Akfen Yenilenebilir Enerji A.Ş.

Consolidated Financial Statements as of and for the year ended 31 December 2022 With the Independent Auditor's Report

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SPECIAL INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Akfen Yenilenebilir Enerji Anonim Şirketi

Opinion

We have audited the consolidated financial statements of Akfen Yenilenebilir Enerji Anonim Şirketi ("the Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, changes in equity and cash flows for the nine month interim periods ended 30 September 2022, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the period ended 30 September 2022 in accordance with Turkish Financial Reporting Standards ("TFRS").

Basis for Opinion

We conducted our audit in accordance with Independent Standards on Auditing published by Capital Markets Board ("CMB") and International Standards on Auditing ("ISAs") which are the part of the TFRS published by Public Oversight, Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Turkey and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Additional paragraph for convenience translation to English:

The accounting policies summarized in Note 2.i, differ from International Financial Reporting Standards ("IFRS") due to non-application of IAS 29 Financial Reporting in Hyperinflationary Economies. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS standards.

Key Audit Matters

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

Hedge accounting

Refer to Note 2.iii and 2.v to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for hedge accounting.

The key audit matter	**How the matter was addressed in our audit**
As of 31 December 2022, the Group uses its investment loans amounting to USD 393.043 thousand as a hedging instrument against the foreign exchange risk due to USD-based sales revenues made within the scope of the Renewable Energy Resources Support Mechanism ("YEKDEM"), and as a result of the effectiveness tests carried out in this context, the cash flow applies hedge accounting. For hedge accounting to be implemented in accordance with TFRS 9 Financial Instruments, the criteria to be met include defining the hedging relationship, documenting the hedging objective, and conducting a regular effectiveness test. Hedge accounting has been identified as one of the key audit matters because hedge accounting has a complex structure, effectiveness tests include important management estimations and assumptions such as future cash flows and require technical calculations.	We have performed the following audit procedures to be responsive to this area: Considering the objectives of hedge accounting and compliance with TFRS 9 Financial Instruments standard, Management's review of hedging effectiveness testing and assessment of compliance of related accounting records with TFRS 9, Documentation and appropriateness of hedging relationships of cash flow hedge transactions have been identified, Involving financial services specialists to assist in evaluating the appropriateness of cash flow hedging models. Evaluating the adequacy of disclosures in the consolidated financial statements regarding the hedge accounting.

Revaluation of Power Plants

Refer to Notes 2.iii and 2.v to details of accounting policies and significant accounting estimates and assumptions used for the revaluation of power plants.

The key audit matter	How the matter was addressed in our audit
The Group measures its power plants using the revaluation method in its consolidated financial statements. Therefore, the Group management makes various estimations and assumptions to determine the fair value of the power plants. The fair values of the power plants are determined by valuation reports prepared by independent valuation companies. The basic assumptions and estimations used in the valuations include the estimation and discounting of future cash flows prepared by considering the relevant risks. Valuation of power plants is considered as a key audit matter, because the valuation methods applied in power plant valuations include important estimates and assumptions and the carrying values of power plants are important for the consolidated financial statements.	We have performed the following audit procedures to be responsive to this area: Evaluation of the appropriateness of inputs and important assumptions such as price and production estimates and discount rate used in the valuation, which are used by independent valuation experts and the Group management during the valuation of the power plants and which constitute the basis for the revalued amounts of the power plants, Involving the corporate finance specialists in order to check the compatibility of the estimates and assumptions used in the valuation reports of the said power plants with the market data, to evaluate the acceptability of the applied methods and their compliance with the valuation methodology, In addition, evaluating the appropriateness and adequacy of the disclosures in the footnotes of the financial statements, including the explanations about the basic estimates and assumptions regarding the revaluation of power plants, within the scope of TFRSs.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

In an independent audit, we, the independent auditors, have the following responsibilities:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs published by CMB will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

We use our professional judgment and maintain our professional skepticism throughout the independent audit as a requirement of an independent audit conducted in accordance with the independent auditing standards published by the CMB and IAS. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Hatice Nesrin Tuncer
Partner
1 February 2023
Istanbul, 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 31 December 2022
(All amounts are expressed in thousand Turkish Liras ("TL") unless otherwise specified.)

		Current Period	Prior Period
ASSETS	**References**	**Audited**	**Audited**
		31 December 2022	**31 December 2021**
Current Assets		**1.423.637**	**1.057.746**
Cash and cash equivalents	**4**	**903.27**	**797.952**
Trade receivables		**451.76**	**206.696**
- Trade receivables from third parties	***6***	*451.76*	*206.696*
Other receivables		**3.048**	**5.546**
- Other receivables from third parties	***6***	*3.048*	*5.546*
Prepaid expenses	**13**	**60.135**	**36.185**
Current tax assets	**25**	**2.159**	**4.513**
Inventories		**-**	**831**
Other current assets	**15**	**3.912**	**6.023**
Non-Current Assets		**16.378.615**	**13.510.237**
Trade receivables		**3.206**	**2.183**
- Trade receivables from third parties	***6***	*3.206*	*2.183*
Other receivables		**15.200**	**8.339**
- Other receivables from third parties	***6***	*15.200*	*8.339*
Financial investments		**100**	**100**
Prepaid expenses	**13**	**68.653**	**75.463**
Derivative financial instruments	**16**	**104.187**	**-**
Property, plant and equipment	**8**	**15.518.099**	**12.787.899**
Intangible assets		**470.865**	**483.294**
Goodwill	**9**	*42.463*	*42.463*
Other intangible assets	**9**	*428.402*	*440.831*
Right of use assets	**10**	**136.538**	**70.889**
Deferred tax assets	**25**	**22.982**	**37.968**
Other non-current assets	**15**	**38.785**	**44.102**
Total assets		**17.802.252**	**14.567.983**

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

Consolidated Statement of Financial Position
As of 31 December 2022
(All amounts are expressed in thousand Turkish Liras ("TL") unless otherwise specified.)

LIABILITIES	References	Current Period Audited 31 December 2022	Prior Period Audited 31 December 2021
Short-term liabilities		**2.391.242**	**1.734.409**
Short term financial borrowings		**1.571.080**	**1.048.276**
-Short term portion of long-term bank loans	**5**	*1.553.224*	*1.040.060*
-Leasing payables	**5**	*17.856*	*8.216*
Trade payables		**517.912**	**178.684**
-Trade payables to related parties	***7-27***	*11.637*	*4.267*
-Trade payables to third parties	***7***	*506.275*	*174.417*
Other payables		**27.450**	**344.553**
-Other payables to related parties	***7-27***	*-*	*328.998*
-Other payables to third parties	***7***	*27.450*	*15.555*
Obligation for employee benefits		**1.625**	**862**
Current tax liabilities	**25**	**684**	**-**
Short term provisions		**12.915**	**22.281**
- Provision for employee benefits	***11***	*3.098*	*2.646*
- Other short term provisions	***11***	*9.817*	*19.635*
Obligations arising from customer contracts	***14***	**259.576**	**139.753**
Long-term liabilities		**8.390.586**	**7.337.487**
Long term financial borrowings		**6.046.353**	**5.222.302**
-Long term bank loans	**5**	*5.814.376*	*5.128.300*
-Leasing payables	**5**	*231.977*	*94.002*
Derivative financial instruments	**16**	**-**	**324.510**
Other payables		**107**	**146**
-Other payables to third parties	***7***	*107*	*146*
Long term provisions		***22.161***	***21.371***
- Provision for employee benefits	***11***	*19.543*	*9.254*
- Other long term provisions	***11***	*2.618*	*12.117*
Deferred tax liability	**25**	**2.321.965**	**1.769.158**
Equity		**7.020.424**	**5.496.087**
Total equity attributable to equity holders of the parent		**6.999.859**	**5.474.413**
Paid in capital	**17**	**1.016.032**	**1.016.032**
Share Premium	**17**	**543.211**	**543.211**
Shareholder contribution	**17**	**23.451**	**23.451**
Other accumulated comprehensive income that will not be reclassified to profit or loss		**10.079.295**	**7.779.662**
- Revaluation fund	*17*	*10.090.760*	*7.783.332*
- Gains on remeasurement of defined benefit plans		*(11.465)*	*(3.670)*
Other accumulated comprehensive income that will be reclassified to profit or loss		**(4.654.639)**	**(2.953.688)**
- Hedge Reserve fund	*17*	*(4.654.639)*	*(2.953.688)*
Restricted reserves separated from profit		**20.980**	**21.041**
Accumulated Losses		**(669.714)**	**(1.363.366)**
Net (loss)/profit for the period		**641.243**	**408.070**
Non-controlling interests		**20.565**	**21.674**
Total equity and liabilities		**17.802.252**	**14.567.983**

Akfen Yenilenebilir Enerji A.Ş.

Consolidated Statement of Profit or Loss and Other Comprehensive Income
As of and for the Period Ended 31 December 2022
(All amounts are expressed in thousand Turkish Liras ("TL") unless otherwise specified.)

