Second Century

AKFEN RENEWABLE ENERGY

You can access the Annual Report here

100 YEARS OF ENERGY

FOR THE REPUBLIC OF TÜRKİYE

From coal to HEPP, from fossil to renewable energy... The installed capacity of 33 MW in 1923 has exceeded 106 thousand MW today. Details on **PAGE 5**

5 GROWTH STRATEGIES

Akfen Renewable Energy continues its efforts for growth, with capacity and efficiency increases as well as new purchases and storage investments. Details on **PAGE 15**

FINANCIAL

STATEMENTS

Akfen Renewables, which was publicly listed in March 2023, successfully concluded 2023 with a net profit of 4.5 billion TL. Details on **PAGE 19**

OPERATIONAL EFFICIENCY

AT AKFEN RENEWABLE

Akfen Renewable Energy's WEPP and SPP load factors continued to increase in 2023. Details on **PAGE 35 and 39**

INVESTMENTS CONTINUE AT AKFEN

At Akfen, which is in the league of giants in Renewable Energy, investments continue unabated. Details on **PAGE 44**

akfen RENEWABLE ENERGY

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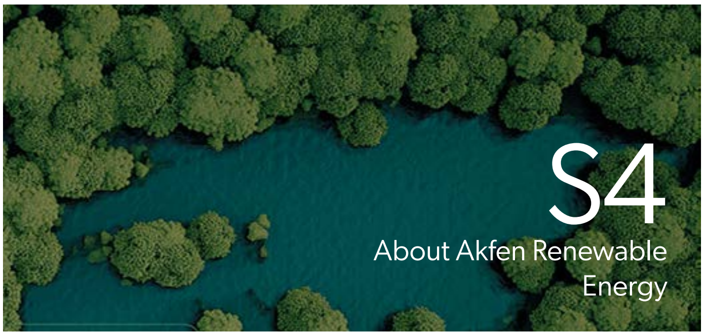
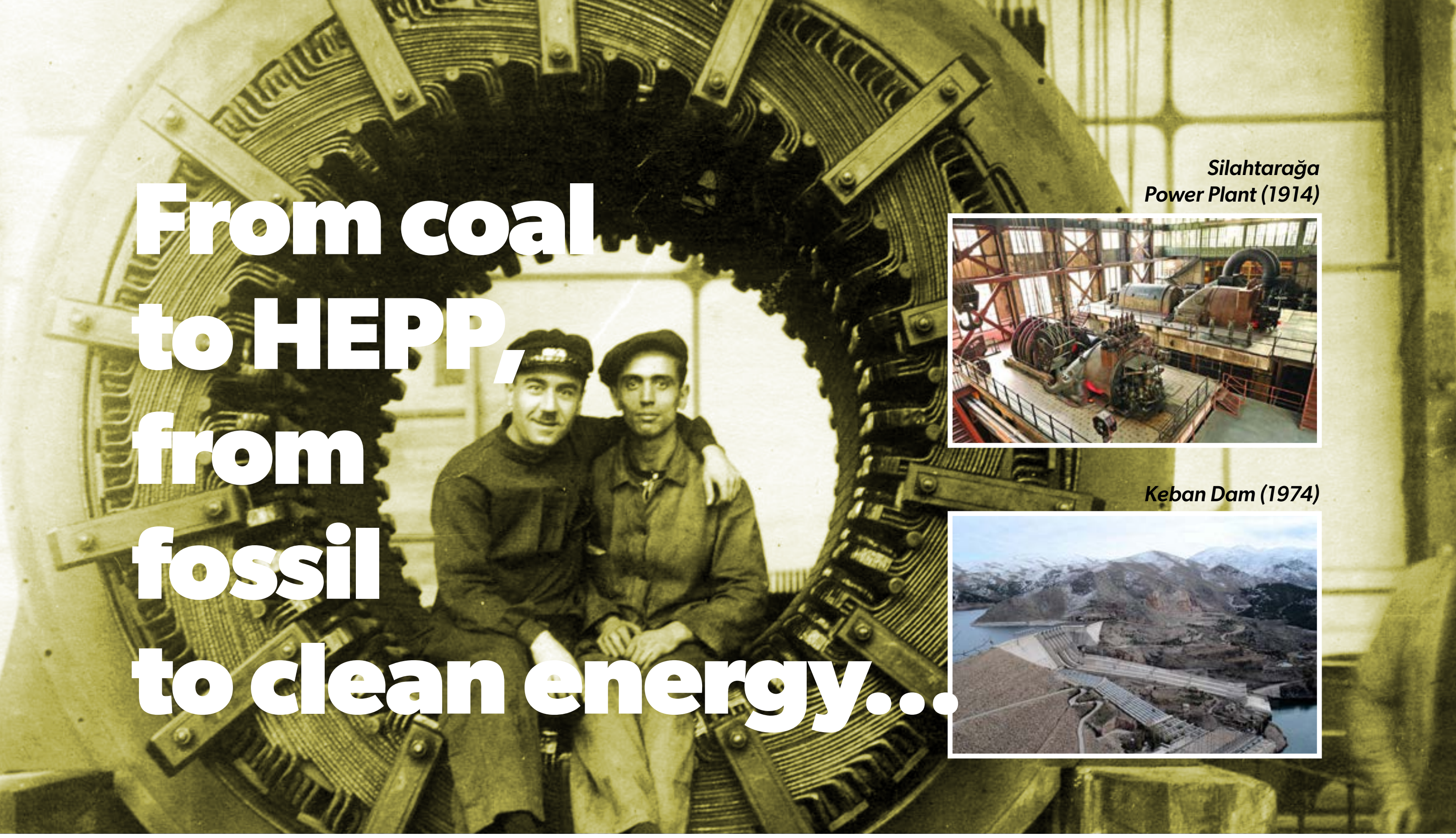




