Akfen Yenilenebilir Enerji A.Ş.

Consolidated Financial Statements as of and for the year ended 31 December 2023 With the Independent Auditor's Report

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CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S REPORT ORIGINALLY PREPARED AND ISSUED IN TURKISH TO ENGLISH

To the Board of Directors of Akfen Yenilenebilir Enerji Anonim Şirketi

A) Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Akfen Yenilenebilir Enerji Anonim Şirketi ("the Company") and its subsidiaries (together will be referred to as "the Group "), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing which is a component of the Turkish Auditing Standards as adopted within the framework of the Capital Markets Board ("CMB") regulations, published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under Standards on Auditing issued by POA are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We declare that we are independent of the Group in accordance with the Code of Ethics for Auditors issued by POA (including Independence Standards) ("POA's Code of Ethics") and the ethical principles regarding independent audit of consolidated financial statements in the CMB legislation and other relevant legislation We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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 2023, the Group uses its investment loans amounting to USD 320.845 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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of auditors in an audit are as follows:

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 auditor's 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 Standards on Auditing issued by POA 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.

As part of an audit in accordance with Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") numbered 6102; the Independent Auditor's Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on 30 April 2024.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period between 1 January 2023 and 31 December 2023, the Company's bookkeeping activities and consolidated financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

3) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Nesrin Tuncer
Partner
30 April 2024
Istanbul, Turkey

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Akfen Yenilenebilir Enerji A.Ş.

Consolidated Statement of Financial Position
As of 31 December 2023
(All amounts are expressed in thousand Turkish Liras ('000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

		Current Period	Prior Period
ASSETS	**References**	**Audited**	**Audited**
		31 December 2023	**31 December 2022**
Current Assets		**1.704.610**	**2.361.723**
Cash and cash equivalents	**4**	**1.141.173**	**1.488.240**
Trade receivables		**467.668**	**743.416**
- Trade receivables from third parties	***6***	*467.668*	*743.416*
Other receivables		**208**	**5.023**
- Other receivables from third parties	***6***	*208*	*5.023*
Prepaid expenses	**13**	**86.270**	**115.041**
Current tax assets	**25**	**946**	**3.557**
Inventories		**1.131**	**-**
Other current assets	**15**	**7.214**	**6.446**
Non-Current Assets		**32.875.305**	**31.344.184**
Trade receivables		**2.675**	**5.283**
- Trade receivables from third parties	***6***	*2.675*	*5.283*
Other receivables		**17.734**	**25.045**
- Other receivables from third parties	***6***	*17.734*	*25.045*
Financial investments		**636**	**636**
Prepaid expenses	**13**	**233.171**	**227.018**
Derivative financial instruments	**16**	**109.058**	**171.672**
Property, plant and equipment	**8**	**29.357.411**	**27.648.145**
Intangible assets		**2.594.107**	**2.660.484**
Goodwill	**9**	*156.406*	*156.406*
Other intangible assets	**9**	*2.437.701*	*2.504.078*
Right of use assets	**10**	**494.544**	**504.125**
Deferred tax assets	**25**	**11.806**	**37.869**
Other non-current assets	**15**	**54.163**	**63.907**
Total assets		**34.579.915**	**33.705.907**

Consolidated Statement of Financial Position
As of 31 December 2023
(All amounts are expressed in thousand Turkish Liras (‘000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

		Current Period	Prior Period
LIABILITIES	**References**	**Audited**	**Audited**
		31 December 2023	**31 December 2022**
Short-term liabilities		**3.142.385**	**3.940.110**
Short term financial borrowings		**2.401.616**	**2.588.715**
-Short term portion of long-term bank loans	**5**	*2.382.447*	*2.559.293*
-Leasing payables	**5**	*19.169*	*29.422*
Trade payables		**410.056**	**853.379**
-Trade payables to related parties	***7-27***	*19.647*	*19.174*
-Trade payables to third parties	***7***	*390.409*	*834.205*
Other payables		**50.424**	**45.230**
-Other payables to third parties	***7***	*50.424*	*45.230*
Obligation for employee benefits		**4.470**	**2.678**
Current tax liabilities	**25**	**2.033**	**1.128**
Short term provisions		**8.088**	**21.280**
- Provision for employee benefits	***11***	*8.088*	*5.104*
- Other short term provisions	***11***	-	*16.176*
Obligations arising from customer contracts	***14***	**265.698**	**427.700**
Long-term liabilities		**11.005.060**	**14.504.694**
Long term financial borrowings		**7.439.140**	**9.962.753**
-Long term bank loans	**5**	*7.188.815*	*9.580.518*
-Leasing payables	**5**	*250.325*	*382.235*
Other payables		**-**	**182**
-Other payables to third parties	***7***	-	*182*
Long term provisions		***43.980***	***36.516***
- Provision for employee benefits	***11***	*37.962*	*32.202*
- Other long term provisions	***11***	*6.018*	*4.314*
Deferred tax liability	**25**	**3.521.940**	**4.505.243**
Equity		**20.432.470**	**15.261.103**
Total equity attributable to equity holders of the parent		**20.376.579**	**15.201.755**
Paid in capital	**17**	**1.016.032**	**1.016.032**
Share capital adjustments	**17**	**6.996.143**	**6.996.143**
Share Premium	**17**	**2.884.604**	**2.884.604**
Shareholder contribution	**17**	**98.987**	**98.987**
Other accumulated comprehensive income that will not be reclassified to profit or loss		**255.474**	**(8.956)**
- Revaluation fund	*17*	*250.349*	-
- Gains/(losses) on remeasurement of defined benefit plans		*5.125*	*(8.956)*
Other accumulated comprehensive income that will be reclassified to profit or loss		**(7.313.030)**	**(7.669.585)**
- Hedge Reserve fund	*17*	*(7.313.030)*	*(7.669.585)*
Restricted reserves separated from profit		**76.037**	**76.037**
Retained earnings		**11.808.493**	**13.384.900**
Net (loss)/profit for the period		**4.553.839**	**(1.576.407)**
Non-controlling interests		**55.891**	**59.348**
Total equity and liabilities		**34.579.915**	**33.705.907**

Consolidated Statement of Profit or Loss and Other Comprehensive Income
As of and for the Period Ended 31 December 2023
(All amounts are expressed in thousand Turkish Liras (‘000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

	References	Current Period Audited 1 January – 31 December 2023	Prior Period Audited 1 January – 31 December 2022
Profit or loss from continuing operations			
Revenue	**18**	4.363.237	4.937.829
Cost of sales (-)	**19**	(2.162.990)	(2.063.337)
Gross profit		**2.200.247**	**2.874.492**
General administrative expenses (-)	**20**	(139.642)	(115.937)
Other operating income	**22**	2.058.905	265.390
Other operating expense (-)	**22**	(121.423)	(5.513.336)
Operating income		**3.998.087**	**(2.489.391)**
Revenues in investment operations	**23**	44.874	106.198
Operating profit before financial income		**4.042.961**	**(2.383.193)**
Financial income	**24**	89.383	905.769
Financial expense (-)	**24**	(2.060.866)	(2.720.875)
Monetary gains		1.325.187	2.139.120
Profit/Loss before tax		**3.396.665**	**(2.059.179)**
Loss before tax from continuing operations		**1.153.717**	**483.458**
- Current period tax expense	*25*	(10.519)	*(7.680)*
- Deferred tax income	*25*	*1.164.236*	*491.138*
Net profit/loss for the period		**4.550.382**	**(1.575.721)**
Attributable to			
Equity holders of the parent		4.553.839	(1.576.407)
Non-controlling interests		(3.457)	686
Earnings/(loss) per share			
Basic earnings per share	**26**	4,48	(1,55)
Diluted Earnings/(loss) per share	**26**	4,48	(1,55)
Other comprehensive income		**620.985**	**316.260**
Other comprehensive income that will not be reclassified to profit or loss			
- Actuarial loss arising from employee benefits		14.081	(8.956)
- Revaluation fund		250.349	-
Other comprehensive income that will be reclassified to profit or loss			
- Hedge Reserve fund		356.555	325.216
Total comprehensive income		**5.171.367**	**(1.259.461)**
Attributable to			
Equity holders of the parent		5.174.824	(1.260.147)
Non-controlling interests		(3.457)	686

Akfen Yenilenebilir Enerji A.Ş.

Consolidated Statement of Changes in Equity
As at and for the Period Ended 31 December 2023
(All amounts are expressed in thousand Turkish Liras (‘000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation 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 capital adjustments**	**Share premium**	**Restricted reserves**	**Shareholder contribution**	**Gains/(Losses) on remeasurements of defined benefit plans**	**Revaluation fund**	**Hedge reserve fund**	**Retained earnings/ (losses)**	**Net profit/(loss) for the period**	**Total**	**Non-controlling interests**	**Total equity**
Balances as of 1 January 2022	**1.016.032**	**6.996.143**	**2.884.604**	**76.037**	**98.987**	**-**	**-**	**(7.994.801)**	**13.384.900**	**-**	**16.461.902**	**58.662**	**16.520.564**
Other comprehensive income/(expense)	-	-	-	-	-	(8.956)	-	325.216	-	(1.576.407)	(1.260.147)	686	(1.259.461)
Balances as of 31 December 2022	**1.016.032**	**6.996.143**	**2.884.604**	**76.037**	**98.987**	**(8.956)**	**-**	**(7.669.585)**	**13.384.900**	**(1.576.407)**	**15.201.755**	**59.348**	**15.261.103**
Balances as of 1 January 2023	**1.016.032**	**6.996.143**	**2.884.604**	**76.037**	**98.987**	**(8.956)**	**-**	**(7.669.585)**	**13.384.900**	**(1.576.407)**	**15.201.755**	**59.348**	**15.261.103**
Transfers	-	-	-	-	-	-	-	-	(1.576.407)	1.576.407	-	-	-
Other comprehensive Income/(expense)	-	-	-	-	-	14.081	250.349	356.555	-	4.553.839	5.174.824	(3.457)	5.171.367
Balances as of 31 December 2023	**1.016.032**	**6.996.143**	**2.884.604**	**76.037**	**98.987**	**5.125**	**250.349**	**(7.313.030)**	**11.808.493**	**4.553.839**	**20.376.579**	**55.891**	**20.432.470**

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

Consolidated Statement of Changes in Cash Flow
As at and for the Period Ended 31 December 2023
(All amounts are expressed in thousand Turkish Liras ('000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

	References	Current Period Audited 31 December 2023	Prior Period Audited 31 December 2022
A. Cash Flows from Operating Activities		**1.808.221**	**3.191.713**
Profit/(Loss) for the period		**4.550.382**	**(1.575.721)**
Adjustments to reconcile profit		**(1.831.761)**	**6.158.017**
Adjustments for depreciation and amortization	**8-9-10-21**	752.809	857.922
Adjustments for tax expenses/(income)	**25**	(1.153.717)	(483.458)
Adjustments for provisions			
-Adjustments for provisions related with employee benefits	**11.1**	*8.744*	*11.202*
-Regulations on litigation	**11.2**	*548*	*524*
-Adjustments to provisions for receivables	**23.2**	*9.373*	*6.924*
Adjustments related to fair value losses of financial assets	**23.1**	(40.375)	-
Adjustments related to fair value losses of derivative financial instruments	***24***	(4.872)	(863.639)
Adjustments for impairment/(appreciation) of property, plant and equiptment	**22**	(1.898.865)	5.494.097
Adjustments for (gain) / loss on sale of property, plant and equipment	**23**	(4.498)	(822)
Adjustments for interest income	**24**	(83.130)	(32.307)
Adjustments for interest expenses	**24**	1.008.722	2.044.595
Adjustments for unrealized foreign exchange		868.038	1.212.899
Adjustments for monetary gains		(1.294.538)	(2.089.920)
Changes in working capital		**(544.076)**	**(392.811)**
Adjustments for decreases/(increases) in trade receivables		349.177	(246.630)
Adjustments for increases in other receivables related with operations		12.126	(17.926)
Adjustments for (decreases)/increases in other assets related with operations		73.449	9.847
Adjustments for decreases in trade payables		(825.494)	(155.666)
Adjustments for decreases in other liabilities related with operations		(11.097)	(108.971)
Adjustments for other increases/(decreases) in working capital		(142.237)	126.535
Cash flows from operations		**2.174.545**	**4.189.485**
Payments related with provisions for employee benefits	**11.1**	*(2.987)*	*(832)*
Tax payments		(9.430)	(1.743)
Other(*)		(353.907)	(995.197)
B. Cash Flows used in Investment Operation		**(159.314)**	**(37.567)**
Cash outflows from the purchase of PPE	**8**	(159.309)	(37.567)
Cash outflows from the purchase of intangible assets	**9**	(5)	-
C. Cash Flows (used in)/from Financing Activities		**(2.331.760)**	**(3.496.702)**
Repayments of borrowings	**5**	(1.712.641)	(2.710.702)
Interest paid	**5**	(579.624)	(790.468)
Interest received		7.433	14.618
Cash outflows related to debt payments arising from lease agreements	**5**	(46.928)	(10.150)
Net decrease in cash and cash equivalents before effect of exchange rate changes (A+B+C)		**(682.853)**	**(342.556)**
Effect of exchange rate changes on cash and cash equivalents		286.032	95.344
Effect of monetary gains/(losses)on cash and cash equivalents		140.439	512.804
Net increase/(decrease) in cash and cash equivalents		**(256.382)**	**265.592**
D. Cash and cash equivalents at the beginning of the period(*)	**4**	357.256	91.664
Cash and cash equivalents at the end of the period	**4**	**100.874**	**357.256**

(*) 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". The ultimate parent of the Company is Akfen Holding.