	References	Current Period	Prior Period
		Audited	**Audited**
		1 January – 31 December 2022	**1 January – 31 December 2021**
Profit or loss from continuing operations			
Revenue	**18**	2.489.204	1.291.036
Cost of sales (-)	**19**	(1.017.807)	(606.615)
Gross profit		**1.471.397**	**684.421**
General administrative expenses (-)	**20**	(67.203)	(33.110)
Other operating income	**22**	163.561	54.718
Other operating expense (-)	**22**	(9.100)	(11.658)
Operating income		**1.558.655**	**694.371**
Revenues in investment operations	**23**	64.451	25.475
Expenses in investment operations	**23**	-	(91.143)
Operating profit before financial income		**1.623.106**	**628.703**
Financial income	**24**	449.611	157.093
Financial expense (-)	**24**	(1.434.916)	(513.212)
Profit/Loss before tax		**637.801**	**272.584**
Loss before tax from continuing operations		**63.009**	**132.162**
- Current period tax expense	***25***	*(4.661)*	*(1.472)*
- Deferred tax income	***25***	*67.670*	*133.634*
Net profit/loss for the period		**700.810**	**404.746**
Attributable to			
Equity holders of the parent		700.393	408.070
Non-controlling interests		417	(3.324)
Earnings/(loss) per share			
Basic earnings per share	**26**	0,69	0,40
Diluted Earnings/(loss) per share	**26**	0,69	0,40
Other comprehensive income		**823.527**	**2.330.751**
Other comprehensive income that will not be reclassified to profit or loss			
- Actuarial loss arising from employee benefits		(7.795)	(1.822)
- Revaluation fund		2.539.537	5.022.472
Other comprehensive income that will be reclassified to profit or loss			
- Hedge Reserve fund		(1.708.215)	(2.689.899)
Total comprehensive income		**1.524.337**	**2.735.497**
Attributable to			
Equity holders of the parent		1.523.920	2.738.821
Non-controlling interests		417	(3.325)

Consolidated Statement of Changes in Equity
As at and for the Period Ended 31 December 2022
(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 2021	**1.016.032**	**543.211**	**20.995**	**23.451**	**(1.848)**	**2.873.141**	**(271.593)**	**(1.137.362)**	**(301.609)**	**2.764.418**	**(3.827)**	**2.760.591**
Transfers	-	-	46	-	-	(112.281)	7.804	(226.004)	301.609	(28.826)	28.826	-
Other comprehensive income/(expense)	-	-	-	-	(1.822)	5.022.472	(2.689.899)	-	408.070	2.738.821	(3.325)	2.735.497
Balances as of 31 December 2021	**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**
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	-	-	(61)	-	-	(232.109)	7.264	634.502	(408.070)	1.526	(1.526)	-
Other comprehensive Income/(expense)	-	-	-	-	(7.795)	2.539.537	(1.708.215)	-	700.393	1.523.920	417	1.524.337
Balances as of 31 December 2022	**1.016.032**	**543.211**	**20.980**	**23.451**	**(11.465)**	**10.090.760**	**(4.654.639)**	**(728.864)**	**700.393**	**6.999.859**	**20.565**	**7.020.424**

*Kurtal Elektrik Üretim inc. sold on December 27, 2022

Consolidated Statement of Changes in Cash Flow
As at and for the Period Ended 31 December 2022
(All amounts are in thousand Turkish Liras ("TL") unless otherwise specified.)

	References	Current Period Audited 31 December 2022	Prior Period Audited 31 December 2021
A. Cash Flows from Operating Activities		**2.206.036**	**1.326.726**
Profit/(Loss) for the period		**700.810**	**404.746**
Adjustments to reconcile profit		**2.161.349**	**1.137.860**
Adjustments for depreciation and amortization	**8-9-10-21**	505.529	311.187
Adjustments for tax expenses/(income)	**25**	(63.009)	(132.162)
Adjustments for provisions			
-Adjustments for provisions related with employee benefits	***11.1***	*920*	*4.133*
-Regulations on litigation	***11.2***	*318*	*1.280*
-Adjustments to provisions for receivables	**22.2**	*2.550*	*2.710*
Adjustments for impairment of property, plant and equiptment	**8,23.2**	-	91.070
Adjustments for appreciation of property, plant and equipment	**23.1**	*(3.848)*	(24.829)
Adjustments related to fair value losses of derivative financial instruments	***24***	*(428.698)*	*34.114*
Adjustments for (gain) / loss on sale of property, plant and equipment	**23**	(498)	(573)
Adjustments for subsidiary sales profits	***23***	*(60.105)*	-
Adjustments for interest income	**24**	(16.037)	(7.167)
Adjustments for interest expenses	**24**	1.078.264	435.208
Adjustments for unrealized foreign exchange		1.145.963	422.889
Changes in working capital		**(671.470)**	**4.306**
Adjustments for (increases)/decreases in trade receivables		(243.504)	(102.237)
Adjustments for decreases/(increases) in other receivables related with operations		(4.616)	(4.490)
Adjustments for decreases/(increases) in other assets related with operations		(21.083)	(9.450)
Adjustments for (increases)/decreases in trade payables		(178.856)	(32.195)
Adjustments for decreases/(increases) in other liabilities related with operations		(337.391)	47.499
Increase in other liabilities related to operations		113.980	105.179
Cash flows from operations		**2.190.689**	**1.546.912**
Payments related with provisions for employee benefits	**11.1**	(505)	(791)
Tax payments		(4.047)	(5.840)
Other		19.899	(213.555)
B. Cash Flows used in Investment Operation		**38.017**	**(5.979)**
Cash outflows from the purchase of PPE	**8**	(36.708)	(5.975)
Cash outflows from the purchase of intangible assets	**9**	-	(4)
Cash inflows from sale of subsidiary		74.725	-
C. Cash Flows (used in)/from Financing Activities		**(2.118.899)**	**(1.269.546)**
Repayments of borrowings	**5**	(1.645.114)	(922.190)
Interest paid	**5**	(479.732)	(336.326)
Interest received		12.107	3.787
Cash outflows related to debt payments arising from lease agreements	**5**	(6.160)	(5.817)
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**125.154**	**60.201**
D. Cash and cash equivalents at the beginning of the period	**4**	91.663	31.462
Cash and cash equivalents at the end of the period	**4**	**216.817**	**91.663**

(*) 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".

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.

Upon the fulfillment of the closing conditions, the capital of Akfen Renewables was increased from TL 634.500 to TL 705.000 with a premium, and USD 44.444.444 was transferred to the Company by EBRD and IFC, each for 5% of the shares. The capital increase registration process was completed as at 12 July 2016.The paid-in capital increase was registered as of 12 July 2016.

As of 9 September 2017, the Group's paid-in capital was increased to TL 793.000 from TL 705.000, with the EBRD and the IFC transferring USD 55.476.753. Thus, the shares of EBRD and IFC increased to 19.99% while the share of Akfen's was 80,01%. As of 9 March 2018, the Group's paid-in capital was increased, on premium, to TL 864.381 from TL 793.000, with the EBRD and the IFC transferring USD 44.999.998. Thus, the shares of EBRD and IFC increased to 26,59% while the share of Akfen's was 73,40%. As of 26 September, 2018, the Group's paid-in capital was increased, on premium, to TL 932.590 from TL 864.381, with the EBRD and the IFC transferring USD 42.999.976. Thus, the shares of EBRD and IFC increased to 15,982% while the share of Akfen's was 68,036%. As of 5 December, 2019, Akfen Renewable Energy's paid-in capital was increased to TL 959,410 in premiums, in this context, the total amount of USD 12.078.804 was transferred to Akfen Renewable Energy by EBRD and IFC, thus the shares of EBRD and IFC increased to 16,993%. Akfen Holding's share was 66,134%. As of 17 February, 2020, Akfen Renewable Energy's paid-in capital was increased to TL 1.016.032 in premiums, in this context, the total amount of USD 20.400.00 was transferred to Akfen Renewable Energy by Akfen Holding and USD 5.100.00 was transferred to Akfen Renewable Energy by EBRD, thus the shares of EBRD increased to 17,10%, IFC share was %15,99 . As of 31 December, 2021 , Akfen Holding's share was 66,91%.

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 31 December 2022; 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”), Kurtal Elektrik Üretim A.Ş. (“Kurtal”) and Yeni Doruk Enerji Elektrik Üretim A.Ş. (“Yeni Doruk”).

As of December 31, 2022, production is continuing at 12 plants with an installed capacity of 228,7 MW (31 December 2021: 235,7 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 31 December 2022, the Group's subsidiaries 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”) WPP constitute these companies.

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 2022, production continues in 6 power central with a total installed capacity of 348,9 MW (31 December 2021: 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 31 December 2022, the Group's subsidiaries 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 group’s SPP companies.

As of 31 December 2022, 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. 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 (Licensed)	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, 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 31 December 2021. 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.

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

In the case before the decision entered into force, the RES support mechanism incentives were to be applied only for RES certified production license holders who would enter into operation before December 31, 2020. Within the scope of the relevant regulation, if the investments are completed by June 30, 2021, WPP Companies can benefit from a minimum purchase guarantee of US $ 7.3 cents / kWs and GPP Companies from a minimum purchase guarantee of US $ 13.3 cents / kWs.

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.

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 :

Galip Erdem Cad. No: 3 Çankaya-Ankara. As at 31 December 2022, the Group has 229 employees (31 December 2021: 213).

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 September 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 are presented in accordance with "Announcement regarding with TFRS Taxonomy" which was published on 15 April 2019 by POA and templates defined in the Illustrative Financial Statements and User Guide published by CMB.

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.

In the announcement dated 20 January 2022 made by the Public Oversight Authority, it was stated that the companies applying TFRS do not need to make any adjustments within the scope of TAS 29 Financial Reporting in High Inflation Economies in their financial statements for the year ended 31 December 2021. Since no new announcement has been made by the Public Oversight Agency regarding the application of inflation accounting, no inflation adjustment has been made according to TAS 29 while preparing the financial statements as of 31 December 2022.

(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)*

Approval of Consolidated Financial statements

Consolidated financial statements have been approved by the Company Management on 1 February 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 31 December 2022 and 31 December 2021, EUR/TL and USD/TL rates are as follows:

	Period end		**Average**	
	EUR	**USD**	**EUR**	**USD**
31 December 2021	19,9349	18,6983	17,3642	16,5512
31 December 2021	14,6823	12.9775	10,4408	8,8557

Fees for Services Received from Independent Auditor / Independent Audit Firms

As of 31 December 2022 and 2021, the independent audit fees are as follows:

	1 January -31 December 2022	1 January – 31 December 2021
Audit and assurance fee	3.370	1.460
Tax consulting fee	562	562
Other assurance services fee	118	75
Total	**4.050**	**2.097**

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 31 December 2022.(31 December 2021: 46)

As of 31 December 2022 and 31 December 2021, the subsidiaries included in the consolidation are as follows:

Company Name	Scope	Major activity	As of 31 December 2022 Ownership (%)	As of 31 December 2021 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
Kurtal Elektrik Üretim A.Ş.	HEPP	Energy Production	-	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

*Kurtal Elektrik Üretim inc. sold on December 27, 2022.

