of the amounts that the Group can obtain in a current market transaction.

The following methods and assumptions have been used to estimate the fair value of the financial instruments for which estimation of the fair values in practice is possible:

Financial asset

It is foreseen that book values of the cash and cash equivalents are close to their fair values since they are short term cash assets. It is also foreseen that their book values reflect the fair value since the trade receivables are short-term.
It is foreseen that the fair values of the balances in foreign currency that are converted with the period-end rates are close to their book values.

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

31. The fair value explanations *(continued)*

Financial instruments *(continued)*

Financial liabilities

It is considered that fair values of the trade payables and other monetary liabilities approach to the values that they bear due to the fact that they are short-term.

The bank borrowings are expressed with their amortized cost values and transactional costs are added on the top of the initial cost of the credits. As the floating rate bank borrowings of the Group have been repriced in the recent history, it is considered that its fair values reflect the value that they bear.

Financial Instrument classifications and fair values

30 June 2023	Credits and receivables (including cash and cash equivalents)	Book value	Fair Value	Note
Financial assets				
Cash and cash equivalents(*)	936.613	936.613	936.613	4
Trade receivables from third parties	351.430	351.430	351.430	7
Other receivables from third parties	22.230	22.230	22.230	7
Financial liabilities				
Financial borrowings	9.437.231	9.437.231	8.837.958	6
Lease payables	250.367	250.367	250.367	6
Trade payables to related parties	1.327	1.327	1.327	8-28
Trade payables to third parties	206.787	206.787	206.787	8
Other payables to third parties	64.752	64.752	64.752	8

31 December 2022	Credits and receivables (including cash and cash equivalents)	Book value	Fair Value	Note
Financial assets				
Cash and cash equivalents	903.207	903.207	903.207	4
Trade receivables from third parties	454.382	454.382	454.382	7
Other receivables from third parties	18.248	18.248	18.248	7
Financial liabilities				
Financial borrowings	7.367.600	7.367.600	6.930.165	6
Lease payables	249.833	249.833	249.833	6
Trade payables to related parties	11.637	11.637	11.637	8-28
Trade payables to third parties	506.275	506.275	506.275	8
Other payables to third parties	27.557	27.557	27.557	8

(*)Includes the foreign exchange protected deposit amount shown under short-term financial investment

The Group classifies the value measurements of financial instruments reflected at fair value in the consolidated financial statements according to the source of the inputs of each financial instrument class, using a three-level hierarchy as follows:

Level 1: record (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Data other than recorded prices in Level 1 that are directly (through prices) or indirectly (derived from prices) observable data in terms of assets or liabilities;

Level 3: Data on assets or liabilities that are not based on observable market data (non-observable data).

(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

31. The fair value explanations *(continued)*

Financial Instrument classifications and fair values *(continued)*

As of 30 June 2023 and 31 December 2022, the fair value classifications of the long term financial investments which are calculated with their fair values are as follows:

30 June 2023		**Fair value level**	
	1st Level TL	**2nd Level TL**	**3rd Level TL**
Interest rate swap transactions (Note: 17)	-	163.298	-
31 December 2022		**Fair value level**	
	1st Level TL	**2nd Level TL**	**3rd Level TL**
Interest rate swap transactions (Note: 17)	-	104.187	-

32. Subsequent events

Pursuant to the Article 21 of the “Law on Making Additional Motor Vehicles Tax for Compensation for Economic Losses Caused by Earthquakes on 6/2/2023 and Amending Certain Laws and Decree Law No. 375” published in the Official Gazette dated 15 July 2023 and numbered 32249, with the amendments made in Article 32 of the Corporate Tax Law No. 5520, which regulates the corporate tax rate; it has been decreed that the general rate applied in corporate tax should be increased from 20% to 25%, and the rate from 25% for banks and financial institutions to 30%. With the same article (Article 21) of the aforementioned law, it has been ensured that the corporate tax rate, which is applied with a discount of 1 point to the earnings of the exporting institutions exclusively from exports, is applied with a discount of 5 points in order to encourage exports.

The said amendment will be applied to the income of the corporations to be gained in 2023 and the following tax periods, starting from the declarations that must be submitted as of October 1, 2023. It will be in effect in the tax calculation of the profits of the institutions subject to the special accounting period, gained in the special accounting period starting in the calendar year of 2023 and in the following taxation periods.This matter is considered as a non-adjusting event after the reporting period within the scope of TAS 10 “Events After the Reporting Period”.