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.

On 15.12.2022, a Share Transfer Agreement was concluded regarding the transfer of (i) shares belonging to EBRD and corresponding to 17.10% of the Company's issued capital and (ii) shares belonging to IFC corresponding to 15,99% of the Company's issued capital to Akfen Holding. The approval from the Competition Board, which is a prerequisite for share transfers according to the Share Transfer Agreement, was received on 06.01.2023. The mentioned share transfers were carried out on 18.01.2023 and Akfen Holding became the owner of all shares of the Company.

The Capital Markets Board approved the public offering of Group's shares (B) with a nominal value of TL 340.370.703, owned by Akfen Holding in Akfen Renewable's capital, on 02.03.2023. Group B shares with a nominal value of TL 340.370.703 were offered for sale between 08.03.2023 and 10.03.2023 and the Company's shares with a total nominal value of TL 340.370.703 (33.5% of the capital ratio) were offered to the public.

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

The Group's business segments are as follows:

(All amounts are expressed in thousand Turkish Liras ('000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

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

HEPP Companies of the Group

As of 31 December 2023; the Group's subsidiaries, namely Bt Bordo Elektrik Üretim Dağıtım Pazarlama Sanayi ve Ticaret A.Ş. ("Bt Bordo"), Elen Enerji Üretimi Sanayi ve Ticaret A.Ş. ("Elen"), HHK Enerji Elektrik Üretim A.Ş. ("HHK") and Yeni Doruk Enerji Elektrik Üretim A.Ş. ("Yeni Doruk").

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

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

WPP Companies of the Group

As of 31 December 2023, 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 31 December 2023, production continues in 6 power central with a total installed capacity of 348,9 MW (31 December 2022: 348,9 MW). WPP Companies central details are as follows:

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

(All amounts are expressed in thousand Turkish Liras (‘000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

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

SPP Companies of the Group

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

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

Incentives utilized by the Group within the scope of its sales

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

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

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

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

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

Akfen Toptan
Akfen Toptan obtained a procurement license for 20 years from the Energy Market Regulatory Authority ("EMRA") on 16 March 2011.

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

Galip Erdem Cad. No: 3 Çankaya-Ankara. As at 31 December 2023, the Group has 230 employees (31 December 2022: 229).

2. Basis of presentation of the consolidated financial statements

Laws affecting the subject of activity / Regulations

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

i. Basic principles of presentation

The accompanying consolidated financial statements have been prepared in accordance with the provisions of the "Communique on the Principles of Financial Reporting in the Capital Markets" ("Notification"), Series II, numbered 14.1, published in the Official Gazette dated 13 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.

(All amounts are expressed in thousand Turkish Liras ('000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

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

i. Basic principles of presentation *(continued)*

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

These consolidated financial statements are prepared on a historical cost basis, adjusted for the effects of inflation on the Turkish Lira at the reporting date, excluding monetary assets and liabilities and assets and liabilities measured at fair value, in accordance with Turkish Accounting Standard ("TAS") 29 "Financial Reporting in Hyperinflationary Economies".

As of 1 January 2022, within the scope of TAS 29, the amount of "Retained Earnings" without inflation adjustment is TL 1.363.366, and TL 4.536.996 after inflation adjustment. The amount of "Retained Earnings" dated 1 January 2022 is TL 12.280.368 as brought to the purchasing power of 31 December 2023.

Financial Reporting in Hyperinflationary Economies

With the "Announcement on the implementation of TAS 29 Financial Reporting in Economies with High Inflation and FRS for LMSE Chapter 25 Financial Reporting in Economies with High Inflation" made on 23 November 2023 by POA, the financial statements of the enterprises applying TFRS for the reporting periods ending on or after 31 December 2023 will be subject to "Turkish Accounting Standard 29 Financial Reporting in High Inflation Economies" standard. POA explained that it should be presented in accordance with the principles of inflation and adjusted for the effect of inflation. In accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, CMB decided that issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards will apply inflation accounting comply with the provisions of TAS 29. The implementation will start with the annual financial reports for the accounting periods ending as of 31 December 2023.

As a result, the financial statements of enterprises whose functional currency is TL are adjusted in accordance with TAS 29 according to the changes in the general purchasing power of the Turkish Lira as of December 31, 2023. The correction is calculated with the consumer price index correction coefficients published by Turkish Statistical Institute, derived from Turkey in general.

The indices and adjustment coefficients for the last three years used in the restatement of consolidated financial statements are as follows:

Date	Index	Conversion Factor
31 December 2023	1.859,38	1,000
31 December 2022	1.128,45	1,648
31 December 2021	686,95	2,707

In accordance with the POA's "Implementation Guide on Financial Reporting in Economies with High Inflation", the financial statements dated 1 January 2021, which are the opening amounts of the comparative financial table for the consolidated financial statements of the enterprises ending on 31 December 2023, are accepted as the opening statement of financial position.

TFRS requires that the financial statements of an entity whose functional currency is hyperinflationary, whether prepared according to the historical cost or current cost approach, be restated in accordance with the requirements of TAS 29 and applied retrospectively, assuming that there has always been high inflation in the economy in which the currency is located. The basic principle in TAS 29 is that the financial statements of an entity reporting in the currency of a hyperinflationary economy must be reported in the measurement unit current at the reporting date. Comparative figures for the previous period are rearranged to the same current unit of measurement.

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

i. Basic principles of presentation *(continued)*

Financial Reporting in Hyperinflationary Economies *(continued)*

The main procedures applied for the restatements mentioned above are as follows:

- Monetary assets and liabilities that are carried at amounts current at the reporting date are not restated because they are already expressed in terms of the monetary unit current at the reporting date.
- Non-monetary assets and liabilities that are not carried at amounts current at the balance sheet date, and components of shareholders' equity are restated by applying the relevant conversion factors from the date of the transaction or, if applicable, from the date of their most recent revaluation to the reporting date.
- Property, plant and equipment are restated by applying the change in the index from the date of the transaction or, if applicable, from the date of their most recent revaluation to the reporting date. Depreciation is based on the restated amounts.
- All items in the income statement except for the depreciation charges explained above and deferred tax charges, are restated by applying the monthly conversion factors of the transactions to the reporting date.
- The effects of inflation on the net monetary positions of the Company, is included in the profit or loss statement as "monetary gain / (loss)".
- All items in the cash flow statement are expressed in terms of the measuring unit current at the reporting date; and all items in the statement of cash flows are, therefore, restated by applying the relevant conversion factors from the date on which the transaction originated.
- All amounts for comparative periods have been rearranged by applying the index change from the relevant comparative period to 31 December 2023.

In a reporting period in which the Group determines that the functional currency is the currency of a hyperinflationary economy and there was no hyperinflation in the previous period, the Group applies the requirements of TAS 29 as if the economy had always been hyperinflation.Therefore, in respect of non-monetary items measured at historical cost, the opening statement of financial position at the beginning of the earliest period presented in the Group's consolidated financial statements should be restated to reflect the effects of inflation from the date on which assets were acquired and from the date on which liabilities were recognized or assumed.For non-monetary items shown at their current amounts in the opening statement of financial position, this adjustment should reflect the effect of inflation from the date their current values were determined to the end of the reporting period.

The Group applied TAS 29 in the opening statement of financial position dated 1 January 2022 and rearranged the relevant amounts to reflect the effect of inflation from the date the assets were acquired and liabilities and equity were assumed, excluding retained earnings/losses, until the end of the reporting period.

ii. Measurement principles

Approval of Consolidated Financial statements
Consolidated financial statements have been approved by the Company Management on 30 April 2024. 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.

(All amounts are expressed in thousand Turkish Liras ('000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

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

ii. Measurement principles *(continued)*

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 2023 and 31 December 2022, EUR/TL and USD/TL rates are as follows:

	EUR		**Average**	
	Asset	**Liability**	**Asset**	**Liability**
31 December 2023	32,5739	32,6326	29,4382	29,4913
31 December 2022	19,9349	19,9708	18,6983	18,7320

Fees for Services Received from Independent Auditor / Independent Audit Firms

As of 31 December 2023 and 2022, the independent audit fees are as follows:

	1 January - 31 December 2023	**1 January - 31 December 2022**
Audit and assurance fee	4.488	5.553
Tax consulting fee	1.543	1.191
Other assurance services fee	1.033	194
Total	**7.064**	**6.939**

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.

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

i. Basic principles of presentation *(continued)*

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.

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 expressed in thousand Turkish Liras (‘000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

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

i. 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 2023.(31 December 2022: 45)

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

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

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

ii. The new and revised standards, amendments and interpretations

New standards, amendments and interpretations effective as of 31 December 2023:

Amendments that have become effective and have been adopted

Amendments that have become effective and have been adopted for annual periods beginning on or after 1 January 2023:

- Amendments to TAS 8 – Definition of Accounting Estimates
- Amendments to TAS 1 – Disclosure of Accounting Policies
- Amendments to TAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
- Amendments to TAS 12 – International Tax Reform – Pillar Two Model Rules
- Amendments to IAS 12- IFRS for SMEs Accounting Standard – International Tax Reform – Pillar Two Model Rules

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

New standards, amendments and interpretations that are issued by the IASB but not issued by POA

- Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates

The Group does not expect that these standards, amendments and interpretations will have significant impact on its consolidated financial statements.

Standards, amendments and interpretations issued but not yet effective and not early adopted

- TFRS 17 – Insurance Contracts
- Initial Application of TFRS 17 and TFRS 9 - Comparative Information
- Amendments to TAS 1 - Classification of Liabilities as Current or Non-current
- Amendments to TFRS 16 Leases - Lease Liability in a Sale and Leaseback
- Amendments to TFRS 4 - Applying TFRS 9 Financial Instruments with TFRS 4 Insurance Contracts
- Amendments to TAS 7 Statement of Cash Flows and TFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements
- TSRS 1 General Requirements for Disclosure of Sustainability-related Financial Information
- TSRS 2 Climate-related Disclosures

The Group does not expect that these standards, amendments and interpretations will have significant impact on its consolidated financial statements.

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

iii. Significant accounting policies

Related Parties

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

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

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

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

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

The transaction with the related party is the transfer of resources, services or liabilities between the entity and the related party, regardless of whether or not it is for a fee.

The Group has determined its senior management staff as board members, general manager and assistant general managers.