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

ii. The new and revised standards, amendments and interpretations

Standards issued but not yet effective and not early adopted

A number of new standards, interpretations of and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Group has not early adopted are as follows.

TFRS 17 – Insurance Contracts

On 16 February 2019, POA issued IFRS 17 Insurance Contracts. This first truly globally accepted standard for insurance contracts will help investors and others better understand insurers' risk exposure, profitability and financial position. TFRS 17 replaces TFRS 4, which was brought in as an interim Standard in 2004. TFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. TFRS 17 solves the comparison problems created by TFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. TFRS 17 has an effective date of 1 January 2023 but companies can apply it earlier.

The Group does not expect that application of TFRS 17 will have significant impact on its consolidated financial statements.

Initial Application of TFRS 17 and TFRS 9—Comparative Information (Amendment to TFRS 17)

In December 2021, IASB issued Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17). Related changes were published by POA as Amendments to TFRS 17 on 31 December 2021.

The amendment is a transition option relating to comparative information about financial assets presented on initial application of TFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements. TFRS 17 incorporating the amendment is effective for annual reporting periods beginning on or after 1 January 2023.

The Group does not expect that application of these amendments to TFRS 17 will have significant impact on its consolidated financial statements.

Classification of Liabilities as Current or Non-current (Amendments to TAS 1)

On 23 January 2020, IASB issued "Classification of Liabilities as Current or Non-Current" which amends IAS 1 Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position which are issued by POA on 12 March 2020 as amendments to TAS 1.

The amendments clarify one of the criteria in TAS 1 for classifying a liability as non-current—that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

After reconsidering certain aspects of the 2020 amendments; IASB has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. Related amendment was published by POA as "TFRS 2023" on 3 January 2023.

This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. Additional disclosure is also required for non-current liabilities subject to future covenants. The amendments also clarify how an entity classifies a liability that can be settled in its own shares.

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

ii. The new and revised standards, amendments and interpretations

Standards issued but not yet effective and not early adopted (continued)

Classification of Liabilities as Current or Non-current (Amendments to TAS 1) (continued)

The Group shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2024 with earlier application permitted. It also specifies the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments
The Group does not expect that application of these amendments to TAS 1 will have significant impact on its consolidated financial statements.

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to TAS 12 Income Taxes

In May 2021 IASB issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, which amended IAS 12 Income Taxes. Related changes were published by POA as Amendments to TAS 12 on 27 August 2021.

The amendments to TAS 12 Income Taxes clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The amendments clarify that the exemption does not apply to transactions such as leases and decommissioning obligations. These transactions give rise to equal and offsetting temporary differences.

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

The Group does not expect that application of these amendments to Amendments to TAS 12 will have significant impact on its consolidated financial statements.

Definition of Accounting Estimates (Amendments to TAS 8)

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty which is issued by IASB on 12 February 2021. Related changes were published by POA as Amendments to TAS 8 on 11 August 2021.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

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

ii. The new and revised standards, amendments and interpretations

Standards issued but not yet effective and not early adopted (continued)

Definition of Accounting Estimates (Amendments to TAS 8) ***(continued)***

Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and
- choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying TAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.
The Groupdoes not expect that application of these amendments to Amendments to TAS 8) will have significant impact on its consolidated financial statements.

Disclosure of Accounting Policies (Amendments to TAS 1)

IASB has issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures on 12 February 2021. Among these amendments, the ones related to TAS 1 were published by POA as Amendments to TAS 1 on 11 August 2021.

The key amendments to TAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements.

The amendments are effective from 1 January 2023, but companies can apply it earlier.

The Group does not expect that application of these amendments to Amendments to TAS 1) will have significant impact on its consolidated financial statements.

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

ii. The new and revised standards, amendments and interpretations

Standards issued but not yet effective and not early adopted (continued)

Lease Liability in a Sale and Leaseback – Amendments to TFRS 16 Leases

In September 2022, IASB issued Lease Liability in a Sale and Leaseback, which amends IFRS 16 Leases. Related amendment was published by POA as "TFRS 2023" on 3 January 2023. Amendments to TFRS 16 *Leases* impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019.

The amendments confirm the following:

- On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.
- After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted.

Under TAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of TFRS 16. This means that it will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of TFRS 16 in 2019, and potentially restate those that included variable lease payments.

The Group does not expect that application of these amendments to Amendments to TFRS 16 Leases will have significant impact on its consolidated financial statements.

Amendments are effective on 1 January 2022

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2022:

1- Annual Improvements to TFRS Standards 2018–2020 -Amendment to TFRS 1 First-time Adoption of International Financial Reporting Standards, TFRS 9 Financial Instruments, TAS 41 Agriculture
2- Reference to the Conceptual Framework – Amendments to TFRS 3 Business Combinations
3- Property, Plant and Equipment – Proceeds before Intended Use: Amendments to TAS 16 Property, Plant and Equipment
4- Onerous Contracts – Cost of Fulfilling a Contract: Amendments to TAS 37 Provisions, Contingent Liabilities and Contingent Assets

These newly adopted amendments to standards have not been a significant impact on the consolidated financial statements of the Group.

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).
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.

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

iii. Significant accounting polics *(continued)*

Property, Plant and Equipment *(continued)*

Recognition and measurement *(continued)*

The revaluation gap 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. Repair and maintenance costs are recorded in profit or loss when incurred. Power plants consist of groups of assets with similar characteristics used in the Group's operations and include land, buildings, machinery, equipment, furniture and fixtures.Repair costs of tangible fixed assets are recognized as expense. However, they are capitalized if they result in a benefit or a significant improvement in the economic life of the related assets.

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

Depreciation methods, economic lives and residual values are reviewed at the end of each accounting period.

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.

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

iii. Significant accounting polics *(continued)*

Intangible Assets

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.

Impairment of Tangible and Intangible Assets

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.

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

iii. Significant accounting polics *(continued)*

Impairment of Tangible and Intangible Assets *(continued)*

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.

Inventories

Inventories are valued at the lower of cost and net realizable value. Inventory costs are determined using the weighted average cost method and include the cost of purchasing stocks and other costs incurred in bringing the inventories to their current state and location.

Net realizable value is the estimated selling price in the ordinary flow of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

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”..

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

iii. Significant accounting polics *(continued)*

Financial asset *(continued)*

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;

- 12 month ECL: results from default events that are possible within 12 months after reporting date.
- Lifetime ECL: results from all possible default events over the expected life of financial instrument

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

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.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

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.

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

iii. Significant accounting polics *(continued)*

Financial Liabilities *(continued)*

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.

Liabilities are derecognised on the balance sheet when the contractual obligation is fulfilled, canceled or terminated.

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.

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.

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

iii. Significant accounting polics *(continued)*

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 31 December 2022, foreign exchange expense of investment loans amounting to TL 4.654.639 (31 December 2021: TL 2.953.688) is recognized in the “Hedging gains (losses)” account under equity until the cash flows of the related hedged item are realized. has no effect.

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),

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

iii. Significant accounting polics *(continued)*

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.

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 1 January 2021 (2020: 22%). However, with the Provisional Article 13 added to the Corporate Tax Law No. 5220.The rate is 25%

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

iii. Significant accounting polics *(continued)*

Taxes Calculated on Corporate Earnings *(continued)*

for the 2021 taxation period, and for the 2022 taxation period., it has been arranged to be applied as 23% for corporate earnings. 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 25% in the period tax calculations in the financial statements dated 31 December 2022.

Deferred tax

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.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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.

Current and deferred tax for the period

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.

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

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

iii. Significant accounting policies *(continued)*

Tax Risk

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

These tax investigations are still ongoing.The Group management is of the opinion that the 2018 transactions within the scope of the relevant examinations are carried out in compliance with the Turkish Tax Laws. For this reason, the Group does not expect any significant tax issues that may pose a calculable tax risk as a result of these examinations.
Based on the tax compliance and transfer pricing study, the Group has determined that the tax transactions applied by the Group (including those for subsidiaries) are likely to be accepted by the taxation authorities. Accordingly, there is no provision accounted for tax risk in the current period consolidated financial statements of the Group.

Employee Benefits

Severance pay
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 19.982,83,59 TL for each year of service as of 31 December 2022 (31 December 2021: 10.848,59 TL). As of 31 December 2022, the probability of employees leaving the Group is 2,2% (31 December 2021: 2,2%).

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:

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

iii. Significant accounting polics *(continued)*

	31 December 2022	31 December 2021
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	2,2

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.

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.

(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)*

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

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.

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

iii. Significant accounting polics *(continued)*

General accounting principles *(continued)*

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.

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.

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

iii. Significant accounting polics *(continued)*

Right-of-use assets *(continued)*

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.

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.

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

iii. Significant accounting polics *(continued)*

Leasing Obligations *(continued)*

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 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.

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).

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

iv. Going Concern

As of 31 December 2022, the Group has made a net profit of TL 641.243 thousand in the current period. The Group’s short-term liabilities exceed current assets by TL 967.605 thousand. The Group’s debt of TL 214.522 to Akfen is in short term liabilities. As mentioned in the subsequent events note, the Group's debts to its shareholders, which are reported under short-term liabilities in the balance sheet, are paid on 21 December 2022 and the Group has no debts to its related parties.

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 made with the income to be obtained from the power plants in the future. The Group plans to produce adequately in 2022, thereby greatly increasing electricity generation and improving operating results and cash flows.

Accordingly, while preparing its consolidated financial statements, the Group has evaluated that the business can continue its operations in the foreseeable future, and that it can fulfill the repayment conditions of financial debts explained in note 6. Management believes that this will be sufficient to fulfill the repayment conditions as of that date.

The Group mainly financed its foreign currency investments in the same foreign currency type in the 2018-2020 period, as it has a 10-year income indexed to foreign currency due to the Renewable Energy Resources Support Mechanism (“YEKDEM”). However, the Group's reporting is in Turkish Lira and the Turkish Lira has depreciated significantly against foreign currencies in the last 3 years, although the Group has made a profit from its operations, the said investments have entered into a new business and started to generate new cash, the Group's returns Net loss is reported due to the foreign exchange denominated non-cash nature of the loan, which has just begun to be paid.

In order to eliminate the negative effects of the above-mentioned situations on its consolidated financial statements and to provide a more understandable and accurate representation to its stakeholders; (i) Started to apply hedge accounting as of July 1, 2020. (ii) As of 31 December 2022, 31 December 2021 and 31 December 2020, the fair values of the power plants in which it invested in foreign currency were measured by an independent expert firm, and the resulting revaluation increase was accounted for under equity accounts, thereby significantly strengthening its equity.

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.

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 31 December 2022, 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 25).

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

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

Derivative financial assets held for cash flow hedges
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.

Goodwill impairment assessment studies

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 31 December 2022.

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.

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 studies, “income reduction method- FNA Analysis” was applied. Income reduction method- The most basic assumptions affecting the valuation within the framework of “DNA 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 study 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 Thousand or increase by TL 1.820.104 Thousand.

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

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

Revaluation of power plants (continued)

If the electric sales prices 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 1.283.682 Thousand or increase by TL 1.207.258 Thousand.

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 segment assets and liabilities of the Group for the periods ended 31 December 2022 and 31 December 2021 and the profit or loss statement information as of 31 December 2022 and 31 December 2021 are as follows on the basis of operating segments:

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

3. Segment reporting *(continued)*

31 December 2022	HEPP Group	SPP Group	WPP Group	Elektric Wholesale	Other(*)	Total	Consolidation Adjustment and Classification	Consolidated Total
Revenue	679.017	443.232	1.366.954	-	45.501	**2.534.704**	(45.500)	**2.489.204**
Cost of sales (-)	(302.979)	(136.744)	(577.931)	(181)	(1.648)	**(1.019.483)**	1.676	**(1.017.807)**
Gross profit/(loss)	**376.038**	**306.488**	**789.023**	**(181)**	**43.853**	**1.515.221**	**(43.824)**	**1.471.397**
General administrative expenses (-)	(14.171)	(6.600)	(32.919)	(747)	(59.027)	**(113.464)**	46.261	**(67.203)**
Other operating income	165.406	15.811	21.176	4	16.214	**218.611**	(55.050)	**163.561**
Other operating expense (-)	(6.870)	(5.515)	(749)	(5)	(213.111)	**(36.250)**	27.150	**(9.100)**
Income from investment activities	4.342	4	-	-	-	**4.346**	60.105	**64.451**
Operating profit/(loss)	**524.745**	**310.188**	**776.531**	**(929)**	**(22.071)**	**1.588.464**	**(24.508)**	**1.623.106**
Financial income	27.488	136.684	363.172	5.524	44.876	**577.744**	(128.133)	**449.611**
Financial expense (-)	(648.067)	(320.977)	(735.570)	(2.571)	(123.336)	**(1.830.521)**	395.605	**(1.434.916)**
Income/(loss) before tax from continuing operations	**(95.834)**	**125.895**	**404.133**	**2.024**	**(100.531)**	**335.687**	**302.209**	**302.209**
Tax expense	**2.540**	**(694)**	**59.760**	**(34)**	**1.342**	**62.914**	**95**	**63.009**
- Current period tax expense	-	(4.661)	-	-	-	**(4.661)**	-	**(4.661)**
- Deferred tax income/(expense)	2.540	3.967	59.760	(34)	1.342	**67.575**	95	**67.670**
Profit/(loss) for the period	**(93.294)**	**125.201**	**463.893**	**1.990**	**(99.189)**	**398.601**	**243.059**	**641.660**
Depreciation and amortization expenses	146.502	97.099	254.304	18	2.245	**500.168**	5.361	**505.529**
31 December 2022								
Segment assets	5.538.762	2.692.037	10.002.847	30.086	1.975.185	**20.238.917**	(2.436.665)	**17.802.252**
Segment liabilities	2.710.002	1.770.149	6.563.575	27.848	760.902	**11.832.476**	(1.050.648)	**10.781.828**
Capital Expenditure	6.595	485	29.156	-	472	**36.708**	-	**36.708**

(*) Consist of Akfen Renewables

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

3. Segment reporting *(continued)*

31 December 2021	HEPP Group	SPP Group	WPP Group	Elektric Wholesale	Other(*)	Total	Consolidation Adjustment and Classification	Consolidated Total
Revenue	286.938	240.700	763.397	-	17.182	**1.308.217**	(17.181)	**1.291.036**
Cost of sales (-)	(157.954)	(94.510)	(346.378)	(485)	(2.483)	**(601.810)**	(4.805)	**(606.615)**
Gross profit/(loss)	**128.984**	**146.190**	**417.019**	**(485)**	**14.699**	**706.407**	**(21.986)**	**684.421**
General administrative expenses (-)	(5.478)	(4.023)	(12.192)	(673)	(29.611)	**(51.977)**	18.867	**(33.110)**
Other operating income	59.187	11.974	18.452	360	957	**90.930**	(36.212)	**54.718**
Other operating expense (-)	(3.318)	(10.636)	(415)	-	(21.882)	**(36.251)**	24.593	**(11.658)**
Incomes from investment activities	24.829	646	-	-	-	**25.475**	-	**25.475**
Expenses from investment activities (-)	(91.070)	(73)	-	-	-	**(91.143)**	-	**(91.143)**
Operating profit/(loss)	**113.134**	**144.079**	**422.864**	**(798)**	**(35.837)**	**643.442**	**(14.738)**	**628.703**
Financial income	21.770	13.891	255.972	1.403	32.180	**325.216**	(168.123)	**157.093**
Financial expense (-)	(689.627)	(163.928)	(284.300)	(224)	(99.157)	**(1.237.236)**	724.024	**(513.212))**
Income/(loss) before tax from continuing operations	**(554.723)**	**(5.958)**	**394.536**	**380**	**(102.814)**	**(268.578)**	**541.163**	**272.584**
Tax expense	**73.086**	**14.869**	**42.905**	**14**	**792**	**131.666**	**496**	**132.162**
- Current period tax expense	-	(1.472)	-	-	-	**(1.472)**	-	**(1.472)**
- Deferred tax income/(expense)	73.086	16.341	42.905	14	792	**133.138**	496	**133.634**
Profit/(loss) for the period	**(481.637)**	**8.911**	**437.441**	**394**	**(102.022)**	**(136.912)**	**541.659**	**404.746**
Depreciation and amortization expenses	75.698	74.993	152.372	20	2.751	**305.834**	5.353	**311.187**
Impairment of property, plant and equipment	91.070	-	-	-	-	**91.070**	-	**91.070**
31 December 2021								
Segment assets	4.368.196	2.427.573	7.971.500	18.455	1.970.179	**16.755.903**	(2.187.920)	**14.567.983**
Segment liabilities	2.315.683	1.653.614	5.170.596	18.207	656.705	**9.814.805**	(742.909)	**9.071.896**
Capital Expenditure	2.100	204	3.333	-	342	**5.979**	-	**5.979**

(*) Consist of Akfen Renewables

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

4. Cash and cash equivalent

	31 December 2022	31 December 2021
Cash on hand	293	196
Cash at banks		
-Demand deposits	*845*	*527*
Other cash and cash equivalents (*)	215.679	90.940
Project, reserve and fund (**)	686.390	706.289
Cash and cash equivalents	**903.207**	**797.952**
Project, reserve and fund(**)	(686.390)	(706.289)
Cash and cash equivalent in statement of cash flows	**216.817**	**91.663**

(*) As 31 December 2022 and 31 December 2021 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

There is no the time deposits, due dates and interest rates of the Group as of 31 December 2022 are as follows. (31 December 2021: None)

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

Currency	Expiry	Interest rate %	31 December 2022
TL	January 2023	3,0-13.0	16.466
USD	January 2023	0,01-2,50	599.092
Time Deposits			615.558
TL			8.581
USD			55.648
EUR			6.603
Demand deposits			70.832
Total project, reserve and fund			**686.390**

Currency	Expiry	Interest rate %	31 December 2021
TL	January 2022	3,0-20,0	11.219
USD	January 2022	0,01-0,05	622.890
Time Deposits			634.109
TL			4.034
USD			66.197
EUR			1.949
Demand deposits			72.180
Total project, reserve and fund			**706.289**

Currency, interest rate risks and sensitivity analyzes for the Group's financial assets and liabilities are disclosed in Note 29.

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

5. Financial borrowings

Bank Loans

The details of bank loans as of 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Short-term portions of long-term bank loans	1.553.224	1.040.060
Long-term bank loans	5.814.376	5.128.300
Total bank loans	**7.367.600**	**6.168.360**

As of 31 December 2022 and 31 December 2021, the terms and conditions of open bank loans are as follows:

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**

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

5. Financial borrowings *(continued)*

31 December 2021	Currency	Nominal Interest Rate %	Year of Maturity	Nominal Amount	Carrying Amount
Secured bank loans (1)	USD	5,9	2025	1.289.727	1.311.669
Secured bank loans (2)	USD	5,5 - 6,8	2027	237.950	244.331
Secured bank loans (3)	USD	5,6	2024	16.408	16.936
Secured bank loans (4)	USD	3,5+ floating rate	2027	16.804	16.948
Secured bank loans (5)	USD	3,5+ floating rate	2027	1.736	1.711
Secured bank loans (5)	USD	3,5+ floating rate	2027	2.399	2.391
Secured bank loans (5)	USD	2,0+ floating rate	2030	91.342	89.458
Secured bank loans (5)	EUR	3,0+ floating rate	2026	9.052	9.116
Secured bank loans (6)	EUR	3,0+ floating rate	2025	5.558	5.656
Secured bank loans (6)	EUR	3,0+ floating rate	2026	7.543	7.633
Secured bank loans (4)	EUR	3,0+ floating rate	2026	679	683
Secured bank loans (4)	EUR	3,0+ floating rate	2027	1.780	1.796
Secured bank loans (7)	USD	5,35+ floating rate	2033	534.599	514.999
Secured bank loans (7)	USD	0,90+ floating rate	2033	2.240.964	2.236.673
Secured bank loans (8)	USD	5,45+ floating rate	2032	445.694	433.565
Secured bank loans (8)	USD	5,55+ floating rate	2033	451.083	438.590
Secured bank loans (9)	USD	6,95	2031	836.289	836.206
Total				**6.189.608**	**6.168.360**

The details of bank loans as of 31 December 2022 and 31 December 2021 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 Companies; HHK and Kurtal, shares of Akfen Renewable on HHK and Kurtal, 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 and Kurtal
- Assignment of insurance receivables
- Assignment of project incomes
- Commercial enterprise pledge
- 1st degree pledge on real estate

HEPP Group Companies of Akfen, HHK and Kurtal, guarantees pay back of loan during the operation period. There is cross surety of HHK and Kurtal during the loan life.