Property, Plant and Equipment

Fair value measurement

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

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

iii. Significant accounting polics *(continued)*

Property, Plant and Equipment *(continued)*

Recognition 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 2023 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 10,6%, 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.

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.

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.

Depreciation

Tangible fixed assets are depreciated and accounted 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.

Since lands have an indefinite useful life, they are not subject to depreciation. The estimated useful lives of property, plant and equipment are as follows:

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

iii. Significant accounting polics *(continued)*

Property, Plant and Equipment *(continued)*

Tangible fixed asset type	Useful life
Buildings	50 years
Power plants	At the end of the license expiration
Machinery and equipment	2-50 years
Motor vehicles	5 years
Furniture and fixtures	3-49 years
Leasehold improvements	10 years

Intangible assets

Accounting and measurement

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

Subsequent expenditures

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

Amortization

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

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

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

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

Goodwill

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

A cash-generating unit to which goodwill is allocated is tested for impairment annually or more frequently when there is an indication that the unit is impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is first allocated to the other assets of the unit to reduce the carrying amount of the goodwill allocated to the unit, then the amount of each asset in the unit on a book basis. Impairment losses are recognized in profit or loss. It is distributed first, which will reduce the carrying amount of any goodwill distributed to the CGU, and then reduced by the carrying amount of the other assets in the CGU.
An impairment loss recognized for goodwill is not reversed.

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

iii. Significant accounting polics *(continued)*

Impairment of Tangible and Intangible Assets

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. When the recoverable amount of an asset (or cash-generating unit) is less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. In cases where the relevant asset is not measured with the revaluation model, the impairment loss is directly recognized in profit/loss. In this case, the impairment loss is considered as a revaluation loss.

If there are conditions indicating that there is impairment in tangible fixed assets, an examination is made to detect a possible impairment, and at the end of this examination, if the registered value of the tangible asset is more than its recoverable value, its registered value is reduced to its recoverable value by recognising a provision. The recoverable value is considered to be the higher of the net cash flows from the current use of the relevant tangible asset and the net sales price.

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

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

iii. Significant accounting polics *(continued)*

Financial assets

<u>Classification</u>

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. The Group classifies its financial assets on the date of their acquisition. 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.

<u>Recognition and Measurement</u>

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

<u>Derecognition</u>

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.

<u>Impairment</u>

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. Credit losses are measured as below;

- 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

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

iii. Significant accounting polics *(continued)*

Financial assets *(continued)*

Effective interest method

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

Cash and cash equivalents

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

Financial Liabilities

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

Borrowings

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

Borrowing costs

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

Trade payables and other debts

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

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

iii. Significant accounting polics *(continued)*

Financial Liabilities *(continued)*

Derecognition

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

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

Offsetting of financial assets and liabilities

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

Derivatives and hedging instruments

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

Foreign currency risk management

Foreign currency transactions cause foreign currency risk.

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

In order to ensure that the effect of foreign exchange gains and losses arising from changes in foreign exchange rates on the Group's financial statements is reflected within the scope of the periodicity principle of accounting; Hedging Accounting is applied within the scope of TFRS 9 of the Group. The Group uses the foreign currency based investment loan as a hedging instrument against the USD/TL spot currency risk, which is exposed due to its highly probable estimated USD income. As a result of the effectiveness test carried out in this context, the Group determined that the entire transaction was effective and applied cash flow hedge accounting. As of 31 December 2023, foreign exchange loss of investment loans amounting to TL 7.529.023 (31 December 2022: TL 4.654.639) is accounted in account "Hedge reserve fund" under shareholders' equity until the cash flows of the item subject to hedging are realized and does not have an impact on the current period profit.

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

iii. Significant accounting polics *(continued)*

Effects of currency change

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

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

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

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

Earnings/ Losses Per Share

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

Companies in Turkey can increase their capital through "bonus shares" that they distribute to their shareholders from retained earnings. Such "bonus share" distributions are treated as pre-issued shares in earnings per share calculations. Accordingly, the weighted average number of shares used in these calculations has been calculated by taking into account the retrospective effects of the aforementioned share distributions.

If the number of ordinary or potential ordinary shares outstanding increases as a result of capitalization, bonus issues, or splits, or decreases as a result of a share merger, the calculation of basic and diluted earnings per share for all periods presented is adjusted retrospectively.

Subsequent event

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

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

iii. Significant accounting polics *(continued)*

Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Segment Reporting

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

Taxes Calculated on Corporate Earnings

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

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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. However, the corporate tax rate has been regulated to be applied as 25% for corporate earnings for the 2021 taxation period and 23% for corporate earnings for the 2022 taxation period in accordance with the Law No. 7316 on the Collection Procedure of Public Receivables and the 11th Article of the Law on Amendments to Certain Laws and the Provisional Article 13 added to the Corporate Tax Law No. 5520. Which have become effective after being published in the Official Gazette No. 31462 dated 22 April 2021. This amendment is effective for the taxation of corporate earnings for the periods starting from 1 January 2021, starting from the returns that must be submitted as of 1 July 2021. Pursuant to Article 21 of the "Law on the Creation of Additional Motor Vehicle Tax and Amendments to Certain Laws and Decree Law No. 375 for the Compensation of Economic Losses Caused by the Earthquakes That Occurred on 6/2/2023", published in the Official Gazette dated 15 July 2023 and numbered 32249, it has been decided that the general rate applied in corporate tax will be increased from 20% to 25%, and the rate for banks and financial institutions will be increased from 25% to 30% with the changes made in Article 32 of the Corporate Tax Law No. 5520, which regulates the corporate tax rate. With the same article of the law (Article 21), the corporate tax rate, which was applied with a 1 point discount to the earnings of exporting institutions exclusively from exports, was applied with a 5 point discount in order to encourage exports.The mentioned amendment will be applied to the earnings of corporations in 2023 and subsequent tax periods, starting from the declarations that must be submitted as of October 1, 2023. In 2023, the tax rate was applied as 25%.

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

iii. Significant accounting polics *(continued)*

Taxes Calculated on Corporate Earnings *(continued)*

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.

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 Group has no ongoing tax audit as of the reporting date.

(All amounts are expressed in thousand Turkish Liras (‘000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

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

iii. Significant accounting polics *(continued)*

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 TL 35.058 for each year of service as of 31 December 2023 (31 December 2022: TL 19.982). As of 31 December 2023, the probability of employees leaving the Group is 3,2% (31 December 2022: 2,8%).

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

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

	31 December 2023	31 December 2022
Expected interest rates in the coming years %	30,8	9
Expected inflation in the coming years %	27,0	6,8
Expected probability of leaving without compensation in the coming years	3,2	2,8

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

Unused vacation liability

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

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

Fees and deductions

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

(All amounts are expressed in thousand Turkish Liras (‘000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

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

iii. Significant accounting polics *(continued)*

Statement of Cash Flows

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

Share Capital and Dividends

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

Income and expenses

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

Revenue

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

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

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

iii. Significant accounting polics *(continued)*

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.

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

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

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

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

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

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

iii. Significant accounting polics *(continued)*

General accounting principles *(continued)*

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

Leases

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

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

Short term leases and low value leases

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

The cost of the right-of-use asset includes:

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

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

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

iii. Significant accounting polics *(continued)*

Leasing Obligations

The Group measures its lease liability over the present value of the lease payments that were not paid at the commencement date. Lease payments are discounted using the Group's alternative borrowing interest rate since the implied interest rate in the lease cannot be easily determined.
At the commencement date of the lease, the lease payments included in the measurement of the lease liability consist of the following payments for the right to use the underlying asset during the lease term, which were not paid at the commencement date of the lease:

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

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

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

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

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

Financing revenues and financing costs

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

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

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

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

iii. Significant accounting polics *(continued)*

Determination of fair values

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

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

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

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

iv. Going Concern

As of 31 December 2023, the Group has made a net profit of TL 3.068.830 thousand in the current period. The Group's short-term liabilities exceed current assets by TL 1.437.776. Group Management foresees that the repayments of financial debts, which constitute the majority of short-term liabilities in the consolidated financial statements, can be made in the future, as in previous years, with the collections to be obtained as a result of the revenues obtained from the power plants that produce foreign currency indexed production due to Yenilenebilir Enerji Kaynaklarını Destekleme Mekanizması ("YEKDEM").

All of the Group's power plants have achieved a high rate of availability and strong production since the date they were commissioned.

The Group foresees that its power plants can continue their production as long as there is no adverse effect on climatic conditions, there is no issue that may affect the continuity of the business, and therefore it can continue its activities to ensure the continuity of the business in the foreseeable future while preparing its consolidated financial statements.

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

v. Significant accounting judgments, estimates and assumptions

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

<u>Deferred tax</u>
Deferred tax assets can only be recognized if it is probable that sufficient taxable profit will be generated in future periods. Where tax advantage is probable, deferred tax asset is calculated over previous year losses. As of 31 December 2023, the Group has recognized the deferred tax asset because it is highly probable that sufficient profit will arise that will result in tax liabilities that can be offset in subsequent periods. However, the Group reduces the carrying value of the deferred tax asset to the extent that it is not probable that a financial profit will be obtained to allow the benefit of some or all of the deferred tax asset (Note 25).

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

<u>Goodwill impairment assessment studies</u>

Goodwill amounts associated with cash-generating units are assessed for impairment once a year or more frequently when conditions indicate impairment, as indicated in Note 2 iii. The recoverable value of cash generating units has been determined based on the value in use or fair value calculations less cost to sell. As a result of the impairment tests performed on the basis of cash generating units, detailed below, no impairment has been detected in the goodwill amounts as of 31 December 2023.

Imbat Energy Inc.

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

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

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

<u>Revaluation of power plants</u>

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

In the valuation, "income 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: 10,6% (2022: 13,6%)
• Average market electricity sales price (USD c /kWh, nominal): 8,62 (2022: 9,95) (The average price in the average period of the first five projection years) (Average annual price in 2029 and after was increased by 2,5% (2022: 2,5%).
• YEKDEM electricity sales price range (USD c /kWh, real): 7,3 – 13,74 (2022: 7,3 – 13,74)
• Total annual electricity generation: 1.787 GWh (first year of projection) (2022: 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 2.518.309 Thousand or increase by TL 2.699.158 Thousand.

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 2.849.131 Thousand or increase by TL 2.846.913 Thousand.

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

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

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 segments 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 2023 and 31 December 2022 and the profit or loss statement information as of 31 December 2023 and 31 December 2022 are as follows on the basis of operating segments:

(All amounts are expressed in thousand Turkish Liras (‘000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

3. Segment reporting *(continued)*

31 December 2023	**HEPP Group**	**SPP Group**	**WPP Group**	**Elektric Wholesale**	**Other(*)**	**Total**	**Consolidation Adjustment and Classification**	**Consolidated Total**
Revenue	1.092.405	817.882	2.346.937	11.095	77.855	**4.346.174**	17.063	**4.363.237**
Cost of sales (-)	(682.746)	(246.563)	(1.207.771)	(10.420)	(1.650)	**(2.149.150)**	(13.840)	**(2.162.990)**
Gross profit/(loss)	**409.659**	**571.319**	**1.139.166**	**675**	**76.205**	**2.197.024**	**3.223**	**2.200.247**
General administrative expenses (-)	(49.035)	(19.370)	(57.369)	(16.775)	(96.392)	**(238.941)**	99.299	**(139.642)**
Other operating income	1.104.339	211.298	884.788	137	51.492	**2.252.054**	(193.149)	**2.058.905**
Other operating expense (-)	(11.152)	(160.786)	(343)	(104)	(2.280)	**(174.665)**	53.242	**(121.423)**
Income from investment activities	44.874	-	-	-	-	**44.874**	-	**44.874**
Operating profit/(loss)	**1.498.685**	**602.461**	**1.966.242**	**(16.067)**	**29.025**	**4.080.346**	**(37.385)**	**4.042.961**
Financial income	85.600	64.698	228.875	17.089	44.792	**441.054**	(351.671)	**89.383**
Financial expense (-)	(1.341.553)	(317.350)	(1.051.299)	(231)	(246.208)	**(2.956.641)**	895.775	**(2.060.866)**
Monetary gains/(losses)	1.717.439	220.113	776.207	-	-	**2.713.759**	(1.388.572)	**1.325.187**
Income/(loss) before tax from continuing operations	**1.960.171**	**569.922**	**1.920.025**	**791**	**(172.391)**	**4.278.518**	**(881.853)**	**3.396.665**
Tax expense	**(782.977)**	**55.264**	**1.143.176**	**555**	**690**	**416.708**	**737.009**	**1.153.717**
- Current period tax expense	-	(10.519)	-	-	-	**(10.519)**	-	**(10.519)**
- Deferred tax income/(expense)	(782.977)	65.783	1.143.176	555	690	**427.227**	737.009	**1.164.236**
Profit/(loss) for the period	**1.177.194**	**625.186**	**3.063.201**	**1.346**	**(171.701)**	**4.695.226**	**(144.844)**	**4.550.382**
Depreciation and amortization expenses	226.855	136.334	378.785	18	3.016	**745.008**	7.801	**752.809**
Capital Expenditure	52.123	15.743	77.592	115	41	**145.614**	-	**145.614**
31 December 2023								
Segment assets	20.341.333	5.039.876	17.935.524	116.487	2.092.989	**45.526.209**	(10.946.294)	**34.579.915**
Segment liabilities	4.152.862	2.288.048	8.093.991	44.417	1.050.408	**15.629.726**	(1.482.282)	**14.147.444**

(*) Consist of Akfen Renewables

(All amounts are expressed in thousand Turkish Liras ('000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation 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	1.404.842	862.469	2.676.355	-	85.575	**5.029.241**	(91.412)	**4.937.829**
Cost of sales (-)	(613.468)	(250.098)	(1.199.520)	(298)	(2.715)	**(2.066.099)**	2.762	**(2.063.337)**
Gross profit/(loss)	**791.374**	**612.371**	**1.476.835**	**(298)**	**82.860**	**2.963.142**	**(88.650)**	**2.874.492**
General administrative expenses (-)	(42.775)	(11.567)	(55.771)	(1.231)	(97.261)	**(208.605)**	92.668	**(115.937)**
Other operating income	276.970	30.073	38.102	7	16.114	**361.266**	(95.876)	**265.390**
Other operating expense (-)	(1.794.613)	(943.995)	(3.388.429)	(8)	(38.081)	**(6.165.126)**	651.790	**(5.513.336)**
Income from investment activities	7.154	7	-	-	-	**7.161**	99.037	**106.198**
Operating profit/(loss)	**(761.890)**	**(313.111)**	**(1.929.263)**	**(1.530)**	**(36.368)**	**(3.042.162)**	**658.969**	**(2.383.193)**
Financial income	65.843	280.152	742.165	9.101	73.944	**1.171.205**	(265.436)	**905.769**
Financial expense (-)	(1.340.805)	(590.742)	(1.293.194)	(4.236)	(203.225)	**(3.432.202)**	711.327	**(2.720.875)**
Monetary gains/(losses)	1.857.017	542.207	1.412.778	-	-	**3.812.002**	(1.672.882)	**2.139.120**
Income/(loss) before tax from continuing operations	**(179.835)**	**(81.494)**	**(1.067.514)**	**3.335**	**(165.649)**	**(1.491.157)**	**(568.022)**	**(2.059.179)**
Tax expense	**13.507**	**(16.289)**	**305.883**	**(56)**	**2.211**	**305.256**	**178.202**	**483.458**
- Current period tax expense	-	(7.680)	-	-	-	**(7.680)**	-	**(7.680)**
- Deferred tax income/(expense)	13.507	(8.609)	305.883	(56)	2.211	**312.936**	178.202	**491.138**
Profit/(loss) for the period	**(166.328)**	**(97.783)**	**(761.631)**	**3.279**	**(163.438)**	**(1.185.901)**	**(389.820)**	**(1.575.721)**
Depreciation and amortization expenses	248.625	164.784	431.573	32	3.810	**848.824**	9.098	**857.922**
Capital Expenditure	3.950	307	27.661	-	450	**32.368**	-	**32.368**
31 December 2022								
Segment assets	18.474.324	5.140.959	17.905.357	49.573	3.254.570	**44.824.783**	(11.118.876)	**33.705.907**
Segment liabilities	4.710.360	3.066.594	11.099.389	45.886	1.253.760	**20.175.989**	(1.731.184)	**18.444.805**

(*) Consist of Akfen Renewables

(All amounts are expressed in thousand Turkish Liras (‘000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

4. Cash and cash equivalents

	31 December 2023	31 December 2022
Cash on hand	403	483
Cash at banks		
-Demand deposits	*4.997*	1.391
Other cash and cash equivalents (*)	*95.474*	355.381
Project, reserve and fund (**)	*1.040.299*	1.130.984
Cash and cash equivalents	**1.141.173**	**1.488.240**
Project, reserve and fund(**)	(1.040.299)	(1.130.984)
Cash and cash equivalent in statement of cash flows	**100.874**	**357.256**

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

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

Project, reserve and fund accounts and the interest rates of the Group as of 31 December 2023 and 31 December 2022 are as follows:

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

Currency	Expiry	Interest rate %	31 December 2023
USD	January 2024	0,01-4,0	924.629
TL	January 2024	18,0-44,0	53.635
EUR	January 2024	3,0	15.085
Time Deposits			993.349
USD			30.126
TL			8.359
EUR			8.465
Demand deposits			46.950
Total project, reserve and fund			**1.040.299**

Currency	Expiry	Interest rate %	31 December 2022
USD	January 2024	3,0-13,0	987.141
TL	January 2024	0,01-2,50	27.132
Time Deposits			1.014.273
USD			91.693
TL			14.138
EUR			10.880
Demand deposits			116.711
Total project, reserve and fund			**1.130.984**

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

(All amounts are expressed in thousand Turkish Liras (‘000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

5. Financial borrowings

Bank Loans

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

	31 December 2023	31 December 2022
Short-term portions of long-term bank loans	2.382.447	*2.559.293*
Long-term bank loans	7.188.815	*9.580.518*
Total bank loans	**9.571.262**	**12.139.811**

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

31 December 2023	Currency	Nominal Interest Rate %	Year of Maturity	Nominal Amount	Carrying Amount
Secured bank loans (1)	USD	5,9	2025	1.424.234	1.447.287
Secured bank loans (2)	USD	6,5	2033	279.889	287.876
Secured bank loans (3)	USD	5,6	2024	12.080	12.421
Secured bank loans (4)	USD	3,5+ floating rate	2027	23.152	23.352
Secured bank loans (5)	USD	3,5+ floating rate	2027	2.440	2.412
Secured bank loans (5)	USD	3,5+ floating rate	2027	3.533	3.531
Secured bank loans (5)	USD	2,0+ floating rate	2030	156.065	160.592
Secured bank loans (5)	EUR	3,0+ floating rate	2026	10.858	11.515
Secured bank loans (6)	EUR	3,0+ floating rate	2025	5.143	5.401
Secured bank loans (6)	EUR	3,0+ floating rate	2026	9.772	10.414
Secured bank loans (4)	EUR	3,0+ floating rate	2026	814	862
Secured bank loans (4)	EUR	3,0+ floating rate	2027	2.379	2.561
Secured bank loans (7)	USD	5,35+ floating rate	2032	848.012	927.385
Secured bank loans (7)	USD	0,90+ floating rate	2032	3.534.202	3.930.003
Secured bank loans (8)	USD	5,45+ floating rate	2030	592.868	639.640
Secured bank loans (8)	USD	5,55+ floating rate	2032	636.369	690.905
Secured bank loans (9)	USD	6,95	2031	1.401.839	1.415.105
Total				**8.943.649**	**9.571.262**

(All amounts are expressed in thousand Turkish Liras ('000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

5. Financial borrowings *(continued)*

31 December 2022	Currency	Nominal Interest Rate %	Year of Maturity	Nominal Amount	Carrying Amount
Secured bank loans (1)	USD	5,9	2025	2.235.884	2.272.510
Secured bank loans (2)	USD	6,5	2033	322.222	331.418
Secured bank loans (3)	USD	5,6	2024	25.286	26.051
Secured bank loans (4)	USD	3,5+ floating rate	2027	31.538	33.783
Secured bank loans (5)	USD	3,5+ floating rate	2027	3.284	3.520
Secured bank loans (5)	USD	3,5+ floating rate	2027	4.622	4.925
Secured bank loans (5)	USD	2,0+ floating rate	2030	187.235	199.505
Secured bank loans (5)	EUR	3,0+ floating rate	2026	15.329	15.553
Secured bank loans (6)	EUR	3,0+ floating rate	2025	8.644	8.896
Secured bank loans (6)	EUR	3,0+ floating rate	2026	13.139	13.536
Secured bank loans (4)	EUR	3,0+ floating rate	2026	1.150	1.165
Secured bank loans (4)	EUR	3,0+ floating rate	2027	3.137	3.193
Secured bank loans (7)	USD	5,35+ floating rate	2032	1.019.412	1.098.656
Secured bank loans (7)	USD	0,90+ floating rate	2032	4.262.885	4.714.102
Secured bank loans (8)	USD	5,45+ floating rate	2030	792.358	853.347
Secured bank loans (8)	USD	5,55+ floating rate	2032	821.584	888.053
Secured bank loans (9)	USD	6,95	2031	1.671.326	1.671.598
Total				**11.419.035**	**12.139.811**

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

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

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

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

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

Akfen guarantees pay back of loan during the loan term.

(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. The guarantees of the loan consist of the assignment of the project revenues, the mortgage and Akfen Renewable's guarantee throughout the loan term.

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

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

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

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

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

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

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

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

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

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

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

(All amounts are expressed in thousand Turkish Liras ('000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation 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 2023	31 December 2022	31 December 2023	31 December 2022
Less than 1 year	1.782.060	1.841.057	2.382.447	2.559.293
1-2 years	1.682.819	1.864.625	2.008.771	2.314.765
2-3 years	992.772	1.760.826	1.199.726	1.974.461
3-4 years	930.343	1.048.641	1.022.239	1.190.193
5 years and more	3.555.654	4.903.886	2.958.079	4.101.099
Total	**8.943.649**	**11.419.035**	**9.571.262**	**12.139.811**

Leasing payables

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

31 December 2023	Currency	Nominal Interest Rate %	Short term	Long term
Lease payables	TL	16,22	19.169	250.325

31 December 2022	Currency	Nominal Interest Rate %	Short term	Long term
Lease payables	TL	16,22	29.422	382.235

Movement of financial borrowings for the period between 31 December 2023 and 31 December 2022 is stated as follows:

	2023	2022
Financial borrowings at the beginning of the year	**12.551.467**	**16.972.687**
Bank loans paid	(1.712.641)	(2.710.702)
Interest paid	(579.624)	(790.468)
Cash outflows related to debt payments from lease agreements	(46.928)	(10.150)
Interest expenses from leasing	66.928	52.545
Interest accrual	533.389	1.678.810
Foreign exchange loss(*)	3.745.786	4.051.763
Monetary gains/(losses)	(4.717.621)	(6.693.017)
Financial borrowings at the ending of the year	**9.840.756**	**12.551.468**

(*) The withdrawn amount of hedge accounting amounting to TL 356.555 (2022: TL 325.216) is included in the exchange differences shown in the cash flow statement as of 31 December 2023.