(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.

5. 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.

(5) Used for the financing of the licensed SPP projects of Solentegre Enerji Yatırımları Ticaret A.Ş.

(6) Used for the project finance of Günova Elektrik Üretim A.Ş and Yeşildere Elektrik Üretim San. Ve Tic. A.Ş.

(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
- 1st degree real estate pledge
- Movable Assets Pledge
- Assignment of subordinated receivables
- Assignment of hedging receivables and rights

Akfen Renewable is a guarantor 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 Renewable 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.)

5. Financial borrowings *(continued)*

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

	Nominal amount		Carrying Amount	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Less than 1 year	1.117.330	809.617	1.553.224	1.040.060
1-2 years	1.131.633	827.401	1.404.821	967.503
2-3 years	1.068.638	837.594	1.198.292	894.622
3-4 years	636.416	792.642	722.323	775.387
5 years and more	2.976.148	2.922.354	2.488.940	2.490.788
Total	**6.930.165**	**6.189.608**	**7.367.600**	**6.168.360**

Leasing payables

The details of leasing payables as of 31 December 2022 and 31 December 2021 are as follows:

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

31 December 2021	Currency	Nominal Interest Rate %	Short term	Long term
Lease payables	TL	16,22	8.216	94.002

Movement of financial borrowings for the period between 31 December 2022 and 31 December 2021 is stated as follows:

	2022	2021
Financial borrowings at the beginning of the year	**6.270.578**	**4.067.655**
Proceeds from borrowings	(1.645.114)	(922.190)
Proceeds from acquisition	(479.732)	(336.326)
Proceeds from leasing	(6.160)	(5.817)
Interest accrual	1.018.863	383.242
Foreign exchange loss(*)	2.458.998	3.084.014
Financial borrowings at the ending of the year	**7.617.433**	**6.270.578**

(*) The withdrawn amount of hedge accounting amounting to TL 1.708.215 (2021: TL 2.689.899) is included in the exchange differences shown in the cash flow statement as of 31 December 2022

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

6. Trade and other receivables

The Group's trade receivables *payables as* of 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Trade receivables from third parties	451.176	206.696
Doubtful trade receivables	9.701	7.151
Provision for doubtful trade receivables (-)	(9.701)	(7.151)
Current trade receivables	**451.176**	**206.696**

The movements of provision for doubtful receivables for the years ended 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Openning Balance	7.151	4.442
Reserving provision in current period	2.550	2.709
Ending Balance	**9.701**	**7.151**

	31 December 2022	31 December 2021
Trade receivables from third parties	3.206	2.183
Non current trade receivables	**3.206**	**2.183**

The maturity distribution and impairment of trade receivables from non-related parties that are overdue as of 31 December 2022 and 31 December 2021, are as follows:

	31 December 2022	31 December 2021
0-3 months past due	-	-
3-12 months past due	-	-
1-5 years past due	9.701	7.151
More than 5 years past due	-	-
Total overdue receivables	**9.701**	**7.151**

Currency, interest rate risks and sensitivity analyzes for the Group’s financial assets and liabilities are disclosed in Note 29.

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

6. Trade and other receivables *(continued)*

The Group's other receivables as of 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Other receivables from third parties	3.048	5.539
Deposits and guarantees given	-	7
Current other receivables	**3.048**	**5.546**

	31 December 2022	31 December 2021
Other receivables from third parties	3.308	2.131
Deposits and guarantees given	11.892	6.208
Non current other receivables	**15.200**	**8.339**

7. Trade and other payables

As of 31 December 2022 and 31 December 2021, the Group's trade payables are as follows:

	31 December 2022	31 December 2021
Trade payables to third parties	506.275	174.417
Trade payables to related parties (Note: 27)	11.637	4.267
Current trade payables	**517.912**	**178.684**

Currency, interest rate risks and sensitivity analyzes for the Group’s financial assets and liabilities are disclosed in Note 29.

As of 31 December 2022 and 31 December 2021, the Group's other payables are as follows:

	31 December 2022	31 December 2021
Other Payables to related parties (Note 27) (*)	-	328.998
Taxes and funds payable	27.450	15.545
Other payables to third parties	-	10
Current other payables	**27.450**	**344.553**

	31 December 2022	31 December 2021
Deposits and guarantees received	107	49
Other payables to third parties	-	97
Long term other payables	**107**	**146**

(*) As of 31 December 2022, the Group has no obligation to pay its debts to Akfen Holding within a certain maturity, except for various exceptional circumstances, according to the Partners Agreement.

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

8. Property, plant and equipment

As of 31 December 2022, the movements of the property, plant and equipment and related accumulated depreciation are as follows:

	1 January 2022	Additions	Revaluation Fund	Impact of subsidiary sale	Disposal	31 December 2022
Cost:						
Land	5.484	20.964	-	-	-	**26.448**
Buildings	368.270	803	-	-	-	**369.073**
Machinery and equipment	13.273.351	6.909	3.178.270	(82)	(28)	**16.458.420**
Vehicles	1.149	591	-	-	(211)	**1.529**
Furniture and fixtures	5.839	1.701	-	(98)	-	**7.442**
Leasehold improvements	3.388	163	-	-	-	**3.551**
Construction in progress	4.499	5.577	-	-	-	**10.076**
Total	**13.661.980**	**36.708**	**3.178.270**	**(180)**	**(239)**	**16.876.539**
Accumulated depreciation:						
Buildings	47.061	9.016	-	-	-	**56.077**
Machinery and equipment	821.311	474.315	-	(36)	(4)	**1.295.586**
Vehicles	397	245	-	-	(114)	**528**
Furniture and fixtures	3.012	956	-	(44)	-	**3.924**
Leasehold improvements	2.300	25	-	-	-	**2.325**
			-		-	
Total	**874.081**	**484.557**	**-**	**(80)**	**(118)**	**1.358.440**
Net book value	**12.787.899**	**(447.849)**	**3.178.270**	**(100)**	**(121)**	**15.518.099**

In the period ending on 31 December 2022, depreciation expenses of TL 438.927 are shown in cost of sales and TL 630 in general administrative expenses respectively.
Collaterals, pledges and mortgages on property, plant and equipment are presented in Note 5 and Note 12.
As of 31 December 2022, there are no capitalized borrowing costs on property, plant and equipment.
As of 31 December 2022 and 31 December 2021, 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.)

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

As of 31 December 2021, the movements of the property, plant and equipment and related accumulated depreciation are as follows:

	1 January 2021	Additions	Revaluation Fund	Impairment of Property, Plant and Equipment (*)	Disposals	31 December 2021
Cost:						
Land	5.453	31	-	-	**-**	**5.484**
Buildings	385.276	13	-	(17.020)	**-**	**368.269**
Machinery and equipment	7.048.368	3.610	6.302.920	(79.931)	(1.616)	**13.273.351**
Vehicles	1.136	13	-	-	**-**	**1.149**
Furniture and fixtures	4.847	1.133	-	(141)	**-**	**5.839**
Leasehold improvements	3.386	2	-	-	**-**	**3.388**
Construction in progress	3.327	1.173	-	-	**-**	**4.500**
Total	**7.451.793**	**5.975**	**6.302.920**	**(97.092)**	**(1.616)**	**13.661.980**
Accumulated depreciation:						
Buildings	38.562	9.239	-	(740)	**-**	**47.061**
Machinery and equipment	540.084	287.203	-	(5.229)	(748)	**821.310**
Vehicles	172	225	-	-	**-**	**397**
Furniture and fixtures	2.285	781	-	(53)	**-**	**3.013**
Leasehold improvements	1.791	509	-	-	**-**	**2.300**
Total	**582.894**	**297.957**	**-**	**(6.022)**	**(748)**	**874.081**
Net book value	**6.868.899**	**(291.982)**	**6.302.920**	**(91.070)**	**(868)**	**12.787.899**

(*) Note 24.2

In the year ended 31 December 2021, depreciation expenses are shown in the cost of sales of TL 297.683 and in general administrative expenses of TL 274, respectively.
Collaterals, pledges and mortgages on property, plant and equipment are presented in Note 5 and Note 12.
As of 31 December 2021, there are no capitalized borrowing costs on tangible assets.

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

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

As of 31 December, 2022, the Group has revalued all its power plants and and the increase in value resulting from its revaluation is reflected in the consolidated financial statements.

As of 31 December 2022 and 31 December 2021, the fund movement table related to the valuation is as follows:

1 January 2021	**2.873.141**
Transfers	(112.281)
Value increase resulted from revaluation	5.022.472
31 December 2021	**7.783.332**
1 January 2022	**7.783.332**
Transfers	(232.109)
Depreciation transfer related to PPE revaluation	2.539.537
31 December 2022	**10.090.760**

If the Group has not adopted the revaluation model in accordance with IAS 16, the table showing the net book value of property, plant and equipment items as of 31 December 2022 and 31 December 2021 is as follows:

	31 December 2022	**31 December 2021**
Machinery and equipment	**2.704.203**	**2.794.716**

9. Intangible assets

Movements of intangible assets and accumulated amortization during the period ended 31 December 2022 are as follows:

	1 January 2022	**Additions**	**Impact of subsidiary sale**	**Disposals**	**31 December 2022**
Cost:					
Rights	467.042	-	(2.111)	-	**464.931**
Goodwill	42.463	-		-	**42.463**
Other intangible assets	27.800	-		-	**27.800**
Total	**537.305**	**-**	**(2.111)**	**-**	**535.194**
Accumulated depreciation:					
Rights	50.173	10.476	(749)	-	59.900
Other intangible assets	3.838	591		-	4.429
Total	**54.011**	**11.067**	**(749)**	**-**	**64.329**
Net book value	**483.294**	**(11.067)**	**(1.362)**	**-**	**470.865**

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.)