(All amounts are expressed in thousand Turkish Liras ('000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

6. Trade and other receivables

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

	31 December 2023	**31 December 2022**
Trade receivables from third parties	467.668	743.416
Doubtful trade receivables	19.074	15.985
Provision for doubtful trade receivables (-)	(19.074)	(15.985)
Current trade receivables	**467.668**	**743.416**

The movements of provision for doubtful receivables for the years ended 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	**31 December 2022**
Openning balance	15.985	19.356
Reserving provision in current period	9.373	4.202
Monetary gains/(losses)	(6.284)	(7.573)
Ending Balance	**19.074**	**15.985**

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

	31 December 2023	**31 December 2022**
1-5 years past due	19.074	15.985
Total overdue receivables	**19.074**	**15.985**

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

	31 December 2023	**31 December 2022**
Trade receivables from third parties	2.675	5.283
Non-current trade receivables	**2.675**	**5.283**

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

(All amounts are expressed in thousand Turkish Liras (‘000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

6. Trade and other receivables *(continued)*

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

	31 December 2023	31 December 2022
Other receivables from third parties	208	5.023
Current other receivables	**208**	**5.023**

	31December 2023	31December 2022
Deposits and guarantees given	4.357	5.451
Other receivables from third parties	13.377	19.594
Non-current other receivables	**17.734**	**25.045**

7. Trade and other payables

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

	31 December 2023	31 December 2022
Trade payables to third parties	390.409	834.205
Trade payables to related parties (Note: 28)	19.647	19.174
Current trade payables	**410.056**	**853.379**

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

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

	31 December 2023	31 December 2022
Taxes and funds payable	50.424	45.230
Current other payables	**50.424**	**45.230**

	31 December 2023	31 December 2022
Deposits and guarantees received	-	182
Non-current other payables	**-**	**182**

(All amounts are expressed in thousand Turkish Liras ('000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

8. Property, plant and equipment

As of 31 December 2023, the movements of the property, plant and equipment and related accumulated depreciation are as follows:

	1 January 2023	Additions	Revaluation Fund	Impairment	31 December 2023
Cost:					
Power plants	31.498.942	29.890	2.346.730	(110.674)	**33.764.888**
Vehicles	4.232	3.057	-	-	**7.289**
Furniture and fixtures	31.960	3.640	-	-	**35.600**
Leasehold improvements	21.555	222	-	-	**21.777**
Construction in progress(*)	27.439	108.803	-	-	**136.242**
Total	**31.584.128**	**145.612**	**2.346.730**	**(110.674)**	**33.965.796**
Accumulated depreciation:					
Power plants	3.894.790	667.325	-	-	**4.562.115**
Vehicles	1.943	953	-	-	**2.896**
Furniture and fixtures	20.850	3.742	-	-	**24.592**
Leasehold improvements	18.400	382	-	-	**18.782**
Total	**3.935.983**	**672.402**	**-**	**-**	**4.608.385**
Net book value	**27.648.145**	**(513.094)**	**2.310.888**	**(88.528)**	**29.357.411**

For the period ending on 31 December 2023, depreciation expenses of TL 671.335 are shown in cost of sales and TL 1.067 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 2023 and 31 December 2022, the value hierarchy for the power plants owned by the Group is Level 3.
As of 31 December 2023, there are no capitalized borrowing costs on property, plant and equipment.
(*) As of December 31, 2023, construction in progress consists of maintenance investments in existing electricity generation facilities.

(All amounts are expressed in thousand Turkish Liras (‘000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

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

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

	1 January 2022	Additions	Impairment	Impact of subsidiary sale	Disposals	31 December 2022
Cost:						
Power plants	36.971.254	22.125	(5.494.097)	(254)	(86)	**31.498.942**
Vehicles	3.833	1.051	-	-	(652)	**4.232**
Furniture and fixtures	29.086	3.175	-	(301)	-	**31.960**
Leasehold improvements	21.470	85	-	-	-	**21.555**
Construction in progress	16.306	11.133	-	-	-	**27.439**
Total	**37.041.949**	**37.569**	**(5.494.097)**	**(555)**	**(738)**	**31.584.128**
Accumulated depreciation:						
Power plants	3.118.380	776.533	-	(111)	(12)	**3.894.790**
Vehicles	1.564	731	-	-	(352)	**1.943**
Furniture and fixtures	17.601	3.385	-	(136)	-	**20.850**
Leasehold improvements	18.000	400	-	-	-	**18.400**
Total	**3.155.545**	**781.049**	**-**	**(247)**	**(364)**	**3.935.983**
Net book value	**33.886.404**	**(743.480)**	**(5.494.097)**	**(308)**	**(374)**	**27.648.145**

For the period ending on 31 December 2022, depreciation expenses of TL 780.009 are shown in cost of sales and TL 1.038 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 tangible assets.

(All amounts are expressed in thousand Turkish Liras ('000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

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

As of 31 December, 2023, the Group has reflected the revaluation of power plants in the consolidated financial statements.

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

1 January 2022	**-**
Revaluation fund	-
31 December 2022	**-**
1 January 2023	**-**
Revaluation fund	1.735.358
31 December 2023	**1.735.358**

9. Intangible assets

Movements of intangible assets and accumulated amortization during the period ended 31 December 2023 are as follows:

	1 January 2023	**Additions**	**31 December 2023**
Cost:			
Rights	2.803.039	-	**2.803.039**
Goodwill(*)	156.406	-	**156.406**
Other intangible assets	157.561	5	**157.566**
Total	**3.117.006**	**5**	**3.117.011**
Accumulated depreciation:			
Rights	423.873	59.447	483.320
Other intangible assets	32.649	6.935	39.584
Total	**456.522**	**66.382**	**522.904**
Net book value	**2.660.484**	**(66.377)**	**2.594.107**

(*)The goodwill arising from the acquisition of Zorlu Enerji Elektrik Üretim A.Ş. by İmbat Enerji A.Ş.

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

(All amounts are expressed in thousand Turkish Liras ('000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

9. Intangible assets *(continued)*

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(*)	31 December 2022
Cost:				
Rights	2.822.214	-	(19.175)	2.803.039
Goodwill	156.406	-	-	156.406
Other intangible assets	157.561	-	-	157.561
Total	**3.136.181**	**-**	**(19.175)**	**3.117.006**
Accumulated depreciation:				
Rights	368.176	59.806	(4.109)	423.873
Other intangible assets	28.389	4.260	-	32.649
Total	**396.565**	**64.066**	**(4.109)**	**456.522**
Net book value	**2.739.616**	**(64.066)**	**(15.066)**	**2.660.484**

(*)Kurtal Elektrik Üretim Inc. was sold on December 28 2022.

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 2023 and 31 December 2022 are presented below.

	1 January 2023	Addition	Disposal	31 December 2023
Cost				
Land(*)	543.005	5.797	(1.392)	547.410
Total	**543.005**	**5.797**	**(1.392)**	**547.410**
Accumulated depreciation				
Land(*)	38.880	14.025	(39)	52.866
Total	**38.880**	**14.025**	**(39)**	**52.866**
Net book value	**504.125**	**(8.228)**	**(1.353)**	**494.544**

	1 January 2022	Addition	Disposal	31 December 2022
Cost				
Land(*)	353.402	189.603	-	543.005
Total	**353.402**	**189.603**	**-**	**543.005**
Accumulated depreciation				
Land(*)	26.070	12.810	-	38.880
Total	**26.070**	**12.810**	**-**	**38.880**
Net book value	**327.332**	**176.793**	**-**	**504.125**

(*)Consists of land rent and forest permits.

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

(All amounts are expressed in thousand Turkish Liras ('000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

11. Provisions

11.1 Employee benefits

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

	31 December 2023	31 December 2022
Provision for unused vacation - current	8.088	5.104
Provision for severance pay - non current	37.962	32.202
Provision for employee benefits	**46.050**	**37.306**

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 2023 and 31 December 2022, the provision for unused vacation movements are as follows

	31 December 2023	31 December 2022
Opening Balance	5.104	7.162
Current period increase/(decrease)	7.419	1.100
Paid during the period	(2.429)	(356)
Monetary gains/(losses)	(2.006)	(2.802)
Ending Balance	**8.088**	**5.104**

As of 31 December 2023 and 2022, the provision for severance pay movements are as follows

	31 December 2023	31 December 2022
Opening balance	32.202	25.049
Interest expenses	708	194
Service expenses	1.232	110
Paid during the period	(558)	(476)
Actuarial gains/(losses)	(18.775)	11.941
Monetary gains/(losses)	23.153	(4.616)
Ending Balance	**37.962**	**32.202**

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 expressed in thousand Turkish Liras (‘000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

11. Provisions *(continued)*

11.1 Employee benefits *(continued)*

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

	Impact on severance pay liability	
Assumptions for Severance Pay Liability	**31 December 2023**	**31 December 2022**
Inflation change		
1% increase	(5.546)	(2.416)
1% decrease	4.795	2.050
Interest rate change		
1% increase	4.693	1.995
1% decrease	(5.500)	(2.387)

11.2 Other provisions

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

	31 December 2023	**31 December 2022**
Other current provisions(*)	-	16.176
Other current provisions	**-**	**16.176**

(*) 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”).

	31 December 2023	**31 December 2022**
Provision for litigation	6.018	4.314
Other non current provisions	**6.018**	**4.314**

Movements of the provision on litigation are as follows:

	31 December 2023	**31 December 2022**
Balance at the beginning of the period	4.314	6.225
Additions	3.400	-
Monetary gains/(losses)	(1.696)	(1.911)
Period-end balance	**6.018**	**4.314**

(All amounts are expressed in thousand Turkish Liras ('000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

12. Commitment and contingencies

12.1 GPM given by the Group

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

GPM given by the Group	31 December 2023	31 December 2022
A.Total Amount of GPM Given on Behalf of Own Legal Entity	35.954.543	37.712.663
B.Total Amount of GPM Given in Favor of Partnerships which are Fully Consolidated	10.191	43
C.Total Amount of GPM Given for Assurance of Third Parties Debts	-	-
D.Total Amount of Other GPM Given	-	-
i. Total Amount of GPM's Given in Favor of the Parent Shareholder	-	-
ii. Not Covered by Items B and C	-	-
Total Amount of GPMs Given in Benefit of Other Group Companies		
iii. Total Amount of GPMs Given to Third Parties Not Covered by Article C	-	-
Total	-	-
GPM given by the Group	**35.964.374**	**37.712.706**

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

	31 December 2023 (*)			31 December 2022 (*)		
	TL	USD	EUR	TL	USD	EUR
GPM given on behalf of the Group's own legal entity	352.332	35.370.936	231.275	349.149	37.130.298	233.216
GPM given in favor of companies under full consolidation	10.191	-	-	43	-	-
Toplam	**362.523**	**35.370.936**	**231.275**	**349.192**	**37.130.298**	**233.216**

(*)All amounts are TL denominated.

GPM table above consists of pledges and mortgages that form the guarantee of the Group's loans, the details of which are explained in Note 5. Within this scope, as of December 31, 2023, the total amount of pledges and mortgages given is TL 35.964.734 (31 December 2022: TL 37.712.706).
The ratio of the total amount of GPM's given by the Group to the Group's equity is 0% as of 31.12.2023 (31.12.2022: 0%).
The total amount of bank letters of guarantee given by the Group to various institutions and organizations (EMRA, TEİAŞ, electricity distribution companies, public institutions) within the scope of its ordinary commercial activities is TL 227.448 (31 December 2022: TL 126.625).

12.2 Guarantees Received

	Currency	31 December 2023 TL	31 December 2022 TL
Letters of guarantee received (*)	USD	1.280.490	1.350.482
Letters of guarantee received (*)	EUR	347.535	297.053
Letters of guarantee received (*)	TL	11.778	3.126
Total		**1.639.803**	**1.650.661**

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

(All amounts are expressed in thousand Turkish Liras (‘000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

13. Prepaid Expenses

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

	31 December 2023	31 December 2022
Prepaid expenses (*)	81.209	111.244
Advances given	4.659	2.384
Personnel and job advances	402	1.413
Short-term Prepaid Expenses	**86.270**	**115.041**

	31 December 2023	31 December 2022
Prepaid Expenses (*)	232.361	225.396
Advances Given	810	1.622
Long-term prepaid expenses	**233.171**	**227.018**

(*) Consists mostly of loan insurance expenses and other insurance expenses.

14. Liabilities arising from customer contracts

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

	31 December 2023	31 December 2022
Contractual liabilities arising from sales	265.698	427.700
Liabilities arising from customer contracts	**265.698**	**427.700**

(*) The advance amount related to the Group's activities in the electricity market.

15. Other current and non current assets

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

	31 December 2023	31 December 2022
Deferred VAT	6.792	5.751
Other	422	695
Other current assets	**7.214**	**6.446**

	31 December 2023	31 December 2022
Deferred VAT	54.163	63.907
Other non current assets	**54.163**	**63.907**

(All amounts are expressed in thousand Turkish Liras ('000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

16. Derivative financial instruments

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

	31 December 2023	31 December 2022
Assets from derivative financial instruments	109.058	171.672
Derivative financial instruments	**109.058**	**171.672**

31 December 2023	Currency	Maturity Date	Original contract value	Asset
Derivative asset	USD	June 20, 2033	4.141.051	75.858
Derivative asset	USD	December 14, 2033	1.605.437	33.200
Derivative financial instruments				**109.058**

31 December 2022	Currency	Maturity Date	Original contract value	Asset
Derivative asset	USD	June 20, 2033	4.333.983	123.005
Derivative asset	USD	December 14, 2033	1.680.235	48.667
Derivative financial instruments				**171.672**

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.

Non-derivative financial instruments
The Group uses its loans amounting to USD 320.845 thousand (31 December 2022: USD 393.047 thousand) as a hedge against the exchange rate risk incurred due to USD-based sales revenues made within the scope of YEKDEM with a high probability of realization and applies hedge accounting as a result of the effectiveness tests carried out in this scope. Maturity dates of hedging items are considered as the due date of the loans subject to the hedging relationship. The hedge ratios are 100% and 100% for the years ending December 31, 2023 and 2022, respectively. These hedging ratios represent the portion of YEKDEM sales revenue that is included in effectiveness tests.

The movement of non-derivative financial instruments included in "Hedge Reserving Fund" accounted under equity is as follows:

	2023	2022
1 January	**(7.669.585)**	(7.994.801)
Attributable to other comprehensive income - Hedge Reserve Fund	356.555	325.216
31 December	**(7.313.030)**	**(7.669.585)**

(All amounts are expressed in thousand Turkish Liras ('000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation 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 2023 and 31 December 2022 are as follows:

	31 December 2023		31 December 2022	
	Share (%)	**TL**	**Share (%)**	**TL**
Akfen	66,50	675.661	66,91	679.797
Public(*)	33,50	340.371	-	-
EBRD	0,00	-	17,10	173.780
IFC	0,00	-	15,99	162.455
	100	**1.016.032**	**100**	**1.016.032**
Share capital adjustments		6.996.143		6.996.143
Total paid in capital	**100**	**8.012.175**	**100**	**8.012.175**

(*)As of December 31, 2023, there is no top management or holding share in the publicly traded portion.

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

On 15.12.2022, in the capital of the Company, (i) shares belonging to EBRD, corresponding to 17.10% of the issued capital of the Company, and (ii) shares belonging to IFC, corresponding to 15,99% of the issued capital of the Company, A Share Transfer Agreement was concluded for the transfer of 99 shares to Akfen Holding. The Competition Board approval, which was issued as a prerequisite for the share transfer in accordance with the Share Transfer Agreement, was received on 06.01.2023. Subsequently, the mentioned share transfers were carried out on 18.01.2023 and Akfen Holding became the owner of all the shares of the Company.

The Capital Markets Board approved the public offering of Group (B) shares with a nominal value of TL 340.370.703, owned by Akfen Holding in Akfen Renewable capital, on 02.03.2023. Group B shares with a nominal value of TL 340.370.703 to be offered to the public were offered for sale between 08.03.2023 and 10.03.2023, and the Company's shares with a nominal value of TL 340.370.703 (33,5% of the capital) were offered to the public. With the inflation accounting implemented in 2023, positive capital adjustment differences amounting to TL 6.996.143 as of December 31, 2023, 2022 and 2021 have been accounted in the consolidated financial statements.

Balance sheet dated 31 December 2023 prepared in accordance with the Tax Procedure Law has been corrected using the Producer Price Indices (PPI) published by the Turkish Statistical Institute within the scope of inflation accounting, according to the Tax Procedure Law and the relevant Communiqué published in the Official Gazette dated 30 December 2023 and numbered 32415 (2nd Duplicate). The attached financial statements have been subject to inflation correction by using the Consumer Price Indices (CPI) published by the Turkish Statistical Institute in accordance with TAS 29, and ultimately the amounts for the current and previous reporting period are expressed in terms of purchasing power as of December 31, 2023. Due to the use of different indices in the Tax Procedure Law and TAS 29 inflation accounting and the adjustment of the amounts from previous reporting periods to express them in the purchasing power of 31 December 2023 in TAS 29, there are differences regarding the items "Share Capital Adjustments", "Share Premiums" and "Restricted Reserves" in the balance sheet prepared in accordance with the Tax Procedure Law and the financial statements prepared in accordance with TAS / TFRS. The differences are reflected in the "Retained Earnings or Losses" in the TAS/TFRS financial statements, and the detail of these differences are shown in detail below:

(All amounts are expressed in thousand Turkish Liras (‘000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

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

17.1 Equity (continued)

31 December 2023	Inflation-adjusted amounts included in financial statements prepared in accordance with Law No. 6102 and other legislation	Amounts adjusted according to TAS 29 requirements in accordance with TFRS	Difference classified in retained earnings/(loss)
Share capital adjustments	11.692.798	6.996.143	(4.696.655)
Share premiums	4.584.563	2.884.604	(1.699.959)

Retained earnings	Amount Before Inflation Accounting	Amount After Inflation Accounting
31 December 2021	(728.863)	13.384.902
1 January 2021	(1.363.367)	12.280.369

17.2 Share premium

Share premium 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 2.884.604 as of 31 December 2023 (31 December 2022: TL 2.884.604).

17.3 Additional capital contributions of shareholders

The Group has to demise a portion of the revenue to the previous shareholders of certain HEPP 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 2023, the Group's restricted reserves set aside from profit is TL 76.037(31 December 2022: TL 76.037).

(All amounts are expressed in thousand Turkish Liras (‘000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

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

17.5 Revaluation of property, plant and equipment

As of 31 December, 2023 and 31 December 2022, the Group has reflected the revaluation of property, plant and equipment in the consolidated financial statements. As of 31 December 2023, the amount of revaluation value increase net of deferred tax effect is TL 250.349 (31 December 2022: None)

17.6 Defined benefit plans remeasurement

As of 31 December 2023, it consists of actuarial losses recognized as other comprehensive income related to the severance pay provision amounting to TL 5.125 (31 December 2022: TL 8.956). The portion recognized under other comprehensive income is TL 14.081 as of 31 December 2023 (31 December 2022: TL 3.521).

17.7 Hedging reserve

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

As of July 1, 2020, the Group started to apply hedge accounting (hedging against cash flow risk) as an accounting policy, one of the application methods specified within the scope of TFRS 9, and recognized accumulated other comprehensive income related to cash flow hedge amounting to TL 7.313.030 as of December 31, 2023 (31 December 2022: TL 7.669.585). The portion recognized in other comprehensive income is TL 7.313.030 as of 31 December 2023 (31 December 2022: TL 7.669.585).

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

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

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

(All amounts are expressed in thousand Turkish Liras (‘000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

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

17.7 Hedging reserve *(continued)*

Accounting principles applied within the scope of Cash Flow Hedging model in accordance with TFRS 9 are elaborated below:

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

18. Revenue

The analysis of the Group's revenue for the period ended 31 December 2023 and 31 December 2022 is as follows:

	1 January – 31 December 2023	**1 January – 31 December 2022**
WPP	2.346.936	2.660.359
HEPP	1.061.577	1.404.401
SPP	817.259	862.467
Sales income of carbon reduction certificate rights	126.371	10.602
Other(*)	11.094	-
Total	**4.363.237**	**4.937.829**

(*) Consist of Akfen Toptan

(All amounts are expressed in thousand Turkish Liras ('000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

19. Cost of sales

The analysis of the Group's costs of sales for the period ended 31 December 2023 and 2022 is as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Depreciation and amortization expenses	751.742	856.884
Maintenance and repair expenses	291.819	296.865
System usage fee	255.375	333.418
Contribution fee of WPP	245.465	147.653
Personnel expenses	173.417	98.399
Taxes and other fees	98.698	30.321
Insurance expenses	91.505	95.369
Consultancy expenses	31.805	42.426
Security expenses	15.320	14.580
Electricity costs	12.116	2.839
Vehicle expenses	11.235	10.935
Personnel transportion expenses	8.944	8.933
Other	175.549	124.715
Total	**2.162.990**	**2.063.337**

20. General administrative expenses

The analysis of the Group's general administrative expenses for the period ended 31 December 2023 and 2022 is as follows:

	1 January 31 December 2023	1 January 31 December 2022
Personnel expenses	66.904	53.358
Consultancy expenses	18.374	20.043
Charity and donations	8.342	941
Support services expenses	6.247	16.492
Travel expenses	5.469	3.223
Representation and hospitality expenses	5.045	906
Office expenses	4.517	3.516
Insurance expenses	4.092	166
Vehicle expenses	3.760	3.231
Advertising expenses	3.680	3.498
Taxes and other fees	2.243	2.168
Rent expenses	1.791	1.233
Depreciation and amortization expenses	1.067	1.038
Other	8.111	6.124
Total	**139.642**	**115.937**

(All amounts are expressed in thousand Turkish Liras ('000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

21. Expense by natüre

The analysis of the Group's costs of sales and general administrative expenses for the period ended 31 December 2023 and 2022 is as follows:

	1 January 31 December 2023	1 January 31 December 2022
Depreciation and amortization expenses	752.809	857.922
Maintenance and repair expenses	291.819	296.865
System usage fee	255.375	333.418
Contribution fee of WPP	245.465	147.653
Personnel expenses	240.321	151.757
Taxes and other fees	100.942	32.490
Insurance expenses	95.597	95.536
Consultancy expenses	50.179	62.469
Security expenses	15.320	14.580
Vehicle expenses	14.995	14.166
Electricity costs	12.116	2.839
Personnel transportion expenses	8.944	8.933
Charity and donations	8.342	941
Support services expenses	6.247	16.492
Travel expenses	5.469	3.223
Representation and hospitality expenses	5.045	906
Other	193.647	139.084
Total	**2.302.632**	**2.179.274**

22. Other operating income and expense

22.1 Other operating income

The analysis of the Group's other operating income for the period ended 31 December 2023 and 2022 is as follows:

	1 January – 31 December 2023	1 January – 31 December 2022
Revaluation of tangible assets	2.009.539	**-**
Insurance compensation income	41.471	254.969
Foreign exchange loss on trade receivables and payables, net	6.197	-
Other	1.698	10.421
Other operating income	**2.058.905**	**265.390**

(All amounts are expressed in thousand Turkish Liras ('000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

22. Other operating income and expense *(continued)*

22.2 Other operating expense

The analysis of the Group's other operating expenses for the period ended 31 December 2023 and 31 December 2022 is as follows:

	1 January – 31 December 2023	1 January – 31 December 2022
Impairment of tangible assets	110.674	5.494.097
Foreign exchange loss on trade receivables and payables, net	-	6.380
Litigaiton expense	548	524
Receivable provision expenses	9.373	6.924
Other	828	5.411
Other operating expense	**121.423**	**5.513.336**

23. Income from investment activities

The analysis of the Group's income from investment activities expenses for the period ended 31 December 2023 and 31 December 2022 is as follows:

	1 January – 31 December 2023	1 January – 31 December 2022
Subsidiary sales revenue	-	99.036
Fair value increases in exchange rate protected deposits	40.375	-
Tangible asset sales profit	4.499	822
Other(*)	-	6.340
Other operating expense	**44.874**	**106.198**