9. Intangible assets *(continued)*

Movements of intangible assets and accumulated amortization during the period ended 31 December 2021 are as follows:

	1 January 2021	Additions	Disposals	31 December 2021
Cost:				
Rights	467.042	-	-	**467.042**
Goodwill	42.463	-	-	**42.463**
Other intangible assets	27.796	4	-	**27.800**
Total	**537.301**	**4**	**-**	**537.305**
Accumulated depreciation:				
Rights	39.701	10.472	-	50.173
Other intangible assets	3.212	626	-	3.838
Total	**42.913**	**11.099**	**-**	**54.011**
Net book value	**494.388**	**(11.095)**	**-**	**483.294**

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

10. Right of use assets

Movements of right-of-use assets as of 31 December 2022 and 31 December 2021 are presented below.

	1 January 2021	Addition	Disposal	31 December 2022
Cost				
Land(*)	76.754	75.554	-	152.308
Total	**76.754**	**75.554**	**-**	**152.308**
Accumulated depreciation				
Land(*)	5.865	9.905	-	15.770
Total	**5.865**	9.905	**-**	**15.770**
Net book value	**70.889**	**65.649**	**-**	**136.538**

	1 January 2020	Addition	Disposal	31 December 2021
Cost				
Land(*)	73.588	3.166	-	76.754
Total	**73.588**	**3.166**	**-**	**76.754**
Accumulated depreciation				
Land(*)	3.734	2.131	-	5.865
Total	**3.734**	2.131	**-**	5.865
Net book value	**69.854**	**1.035**	**-**	**70.889**

(*)It consists of land rent and forest permits.
No depreciation expense was incurred during the period ended on December 31, 2022 and 2021

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

11. Provisions

11.1 Employee benefits

Employee benefits as of 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Provision for unused vacation - current	3.098	2.646
Provision for severance pay - non current	19.543	9.254
Provision for employee benefits	**22.641**	**11.900**

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 31 December 2022 and 31 December 2021, the provision for unused vacation movements are as follows

	31 December 2022	31 December 2021
Opening Balance	2.646	1.918
Current period increase/(decrease)	668	961
Paid during the period	(216)	(233)
Ending Balance	**3.098**	**2.646**

As of 31 December 2022 and 2021, the provision for severance pay movements are as follows

	31 December 2022	31 December 2021
Opening Balance	9.254	5.443
Interest Expenses	118	708
Service Expenses	67	1.232
Paid during the period	(289)	(558)
Actuarial earnings	10.393	2.429
Ending Balance	**19.543**	**9.254**

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.)

11. Provisions *(continued)*

11.1 Employee benefits *(continued)*

Sensitivity analysis for significant assumptions as of 31 December 2022 and 30 December 2021 is as follows:

	Impact on severance pay liability	
Assumptions for Severance Pay Liability	**31 December 2022**	**31 December 2021**
Inflation change		
1% increase	(2.416)	(884)
1% decrease	2.050	755
Interest rate change		
1% increase	1.995	721
1% decrease	(2.387)	(854)

11.2 Other provisions

Other provisions as of 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Other current provisions(*)	9.817	19.635
Other current provisions	**9.817**	**19.635**

	31 December 2022	31 December 2021
Other non current provisions(*)	-	9.817
Provision for litigation	2.618	2.300
Other non current provisions	**2.618**	**12.117**

(*) 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").

Movements of the provision on litigation are as follows:

	31 December 2022	31 December 2021
Balance at the beginning of the period	2.300	1.020
Additions	318	1.280
Period-end balance	**2.618**	**2.300**

Movements of the other provisions are as follows:

	31 December 2022	31 December 2021
Balance at the beginning of the period	29.452	89.486
Payments	(19.635)	(60.034)
Period-end balance	**9.817**	**29.452**

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

12. Commitment and contingencies

12.1 GPM given by the Group

As of 31 December 2022 and 31 December 2021, the Group's statements on its position related to letters of guarantee/pledges/mortgages are as follows:

GPM given by the Group	31 December 2022	31 December 2021
A.Total Amount of GPM Given on Behalf of Own Legal Entity	22.964.507	16.426.500
B.Total Amount of GPM Given in Favor of	-	-
Partnerships which are Fully Consolidated	26	26
aC.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	**22.964.533**	**16.426.526**

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

	31 December 2022 (*)			31 December 2021 (*)		
	TL	USD	EUR	TL	USD	EUR
GPM given on behalf of the Group's own legal entity	211.897	22.611.072	141.538	201.182	16.118.202	107.116
GPM given in favor of companies under full consolidation	26	-	-	26	-	-
Toplam	**211.923**	**22.611.072**	**141.538**	**201.208**	**16.118.202**	**107.116**

(*)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 31.12.2022; total amount of bank letters of guarantee is TL 76.848 (31.12.2021: TL 66.134), total amount of hypothec and mortgages is TL 22.887.685 (31.12.2021: TL 16.360.393)

The ratio of the total amount of GPM's given by the Group to the Group's equity is 0% as of 31.12.2022 (31.12.2021: 0%).

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

12. Commitment and contingencies *(continued)*

12.2 Guarantees Received

	Currency	31 December 2022 TL	31 December 2021 TL
Letters of guarantee received (*)	USD	819.602	634.353
Letters of guarantee received (*)	EUR	180.280	141.317
Letters of guarantee received (*)	TL	1.897	1.650
Total		**1.001.779**	**777.320**

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

13. Prepaid Expenses

As of 31 December 2022 and 31 December 2021, short and long term prepaid expenses are as follows:

	31 December 2022	31 December 2021
Prepaid Expenses (*)	57.830	33.229
Advances Given	1.447	2.696
Personnel and job advances	858	260
Short-term Prepaid Expenses	**60.135**	**36.185**

	31 December 2022	31 December 2021
Advances Given	985	783
Prepaid Expenses (*)	67.668	74.680
Long-term prepaid expenses	**68.653**	**75.463**

(*) Consists of loan insurance expenses.

14. Liabilities arising from customer contracts

As of 31 December 2022 and 31 December 2021, the liabilities arising from sales are as follows:

	31 December 2022	31 December 2021
Contractual liabilities arising from sales	259.576	139.753
Liabilities arising from customer contracts	**259.576**	**139.753**

It is included in the contract liability balance at the beginning of the period, and the amount of revenue recognized in the financial statements during the reporting period is 259.576 TL for the period ending on 31 December 2022.

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

15. Other current and non current assets

As of 31 December 2021 and 31 December 2021, other current and non current assets are as follows:

	31 December 2022	31 December 2021
Deferred VAT (*)	3.490	5.575
Other	422	448
Other current assets	**3.912**	**6.023**

	31 December 2022	31 December 2021
Deferred VAT (*)	38.785	44.102
Other non current assets	**38.785**	**44.102**

(*) Deferred VAT are related to the VAT assumed due to the investments made. Since the related companies have just started their activities or are in the investment phase, they have VAT debts in the amount that they can deduct these VAT receivables.

16. Derivative financial instruments

As of 31 December 2022 and 31 December 2021, detail of derivative financial instruments is as follows:

	31 December 2022	31 December 2021
Liabilities from derivative financial instruments	-	324.510
Assets from derivative financial instruments	104.187	-
Derivative financial instruments	**104.187**	**324.510**

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

31 December 2021	Currency	Maturity Date	Original contract value	Liability
Derivative liability	USD	December 14, 2033	810.252	85.711
Derivative liability	USD	June 20, 2033	2.055.896	238.799
Derivative financial instruments				**324.510**

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

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

17. Equity, Reserves and Other Equity Items

17.1 Equity

The Group's shareholders and share capital structure as of 31 December 2022 and 31 December 2021 are as follows:

	31 December 2021		31 December 2021	
	Share (%)	**TL**	**Share (%)**	**TL**
Akfen	66,91	679.797	66,91	679.797
EBRD	17,10	173.780	17,10	173.780
IFC	15,99	162.455	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 2021: 1.016.032) with TL 1 nominal price each. The Company’s capital is fully paid.

17.2 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 31 December 2022 (31 December 2021: TL 543.211).

17.3 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.

17.4 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 31 December 2022, the Group's restricted reserves set aside from profit is TL 20.980 (31 December 2021: TL 21.041).

17.5 Revaluation of property, plant and equipment

As of 31 December 2022 and 31 December 2021 the Group has revalued all its centrals and reflected the value increase resulting from the revaluation to the consolidated financial statements. As of 31 December 2022, the amount of revaluation value increase net of deferred tax effect is TL 10.090.760 (31 December 2021:7.783.332)

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

17. Equity, Reserves and Other Equity Items (continued)

Defined benefit plans remeasurement

As of 31 December 2022, it consists of actuarial losses accounted for as other comprehensive income related to severance pay provision amounting to TL 11.465 (31 December 2021: TL 3.670).