(*)Kurtal Elektrik Üretim Inc. sold on December 28, 2022

24. Financial income and expense

The financial income and expenses for the period ended 31 December 2023 and 2022 consists of the following:

	1 January – 31 December 2023	1 January – 31 December 2022
Earnings from derivatie transactions	4.872	863.639
Interest income	83.130	32.307
Discount interest income, net	1.381	9.823
Financial income	**89.383**	**905.769**
Interest expenses	(961.794)	(1.892.050)
Foreign exchange loss, net	(935.059)	(640.267)
Interest expense from lease liabilities	(66.928)	(52.545)
Letter of guarantee and bank loan commissions	(82.053)	(120.947)
Other	(15.032)	(15.066)
Financial expense	**(2.060.866)**	**(2.720.875)**
Financial income/(expense), net	**(1.971.483)**	**(1.815.106)**

(All amounts are expressed in thousand Turkish Liras ('000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

25. Taxation

Corporate taxes

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

In Turkey, the corporate tax rate applied to the legal tax base to be found by adding the expenses that are not accepted as deductible in accordance with tax laws to the commercial income of corporations in Turkey and by deducting the exemptions in the tax laws was applied as 20% after January 1, 2021. However, pursuant to Article 21 of the "Law on the Creation of Additional Motor Vehicle Tax and Amendments to Certain Laws and Decree Law No. 375 to Compensate for Economic Losses Caused by the Earthquakes That Occurred on 6/2/2023", published in the Official Gazette dated 15 July 2023 and numbered 32249, it has been decided that the general rate applied in corporate tax will be increased from 20% to 25%, and the rate for banks and financial institutions will be increased from 25% to 30% with the changes made in Article 32 of the Corporate Tax Law No. 5520, which regulates the corporate tax rate. With the same article of the law mentioned (Article 21), the corporate tax rate, which was applied with a 1 point discount to the earnings of exporting corporations exclusively from exports, was applied with a 5 point discount in order to encourage exports. The said amentment will be applied to the earnings of corporations in 2023 and the following tax periods, starting from the declarations that must be submitted as of October 1, 2023.

Within the scope of the said amendment, deferred tax in the consolidated financial statements dated 31 December 2023 are calculated with the rate of 25%. (31 December 2022: 23% and 20%, for the portions of temporary differences that will have tax effects in 2022 and subsequent periods, respectively)

As of 31 December 2021, the conditions required for the inflation adjustment of the financial statements as of 31 December 2021 have been met in accordance with Article 298 of the Tax Procedure Law. However, in accordance with the provisional article 33 of the Tax Procedure Law numbered 213 with the Law numbered 7352 "Law on Amendments to the Tax Procedure Law and Corporate Tax Law" published in the Official Gazette dated 29 January 2022 and numbered 31734:

- Repeated financial statements will not be subject to inflation adjustment for the 2021 and 2022 accounting periods and the temporary tax periods of the 2023 accounting period, regardless of whether the conditions for inflation adjustment under Article 298 are met, including the temporary tax periods,

- The financial statements dated 31 December 2023 will be subject to inflation correction in a way that will not affect the corporate tax base.

According to the "General Communiqué on Tax Procedure Law No. 555" published in the Official Gazette dated 30 December 2023 and numbered 32415 and the repeated article 298 of the Tax Procedure Law No. 213, it is essential that the financial statements of the enterprises operating in Turkey for the 2023 accounting period are subject to inflation adjustment. The inflation adjusted financial statements will constitute an opening balance sheet base in the tax returns to be prepared as of 1 January 2024 and the effects of inflation will not be taken into consideration in the calculation of the period tax for 2023.

As of 31 December 2023, the tax rates (%) used in the calculation of deferred tax, taking into account the tax legislation in effect in each country, are as follows:

Country	Tax Rate
Turkey	% 25

In accordance with the provisional Article 33 of the Tax Procedure Law, the tax effects arising from the inflation adjustment of the financial statements as of 31 December 2023 are included in the deferred tax calculation as of 31 December 2023.

25. Taxation *(continued)*

Corporate taxes *(continued)*

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 payments made from joint stock companies resident in Turkey to joint stock companies resident in Turkey are not subject to income tax. In addition, if the profit is not distributed or added to the capital, income tax is not calculated.

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.

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.

(All amounts are expressed in thousand Turkish Liras ('000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

25. Taxation *(continued)*

25.1 Current income/(expense) tax

The details of tax expense for the period ending on 31 December 2023 and 2022 are as follows:

	1 January – 31 December 2023	1 January – 31 December 2022
Current period tax expense	(10.519)	(7.680)
Deferred tax income	1.164.236	491.138
Tax income	**1.153.717**	**483.458**

25.2 Period profit tax liability

The reported tax expenses for the years ended 31 December 2023 and 2022 are different than the amounts computed by applying the statutory tax rate to profit before tax of the Group, as shown in the following reconciliation:

	31 December 2023	%	31 December 2022	%
Income for the period	**4.550.382**		**(1.575.721)**	
Taxable income	**1.153.717**		**483.458**	
Income / (Loss) excluding income tax	**3.396.665**		**(2.059.179)**	
Income tax expense using the Group's domestic rate	(849.166)	**25**	473.611	**23**
Deferred tax effect arising from inflation accounting adjustments in statutory financial statements	670.727		-	
Monetary gains/(losses)	1.067.415		(199.856)	
Change in tax rate	6.442		32.648	
Other revenues which are not subject to tax	667.321		394.964	
Disallowable expenses	(113.337)		(81.657)	
Accumulated loss which is no deferred tax is recognized	(295.076)		(135.872)	
Other	(609)		(380)	
Tax income	**1.153.717**		**483.458**	

	31 December 2023	31 December 2022
Current tax expense (A)	(10.519)	(3.920)
Tax to be deducted (B)	-	1.673
Monetary gains/(losses)(C)	9.432	4.676
Current tax-related assets/(liabilities), net (A+B+C)	**(1.087)**	**2.429**

(All amounts are expressed in thousand Turkish Liras (‘000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

25. Taxation *(continued)*

25.2 Current income/(expense) tax *(continued)*

The Group has a total of TL 3.795.148 (31 December 2022: TL 3.011.990) accumulated financial losses that can be deducted against future profits, and it is assumed that TL 682.467 (31 December 2022: TL 802.472) will be used and TL 212.690 (31 December 2022: TL 280.364) tax asset is recorded. Deferred tax assets are not recorded as it is thought that the accumulated financial losses of TL 3.112.681 (31 December 2022: TL 2.909.255) will not be subject to tax in the coming years.

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

	31 December 2023	**31 December 2022**
2023	-	67.460
2024	26.470	140.433
2025	79.960	85.458
2026	103.332	269.524
2027	325.344	3.077.812
2028	2.577.575	-
Total	**3.112.681**	**3.640.687**

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

	31 December 2023	**31 December 2022**
2023	-	530.500
2024	264.632	735.647
2025	365.325	50.122
2026	42.000	-
2027	6.876	5.988
2028	3.634	-
Total	**682.467**	**1.322.257**

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 2023 and 2022 are as follows:

	1 January – 31 December 2023	**1 January – 31 December 2022**
Deferred tax liability as of 1 January, net	(4.588.785)	(5.077.890)
Recognized in the statement of profit or loss	1.164.236	491.138
Recognized in the statement of other comprehensive income	(85.585)	(2.987)
Impact of sales subsidiary	-	954
Deferred tax (asset)/ liability as of the end of the period, net	**(3.510.134)**	**(4.588.785)**

(All amounts are expressed in thousand Turkish Liras ('000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation 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 2023 and 31 December 2022 were attributable to the items detailed in the table below:

	Assets		Liabilities		Net	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Tangible and intangible assets	-	-	(3.896.341)	(4.940.544)	**(3.896.341)**	**(4.940.544)**
Severance pay and unused vacation provisions	10.793	7.619	-	-	**10.793**	**7.619**
Financial borrowings	203.899	212.175	-	-	**203.899**	**212.175**
Fair value impact of derivative instruments	-	-	(27.265)	(34.334)	**(27.265)**	**(34.334)**
Tax losses carried forward	212.690	280.364	-	-	**212.690**	**280.364**
Other	-	7.346	(13.910)	-	**(13.910)**	**7.346**
Deferred tax asset/(liability)	**427.382**	**507.504**	**(3.937.516)**	**(4.974.878)**	**(3.510.134)**	**(4.467.374)**
Off-set	(415.576)	(469.635)	415.576	469.635	-	-
Deferred tax asset/(liability)	**11.806**	**37.869**	**(3.521.940)**	**(4.505.243)**	**(3.510.134)**	**(4.467.374)**

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 2023 and 31 December 2022 are as follows:

Number of shares	**31 December 2023**	**31 December 2022**
1 January	1.016.032.000	1.016.032.000
End of Period	**1.016.032.000**	**1.016.032.000**
Net profit/(loss)	4.553.839	(1.576.407)
Basic earnings/(losses) per share	4,48	(1,55)
Diluted earnings/(losses) per share	4,48	(1,55)

In accordance with TMS 33 Earnings Per Share, if the number of existing ordinary shares 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 calculation of basic earnings per share and diluted earnings per share for all periods presented, is corrected retrospectively.

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 expressed in thousand Turkish Liras (‘000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

27. Related party disclosures *(continued)*

27.1 Balances with related parties

As of 31 December 2023 and 31 December 2022, the summary of Related Party balances are as follows:

	31 December 2023	31 December 2022
Akfen (1)	19.080	19.055
Akfen Turizm Yatırımları ve İşletmecilik A.Ş. ("Akfen Turizm") (2)	567	119
Current trade payables to related parties	**19.647**	**19.174**

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

Trade payables to related parties mainly arise from the services received. The Group has not provided any guarantee for borrowings from related parties.

27.2 Transactions with related parties

As of 31 December 2023 and 2022, the services given to related parties are as follows:

Services received from related parties	**31 December 2023**		**31 December 2022**	
Company	**Amount**	**Nature**	**Amount**	**Nature**
Akfen İnşaat	3.797	Financing income	-	-
	3.797		**-**	

As of 31 December 2023 and 2022, the services received from related parties are as follows:

Services received from related parties	**31 December 2023**		**31 December 2022**	
Company	**Amount**	**Nature**	**Amount**	**Nature**
Akfen(1)	-	Financing expense	81.823	Financing expense
Akfen(1)	19.486	Support services expenses	16.143	Support services expenses
Akfen Gayrimenkul Portföy Yönetimi A.Ş. Birinci Gayrimenkul Yatırım Fonu ("Akfen GPYŞ")(2)	958	Rent expenses	917	Rent expenses
Akfen Turizm(2)	1.210	Personnel meal expenses	998	Personnel meal expenses
Türkiye İnsan Kaynakları Eğitim ve Sağlık Vakfı (Tikav)(2)	4.446	Donation expenses	613	Donation expenses
European Bank for Reconstruction and Development ("EBRD") (1)	1.524	Other	1.291	Other
	27.624		**101.785**	

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

(All amounts are expressed in thousand Turkish Liras ('000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation 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 2023, benefits provided to senior executives are TL 11.393 (31 December 2022: TL 11.069).

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 2023	Receivables					
	Trade Receivables		Other Receivables			
	Related Party	Other Party	Related Party	Other Party	Bank Deposit	Other
Maximum credit risk exposure as of the reporting date (A+B+C+D+E)	**-**	**470.343**	**-**	**17.942**	**1.140.769**	**-**
- 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	-	470.343	-	17.942	1.140.769	-
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)	-	19.074	-	-	-	-
- Impairment (-)	-	(19.074)	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
E. Elements including off-balance-sheet financing	-	-	-	-	-	-

31 December 2023	Receivables	
	Trade Receivables	Other Receivables
0-3 months overdue	-	-
3-12 months overdue	-	-
1-5 years overdue	19.074	-
More than 5 years overdue	-	-
Total receivables overdue	19.074	-
Total provisions reserved	(19.074)	-
Portion guaranteed with a collateral, etc.	-	-

(All amounts are expressed in thousand Turkish Liras ('000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

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

29.1 Credit risk *(continued)*

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)	**-**	**748.699**	**-**	**30.068**	**1.487.758**	**-**
- 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	-	748.699	-	30.068	1.487.758	
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)	-	15.984	-	-	-	-
- Impairment (-)	-	(15.984)	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
E. Elements including off-balance-sheet financing	-	-	-	-	-	-

31 December 2022	Receivables	
	Trade Receivables	Other Receivables
0-3 months overdue	-	-
3-12 months overdue	-	-
1-5 years overdue	15.984	-
More than 5 years overdue	-	-
Total receivables overdue	15.984	-
Total provisions reserved	(15.984)	-
Portion guaranteed with a collateral, etc.	-	-

(All amounts are expressed in thousand Turkish Liras ('000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

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

29.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to fulfill its obligations when they come due. The Group's liquidity management approach is to maintain sufficient liquidity, as much as possible, in order to be able to pay its obligations when due in normal and distressed situations, without incurring unacceptable losses or damaging the Group's reputation.

As of 31 December 2023 and 31 December 2022, the maturities of the Group's financial liabilities, including estimated interest payments, determined according to the payment plan, are as follows:

Non derivative financial liabilities

31 December 2023		**Contractual cash outflows total**	**Less than 3 months**	**3 - 12 months**	**1 - 5 years**	**More than 5 years**
Contractual maturities	**Carrying amount**	**(I+II+III+IV+V)**	**(I)**	**(II)**	**(III)**	**(IV)**
Financial Liabilities						
Borrowings	9.571.262	(11.304.035)	(49.347)	(2.389.719)	(6.015.207)	(2.849.762)
Leasing payables	269.494	(269.494)	-	(17.658)	(91.745)	(160.091)
Trade payables to third parties	390.409	(390.409)	(286.231)	(104.178)	-	-
Trade payables to related parties	19.647	(19.647)	(19.647)	-	-	-

31 December 2022		**Contractual cash outflows total**	**Less than 3 months**	**3 - 12 months**	**1 - 5 years**	**More than 5 years**
Contractual maturities	**Carrying amount**	**(I+II+III+IV+V)**	**(I)**	**(II)**	**(III)**	**(IV)**
Financial Liabilities						
Borrowings	12.139.811	(16.797.248)	(53.655)	(3.239.774)	(8.200.221)	(5.303.598)
Leasing payables	411.657	(411.657)	-	(29.422)	(138.899)	(243.336)
Trade payables to third parties	834.205	(834.205)	(407.702)	(426.503)	-	-
Trade payables to related parties	19.174	(19.174)	(19.174)	-	-	-

(All amounts are expressed in thousand Turkish Liras ('000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

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

29.3 Foreign currency risk

Exchange risk exposure

As of 31 December 2023, the Group's foreign currency position consists of foreign currency denominated assets and liabilities stated in the table below.

31 December 2023				
	TL Equivalent	USD	EUR	Other (*)
1. Trade receivables	-	-	-	
2a. Monetary Financial Assets (including safe and bank accounts)	1.081.282	35.885	765	1
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	4.305	146	-	
4. Current Assets (1+2+3)	**1.085.587**	**36.031**	**765**	**1**
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	97.827	3.323	-	
8. Non-Current Assets (5+6+7)	**97.827**	**3.323**	**-**	-
9. Total Assets (4+8)	**1.183.414**	**39.354**	**765**	**1**
10. Trade Payables	39.168	758	517	-
11. Financial Liabilities	2.382.446	80.465	421	
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	**2.421.614**	**81.223**	**938**	-
14. Trade Payables	-	-	-	-
15. Financial Liabilities	7.188.815	243.621	523	-
16a. Other Monetary Liabilities	648	-	20	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	**7.189.463**	**243.621**	**543**	-
18. Total Liabilities (13+17)	**9.611.077**	**324.844**	**1.481**	-
19. Net Asset/(Liability) Position of Foreign Currency-Denominated Derivatives Excluded from Financial Position Statement (9-18)	**(8.427.663)**	**(285.490)**	**(716)**	**1**
19a. Total amount of assets hedged	**-**	**-**	**-**	-
19b. Total amount of liabilities hedged	**9.445.104**	**320.845**	**-**	-
20. Net Foreign Currency Asset/(Liability) position (9-18+19)	**1.017.441**	**35.355**	**(716)**	**1**

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

(All amounts are expressed in thousand Turkish Liras (‘000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation 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 2022				
	TL Equivalent	**USD**	**EUR**	**Other (*)**
1. Trade receivables	-	-	-	
2a. Monetary Financial Assets (including safe and bank accounts)	1.385.324	44.602	339	-
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	1.482	-	45	
4. Current Assets (1+2+3)	**1.386.806**	**44.602**	**384**	**-**
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	171.672	5.572	-	
8. Non-Current Assets (5+6+7)	**171.672**	**5.572**	**-**	**-**
9. Total Assets (4+8)	**1.558.478**	**50.174**	**384**	**-**
10. Trade Payables	117.563	3.602	200	-
11. Financial Liabilities	2.559.293	82.629	411	
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	**2.676.856**	**86.231**	**611**	**-**
14. Trade Payables	-	-	-	-
15. Financial Liabilities	9.580.518	310.022	878	-
16a. Other Monetary Liabilities	714	-	22	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	**9.581.232**	**310.022**	**900**	**-**
18. Total Liabilities (13+17)	**12.258.088**	**396.253**	**1.511**	**-**
19. Net Asset/(Liability) Position of Foreign Currency-Denominated Derivatives Excluded from Financial Position Statement (9-18)	**(10.699.609)**	**(346.079)**	**(1.127)**	**-**
19a. Total amount of assets hedged	**-**	**-**	**-**	**-**
19b. Total amount of liabilities hedged	**11.976.492**	**388.724**	**-**	**-**
20. Net Foreign Currency Asset/(Liability) position (9-18+19)	**1.276.883**	**42.645**	**(1.127)**	**-**

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

(All amounts are expressed in thousand Turkish Liras ('000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation 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 2023				
	Profit/Loss		**Equity**	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In the event that USD appreciates/depreciates by 20% against TL				
1- USD net asset/liability	208.157	(208.157)	-	-
2- Portion hedged for USD (-)	-	-	-	-
3- USD Net Impact (1+2)	208.157	(208.157)	-	-
In the event that EUR appreciates/depreciates by 20% against TL				
4- Net asset/liability in EUR	(4.676)	4.676	-	-
5- Portion hedged for EUR (-)	-	-	-	-
6- Euro Net Impact (4+5)	(4.676)	4.676	-	-
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)	203.481	(203.481)	-	-

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	262.779	(262.779)	-	-
2- Portion hedged for USD (-)	-	-	-	-
3- USD Net Impact (1+2)	**262.778**	**(262.778)**	-	-
In the event that EUR appreciates/depreciates by 20% against TL				
4- Net asset/liability in EUR	(7.409)	7.409	-	-
5- Portion hedged for EUR (-)	-	-	-	-
6- Euro Net Impact (4+5)	**(7.408)**	**7.408**	-	-
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)	**255.370**	**(255.370)**	-	-

(All amounts are expressed in thousand Turkish Liras (‘000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation 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 2023	31 December 2022
Fixed-interest items		
Financial assets	993.349	1.014.273
Financial liabilities	3.162.689	4.301.577
Variable-interest items		
Financial assets	95.474	355.381
Financial liabilities	6.408.572	7.838.233

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 63.131 (31 December 2022: TL 76.226) increase in the annual interest costs of floating interest rate liabilities of the Group. TL 43.316 of this amount (31 December 2022: TL 52.879) was hedged with due interest rate swap. Because of this reason, the net risk on profit and loss is TL 19.815 (31 December 2022: TL 23.346).

Interest Position Statement		
	31 December 2023	**31 December 2022**
Fixed-Interest Financial Instruments	**(21.694)**	**(32.873)**
Financial assets	9.933	10.143
Financial liabilities	(31.627)	(43.016)
Variable-Interest Financial Instruments	**(63.131)**	**(74.828)**
Financial assets	955	3.554
Financial liabilities	(64.086)	(78.382)

(All amounts are expressed in thousand Turkish Liras ('000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation 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 2023 and 31 December 2022 are as follows:

	31 December 2023	**31 December 2022**
Total financial borrowings	9.571.262	12.139.811
Less: Cash and cash equivalents	(1.141.173)	(1.488.240)
Net debt	8.430.089	10.651.571
Total equity	20.376.579	15.201.755
Net debt / total equity	**0,41**	**0,70**

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.

<u>Financial instruments</u>

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:

<u>Financial asset</u>

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 expressed in thousand Turkish Liras ('000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation 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 2023	Credits and receivables (including cash and cash equivalents)	Book value	Fair Value	Note
Financial assets				
Cash and cash equivalents	1.141.173	1.141.173	1.141.173	4
Trade receivables from third parties	470.343	470.343	470.343	6
Other receivables from third parties	17.942	17.942	17.942	6
Financial liabilities				
Financial borrowings	9.571.262	9.571.262	8.943.649	5
Lease payables	269.494	269.494	269.494	5
Trade payables to related parties	19.647	19.647	19.647	7-27
Trade payables to third parties	390.409	390.409	390.409	7-27
Other payables to third parties	50.424	50.424	50.424	7

31 December 2022	Credits and receivables (including cash and cash equivalents)	Book value	Fair Value	Note
Financial assets				
Cash and cash equivalents	1.488.240	1.488.240	1.488.240	4
Trade receivables from third parties	748.699	748.699	748.699	6
Other receivables from third parties	30.068	30.068	30.068	6
Financial liabilities				
Financial borrowings	12.139.811	12.139.811	11.419.035	5
Lease payables	411.657	411.657	411.657	5
Trade payables to related parties	19.174	19.174	19.174	7-27
Trade payables to third parties	834.205	834.205	834.205	7
Other payables to third parties	45.412	45.412	45.412	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 expressed in thousand Turkish Liras (‘000 TL) and in purchasing power as of 31 December 2023 to reflect the effects of inflation unless otherwise specified.)

30. The fair value explanations *(continued)*

<u>Financial Instrument classifications and fair values</u> *(continued)*

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

31 December 2023		**Fair value level**	
	1st Level TL	**2nd Level TL**	**3rd Level TL**
Interest rate swap transactions (Note: 16)	-	109.058	-
31 December 2022		**Fair value level**	
	1st Level TL	**2nd Level TL**	**3rd Level TL**
Interest rate swap transactions (Note: 16)	-	171.672	-

31. Subsequent events

The "Environmental Impact Assessment Positive" decision was made by the Ministry of Environment, Urbanization and Climate Change regarding the Gelinkaya Solar Power Plant (35.75 MWm / 30 MWe - 44.86 ha) and Electricity Storage Facility (30 MWe / 60 MWh) project planned to be built in Aşkale District of Erzurum Province by Akfen Elektrik Enerjisi Toptan Satış A.Ş., a 100% subsidiary of the Group. The decision was notified to our subsidiary through a letter dated 19.01.2024 from the General Directorate of Environmental Impact Assessment, Permit and Inspection.

Within the scope of the 90 MW "detached storage" applications of Akfen Elektrik Enerjisi Toptan Sales A.Ş., a 100% subsidiary of the Group, pre-licenses were received from EMRA for the following facilities on 01.03.2024.
- Elazığ Detached Storage facility 30MW
- Tokat Detached Storage facility 30MW
- Doğançay Detached Storage facility 30MW

At the meeting of the Board of Directors of our Company dated 27.03.2024, it was decided to establish a company based in Romania and for our Company to participate in the said company as a founding partner with 85%, with the initial capital of 200 RON (Romanian leu) (approximately 50 Euros) with DEVVIS SERVICES S.R.L, a company that provides construction services in Romania, to develop potential projects in the field of energy in Romania. 15% of the capital of the company to be established will be covered by DEVVIS SERVICES S.R.L, and the company will be established within the framework of the legal process.