17.6 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, one of the application methods specified in TAS 39, and in the other comprehensive income statement for the year ended 31 December 2022, other cash flow hedges amounting to TL 4.654.639 comprehensive expense has been recognized (31 December 2021: 2.953.688 TL)

18. Revenue

The analysis of the Group's revenue for the period ended 31 December 2022 and 31 December 2021 is as follows:

	1 January - 31 December 2022	1 January -31 December 2021
HEPP	679.017	286.938
SPP	443.232	240.700
WPP	1.366.955	763.398
Total	**2.489.204**	**1.291.036**

19. Cost of sales

The analysis of the Group's costs of sales for the period ended 31 December 2022 and 2021 is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Depreciation and amortization expenses	504.899	310.913
Contribution fee of WPP	153.859	94.291
Maintenance and repair expenses	136.991	80.461
System usage fee	68.136	43.112
Personnel expenses	45.407	24.409
Insurance expenses	44.009	22.862
Taxes and other fees	13.992	9.549
Consultancy expenses	19.578	8.116
Vehicle expenses	6.728	1.944
Security expenses	5.046	1.712
Personnel transportion expenses	4.122	1.850
Electricity costs	1.310	579
Other	13.730	6.817
Total	**1.017.807**	**606.615**

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

20. General administrative expenses

The analysis of the Group's general administrative expenses for the period ended 31 December 2022 and 2021 is as follows:

	1 January 31 December 2022	**1 January 31 December 2021**
Personnel expenses	30.929	17.752
Consultancy expenses	12.164	6.192
Support services expenses	9.797	3.301
Advertising expenses	2.123	580
Office expenses	2.127	1.083
Travel expenses	1.956	470
Vehicle expenses	1.961	684
Taxes and other fees	1.316	1.107
Rent expenses	748	671
Representation and hospitality expenses	550	218
Depreciation and amortization expenses	630	274
Charity and donations	571	107
Other	2.331	671
Total	**67.203**	**33.110**

21. Expense by nature

	1 January 31 December 2022	**1 January 31 December 2021**
Depreciation and amortization expenses	505.529	311.187
Contribution fee of WPP	153.859	94.291
Maintenance and repair expenses	136.991	80.461
Personnel expenses	76.336	42.161
System usage fee	68.136	43.112
Insurance expenses	44.009	22.862
Consultancy expenses	31.742	14.308
Taxes and other fees	15.308	10.656
Vehicle expenses	8.689	2.628
Security expenses	5.046	1.712
Support services expenses	9.797	3.301
Personnel transportion expenses	2.123	580
Advertising expenses	4.122	1.850
Office expenses	2.127	1.083
Travel expenses	1.956	470
Electricity costs	1.310	579
Rent expenses	748	671
Represents hospitality expenses	550	218
Donations Expenses	571	107
Other	16.061	7.488
Total	**1.085.010**	**639.725**

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

22. Other operating income and expense

22.1 Other operating income

The analysis of the Group's other operating expenses for the period ended 31 December 2022 and 2021 is as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
Insurance compensation income	150.802	47.859
Carbon sales income	6.434	-
Other	6.325	6.859
Other operating income	**163.561**	**54.718**

22.2 Other operating expense

The analysis of the Group's other operating expenses for the period ended 31 December 2022 and 31 December 2021 is as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
Foreign exchange loss on trade receivables and payables, net	3.872	5.475
Litigaiton expense	318	1.280
Receivable provision expenses	2.550	2.710
Other	2.360	2.193
Other operating expense	**9.100**	**11.658**

23. Income and expenses from investment activities

23.1 Income from investment activities

	1 January – 31 December 2022	1 January – 31 December 2021
Tangible assets revaulation	3.848	24.829
Subsidiary sales revenue	60.105	-
Tangible asset sales profit	498	646
Income from investment activities	**64.451**	**25.475**

23.2 Expenses from investment activities

The analysis of the Group's investment activities expenses for the period ended 31 December 2022 and 2021 is as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
Tangible asset sales expense	-	73
Impairment of property, plant and equipment	-	91.070
Expenses from investment activities	**-**	**91.143**

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

24. Financial income and expense

The financial income and expenses for the period ended 31 December 2022 and 2021 consists of the following:

	1 January – 31 December 2022	1 January – 31 December 2021
Earnings from derivatie transactions	428.698	-
Foreign exchange gain, net	-	148.906
Interest income	16.037	7.167
Discount interest income, net	4.876	1.020
Financial income	**449.611**	**157.093**
Interest expenses	(997.816)	(419.830)
Foreign exchange loss, net	(284.922)	-
Interest expense from lease liabilities	(80.448)	(15.378)
Letter of guarantee and bank loan commissions	(63.784)	(35.924)
Lost from derivative transactions	-	(34.114)
Other	(7.946)	(7.966)
Financial expense	**(1.434.916)**	**(513.212)**
Financial income/(expense), net	**(985.305)**	**(356.119)**

25. 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 (2020: 22%). However, with the Provisional Article 13 added to the Corporate Tax Law No. The rate is set to be 25% for corporate earnings for the 2021 taxation period and 23% for corporate earnings 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 23% in the calculations of the period tax in the financial statements dated December 31, 2021.

Within the scope of the said amendment, deferred tax assets and liabilities in the consolidated financial statements dated 31 December 2022 are calculated with the rates of 23% and 20% for the portions of temporary differences that will have tax effects in 2021, 2022 and the following periods, respectively.

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

25. Taxation (continued)

As of 31 December 2022, 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	% 23 and % 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 are subject to 15% withholding tax, except for non-resident companies that generate income through a workplace or their permanent representative in Turkey, and those made to companies residing in Turkey. However, on 22 December 2021 31697 published in the Official Gazette numbered, dated, numbered 193 of the Income Tax Law No. 4936 president in accordance with the decision on profit distribution of the corporate tax law No. 5520, if the provisions in the arrangement is made, a 15% withholding tax rate of 10% has been reduced. In the application of withholding tax rates for profit distributions to non-resident companies and natural persons, the withholding tax rates 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.)

25. 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.

25.1 Current income/(expense) tax

The details of tax expense for the period ending on 31 December 2022 and 2021 are as follows:

	1 January – 31 December 2022	1 January –31 December 2021
Current period tax expense	(4.661)	(1.472)
Deferred tax income	67.670	133.634
Tax income	**63.009**	**132.162**

25.2 Period profit tax liability

The reported tax expenses for the years ended 31 December 2022 and 2021 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:

	31 December 2022	%	31 December 2021	%
Income for the period	**641.660**		**404.746**	
Taxable income	**63.009**	10	**132.162**	33
Income / (Loss) excluding income tax	**578.651**		**272.584**	
Income tax expense using the Group's domestic rate	(133.090)	**23**	(68.146)	**25**
Change in tax rate	32.648	(6)	17.498	(6)
Other revenues which are not subject to tax	394.964	(68)	537.980	(197)
Disallowable expenses	(81.657)	14	(73.355)	27
Accumulated loss which is no deferred tax is recognized	(149.476)	26	(281.110)	103
Other	(380)	0	(705)	0
Tax income	**63.009**		**132.162**	
Current tax expense (A)	(4.661)		(1.472)	
Tax to be deducted (B)	6.136		5.985	
Current tax-related assets/(liabilities), net (A+B)	**1.475**		**4.513**	

The Group has a total of TL 3.011.990 (31 December 2021: TL 2.607.501) accumulated financial losses that can be deducted against future profits, and it is assumed that TL 802.472 (31 December 2021: TL 846.017) will be used and TL 420.916 (31 December 2021: 173.067 TL) tax asset is recorded. Deferred tax assets are not recorded as it is thought that the accumulated financial losses of TL 996.137 (31 December 2021: TL 1.761.484) will not be subject to tax in the coming years.

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

25. Taxation (continued)

25.2 Current income/(expense) tax (continued)

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

	31 December 2022	31 December 2021
2022	-	9.949
2023	40.941	25.646
2024	85.228	85.798
2025	51.864	48.622
2026	1.570.744	1.591.469
2027	460.478	-
Total	**2.209.255**	**1.761.484**

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

	31 December 2022	31 December 2021
2023	321.958	128.782
2024	446.461	471.526
2025	30.419	215.883
2026	-	29.826
2027	3.634	-
Total	**802.472**	**846.017**

25.3 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 31 December 2022 and 2021 are as follows:

	1 January – 31 December 2022	1 January - 31 December 2021
Deferred tax liability as of 1 January, net	(1.731.190)	(609.206)
Recognized in the statement of profit or loss	67.670	133.634
Recognized in the statement of other comprehensive income	(634.884)	(1.255.618)
Impact of sales subsidiary	(579)	-
Deferred tax (asset)/ liability as of the end of the period, net	**(2.298.983)**	**(1.731.190)**

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

25. Taxation (continued)

25.3 Deferred tax assets and liabilities (continued)

Deferred tax assets and deferred tax liabilities as of 31 December 2022 and 31 December 2021 were attributable to the items detailed in the table below:

	Assets		Liabilities		Net	
	31 December 2022	**31 December 2021**	**31 December 2022**	**31 December 2021**	**31 December 2022**	**31 December 2021**
Tangible and intangible assets	-	-	(2.586.148)	(2.006.868)	**(2.586.148)**	**(2.006.868)**
Severance pay and unused vacation provisions	4.624	2.380	-	-	**4.624**	**2.380**
Financial borrowings	128.768	42.311	-	-	**128.768**	**42.311**
Fair value impact of derivative instruments	-	64.902	(20.837)	-	**(20.837)**	**64.902**
Tax losses carried forward	170.152	173.068	-	-	**170.152**	**173.068**
Other	4.458	-	-	(6.982)	**4.458**	**(6.982)**
Deferred tax asset/(liability)	**308.002**	**282.661**	**(2.606.985)**	**(2.013.850)**	**(2.298.983)**	**(1.731.189)**
Net-off	(285.020)	(244.692)	285.020	244.692	-	-
Deferred tax asset/(liability)	**22.982**	**37.968**	**(2.321.965)**	**(1.769.158)**	**(2.298.983)**	**(1.731.190)**

26. 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 31 December 2022 and 31 December 2021 are as follows:

Number of shares	**31 December 2022**	**31 December 2021**
1 January	1.016.032.000	1.016.032.000
End of Period	**1.016.032.000**	**1.016.032.000**
Number of shares available during the year	1.016.032.000	1.016.032.000
Net profit	700.393	408.070
Earnings per share (full TL)	0,69	0,40
Earnings per share	0,69	0,40

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.

27. 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.)

27. Related party disclosures (continued)

27.1 Balances with related parties

Summary of Related Party balances as of 31 December 2022 and 31 December 2021 are summarized in below:

	31 December 2022	31 December 2021
Akfen [1]	11.565	3.896
Akfen Turizm Yatırımları ve İşletmecilik A.Ş. ("Akfen Turizm") [2]	72	33
European Bank for Reconstruction and Development ("EBRD") [1]	-	338
Current trade payables to related parties	**11.637**	**4.267**
Akfen [1]	-	328.998
Non current other payables to related parties	**-**	**328.998**

(1) The average maturity of the main partner and its subsidiaries is less than 3 months.
(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 31 December 2022 and 2021, the services received from related parties are as follows:

Services received due from related parties	**31 December 2022**		**31 December 2021**	
Company	**Amount**	**Nature**	**Amount**	**Nature**
Akfen(1)	49.658	Financing expense	51.437	Financing expense
Akfen(1)	9.797	Support services expenses	3.301	Support services expenses
Akfen Gayrimenkul Portföy Yönetimi A.Ş.("Akfen GPYŞ")(2)	556	Rent expenses	513	Rent expenses
Acacia Maden İşletmeleri A.Ş. (“Acacia Maden”)(2)		Other	88	-
Akfen Turizm(2)	606	Financial Expenses	181	Financial Expenses
Türkiye İnsan Kaynakları Eğitim ve Sağlık Vakfı (Tikav)(2)	372	Personnel meal expenses	0	-
European Bank for Reconstruction and Development ("EBRD") [1]	784	Other	0	Other
	61.773		**55.520**	

(1) The main partner and its subsidiaries
(2) Other group companies and parent affiliates controlled by the parent shareholders

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

28. 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 31 December 2022, benefits provided to senior executives are 6.718 TL (31 December 2021: 4.205 TL).

29. Financial risk management objectives and policies

29.1 Credit risk

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

31 December 2022	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)	**-**	**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	Receivables		Other Receivables			
	Trade Receivables	Other Receivables	Related Party	Other Party	Bank Deposit	Other
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.)

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

29.1 Credit risk *(continued)*

31 December 2021	**Receivables**					
	Trade Receivables		**Other Receivables**		**Bank Deposits**	**Other**
	Related Party	**Other Party**	**Related Party**	**Other Party**		
Maximum credit risk exposure as of the reporting date (A+B+C+D+E)	**-**	**208.879**	**-**	**13.885**	**797.756**	**-**
- 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	-	208.879	-	13.885	797.756	
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)	-	4.442	-	-	-	-
- Impairment (-)	-	(4.442)	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
E. Elements including off-balance-sheet financing	-	-	-	-	-	-

31 December 2021	**Trade Receivables**		**Other Receivables**			
	Related Party	**Other Party**	**Related Party**	**Other Party**	**Bank Deposit**	**Other**
0-3 months overdue	-	-				
3-12 months overdue	-	-				
1-5 years overdue	7.151	-	-	-	-	-
More than 5 years overdue	-	-	-	-	-	-
Total receivables overdue	7.151	-	-	-	-	-
Total provisions reserved	(7.151)	-	-	-	-	-
Portion guaranteed with a collateral, etc.	-	-	-	-	-	-

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

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

29.2 Liquidity risk

As of December 31, 2022 and December 31, 2021, the Group's financial liabilities, including estimated interest payments, are as follows:

Non derivative financial liabilities

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 payables to related parties	11.637	(11.637)	(11.637)	-	-	-
Other payables (*)	-	-	-	-	-	-

31 December 2021 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	6.168.360	(8.212.243)	(40.455)	(1.167.874)	(3.954.010)	(3.049.904)
Leasing payables	102.218	(102.218)	-	(8.216)	(30.237)	(63.765)
Trade payables to third parties	174.417	(174.417)	(119.400)	(55.017)	-	-
Trade payables to related parties	333.265	(333.265)	(333.265)	-	-	-
Other payables (*)	107	(107)	(10)	-	(97)	-

(*)Non-financial liabilities such as security deposits and advances taken are not included within other payables.

Derivative financial liabilities

As of 31 December 2022, there is no derivative financial risk.

31 December 2021	Carrying amount	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)	More than 5 years (IV)
Hedge derivative liablities	324.510	(324.510)	-	-	(324.510)

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

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

29.3 Foreign currency risk

Exchange risk exposure

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**	**86.232**	**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)	**5.814.810**	**310.022**	**899**	**-**
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)	**(6.493.549)**	**(346.079)**	**(1.128)**	**-**
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**	**(1.128)**	**-**

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

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

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

29.3 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 2021				
	TL Equivalent	**USD**	**EUR**	**Other (*)**
1. Trade receivables	-	-	-	
2a. Monetary Financial Assets (including safe and bank accounts)	781.230	58.456	137	-
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	1.039	8	62	
4. Current Assets (1+2+3)	**782.268**	**58.464**	**199**	**-**
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	3.165	237	-	
8. Non-Current Assets (5+6+7)	**3.165**	**237**	**-**	**-**
9. Total Assets (4+8)	**785.433**	**58.701**	**199**	**-**
10. Trade Payables	39.820	2.719	237	-
11. Financial Liabilities	1.040.060	77.559	416	
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	**1.079.880**	**80.277**	**654**	**-**
14. Trade Payables	-	-	-	-
15. Financial Liabilities	5.128.300	383.352	1.233	-
16a. Other Monetary Liabilities	324.837	24.346	22	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	**5.453.138**	**407.697**	**1.255**	**-**
18. Total Liabilities (13+17)	**6.533.018**	**487.973**	**1.909**	**-**
19. Net Asset/(Liability) Position of Foreign Currency-Denominated Derivatives Excluded from Financial Position Statement (9-18)	**(5.747.585)**	**(429.272)**	**(1.711)**	**-**
19a. Total amount of assets hedged	**-**	**-**	**-**	**-**
19b. Total amount of liabilities hedged	**6.493.198**	**460.911**	**-**	-
20. Net Foreign Currency Asset/(Liability) position (9-18+19)	**745.613**	**31.639**	**(1.711)**	**-**

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

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

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

29.3 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				
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)	-	-

31 December 2021				
	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	72.055	(72.055)	-	-
2- Portion hedged for USD (-)	-	-	-	-
3- USD Net Impact (1+2)	72.055	(72.055)	-	-
In the event that EUR appreciates/depreciates by 20% against TL				
4- Net asset/liability in EUR	(5.161)	5.161	-	-
5- Portion hedged for EUR (-)	-	-	-	-
6- Euro Net Impact (4+5)	(5.161)	5.161	-	-
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)	66.894	(66.894)	-	-

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

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

29.4 Interest risk

Profile

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

	31 December 2022	31 December 2021
Fixed-interest items		
Financial assets	615.558	634.109
Financial liabilities	2.610.609	2.409.141
Variable-interest items		
Financial assets	215.679	90.940
Financial liabilities	4.756.991	3.759.219

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 45.413 (31 December 2021: 36.683 TL) increase in the annual interest costs of floating interest rate liabilities of the Group. TL 32.092 of this amount (31 December 2021: 25.637 TL). was hedged with due interest rate swap. Because of this reason, the net risk on profit and loss is 13.321 TL (31 December 2021:11.316 TL).

Interest Position Statement		
	31 December 2022	**31 December 2021**
Fixed-Interest Financial Instruments	**-**	**-**
Financial liabilities		
Variable-Interest Financial Instruments	**(45.413)**	**(36.683)**
Financial assets	2.157	909
Financial liabilities	(47.570)	(37.592)

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

29. Financial risk management objectives and policies (continued)

29.5 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 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Total financial borrowings	7.367.600	6.168.360
Less: Cash and cash equivalents	(903.207)	(797.952)
Net debt	6.464.393	5.370.408
Total equity	6.999.859	5.474.413
Net debt / total equity	**0,92**	**0,98**

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

30. 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.)

30. 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

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	6
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	5
Lease payables	249.833	249.833	249.833	5
Trade payables to related parties	11.637	11.637	11.637	7-27
Trade payables to third parties	506.275	506.275	506.275	7
Other payables to third parties	27.557	27.557	27.557	7

31 December 2021	Credits and receivables (including cash and cash equivalents)	Book value	Fair Value	Note
Financial assets				
Cash and cash equivalents	797.952	797.952	797.952	4
Trade receivables from third parties	208.879	208.879	208.879	6
Other receivables from third parties	13.885	13.885	13.885	6
Financial liabilities				
Financial borrowings	6.168.360	6.168.360	6.189.608	5
Lease payables	102.218	102.218	102.218	5
Trade payables to related parties	4.267	4.267	4.267	7-27
Other payables to related parties	328.998	328.998	328.998	7-27
Trade payables to third parties	174.417	174.417	174.417	7
Other payables to third parties	15.701	15.701	15.701	7

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.)

30. The fair value explanations *(continued)*

Financial Instrument classifications and fair values *(continued)*

As of 31 December 2022 and 31 December 2021, the fair value classifications of the long term financial investments which are calculated with their fair values are as follows:

31 December 2022		**Fair value level**	
	1st Level TL	**2nd Level TL**	**3rd Level TL**
Interest rate swap transactions (Note: 16)	-	104.187	-
31 December 2021		**Fair value level**	
	1st Level TL	**2nd Level TL**	**3rd Level TL**
Interest rate swap transactions (Note: 16)	-	324.510	-

31. Other matters that materially affect the financial statements or that require disclosure to be clear, interpretable and understandable.

None.

32. Explanations on the statement of changes in shareholders' equity

In period ended on 31 December 2022, the Group's shareholders' equity consists of the minority share amounting to 6.999.859 and the equity of the Partner Company TL 20.565 (31 December 2021: TL 5.474.413 and TL (21.674)).

33. Subsequent events

As of 15 December 2022, the shares of (i) EBRD owned and corresponding to 17.10% of the Company's issued capital and (ii) 16% of the Company's issued capital owned by IFC, A Share Transfer Agreement has been concluded regarding the transfer of the shares corresponding to the previous year to Akfen Holding.

Competition Board approval, which was issued as a prerequisite for the realization of share transfers pursuant to the Share Transfer Agreement, was received on January 6, 2023; Subsequently, the aforementioned share transfers were made on January 18, 2023 and Akfen Holding became the owner of all of the Company's shares.