From coal to HEPP, from fossil to clean energy...

Silahtarağa Power Plant (1914)

Keban Dam (1974)

THE INSTALLED CAPACITY, WHICH WAS 33 MW WHEN THE REPUBLIC WAS FOUNDED, INCREASED 3,233 TIMES OVER THE LAST CENTURY AND REACHED 106,667 MW.

Türkiye was introduced to electrical energy during the Ottoman Empire. The transition from coal gas used in street lighting to power plants started right before the Republic era, which was founded over a century ago. The first large city-scale power plant was a thermal power plant with a power of 15 MW, established in Silahtarağa, İstanbul, in 1913.

The installed capacity of the power plants was increased as much as possible, albeit within limits, in accordance with the spirit of the time and was 33 MW when the War of Independence ended and the Republic was proclaimed in 1923; the generation was recorded as 45 million kWh.

In Atatürk's Türkiye, where it was known that the way to the country's development was to reduce dependence on foreign sources, Etibank, Mineral Research and Exploration (MTA) and Electricity Works Survey Administration (EİEİ) were established in 1935. The installed capacity reached 126.2 MW and generation reached 213 million kWh. In the 1950s, when dams were commissioned, the installed capacity reached 408 MW and generation reached 790 kWh.

The world oil crisis that began in 1974 created an energy bottleneck that also affected Türkiye in the 1980s. Electricity generation, which is predominantly based on fossil fuels and hydroelectricity, took on a new dimension in the 2010s, and clean energy such as wind and solar became the center of Türkiye's energy policies, just as it is in the world. Türkiye, obtaining 54% of its energy production from renewable energy sources, has a huge potential for wind and solar energy, and continues to work towards leaving a cleaner country for the second century of the republic and the future generations. The installed capacity, which was 33 MW when the Republic was founded, has increased 3,232-fold in a century and reached 106,667 MW by the end of 2023.

Silahtarağa Power Plant provided electricity to İstanbul from 1914 to 1952. In 1956, the installed capacity of the power plant reached 120 thousand kilowatts, but its generation capacity gradually decreased in the following years and the power plant ceased to generate electricity on 18 March 1983. The Keban Dam was Turkey's first major energy investment. When it was built it provided 20% of the country's electricity on its own, but over time, due to new investments, this rate decreased to 1%.

ABOUT
AKFEN RENEWABLE ENERGY

TÜRKIYE'S LEADING RENEWABLE ENERGY PLATFORM

Çamlıca HEPP (2011)

Founded in 2007, Akfen Renewable Energy commissioned its first HEPP plant (Sırma HEPP) in 2009 and started generating electricity.

Akfen Renewable Energy started to develop SPP projects in 2013, wind measurements for WPPs in 2014, and 2015 marked the beginning of a reorganization for the company.

In this context Akfen Holding, taking the first steps in December 2015, established Akfen Renewable Energy Inc by restructuring its subsidiaries which were operating in the field of renewable energy and gathering them under one roof, namely AkfenHEPP, AkfenWPP, Akfen Wholesale, and also Karine SPP, following its transfer to the Holding.

In early 2016, once the restructuring was completed, the company's energy portfolio attracted the attention of international investors. This interest led to an important partnership in June 2016. On 22 June 2016, the European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC) signed an agreement to acquire a 16.6667% stake in Akfen Renewable Energy for USD 100 million each.

The largest FDI in the energy sector

Akfen, with the partnership of EBRD and IFC, attracted the largest foreign direct investment (FDI) in the Turkish energy sector in 2016, and thereby seized the opportunity to diversify its investments in the energy sector.

Prior to 2016 HEPPs dominated the company portfolio, but after 2016, with the support of its shareholders, the company created a portfolio of 12 HEPPs (completed 18 HEPP investments and exited 6 of them), 14 SPPs and 6 WPPs, with a total installed capacity of 699 MW, which is one of the most important renewable energy portfolios in Türkiye. The company continues to invest in renewable energy projects such as wind, hybrid solar and stand-alone electricity storage facility projects, and strives to increase its investments to provide clean energy to the Turkish people with a balanced and diversified generation portfolio.

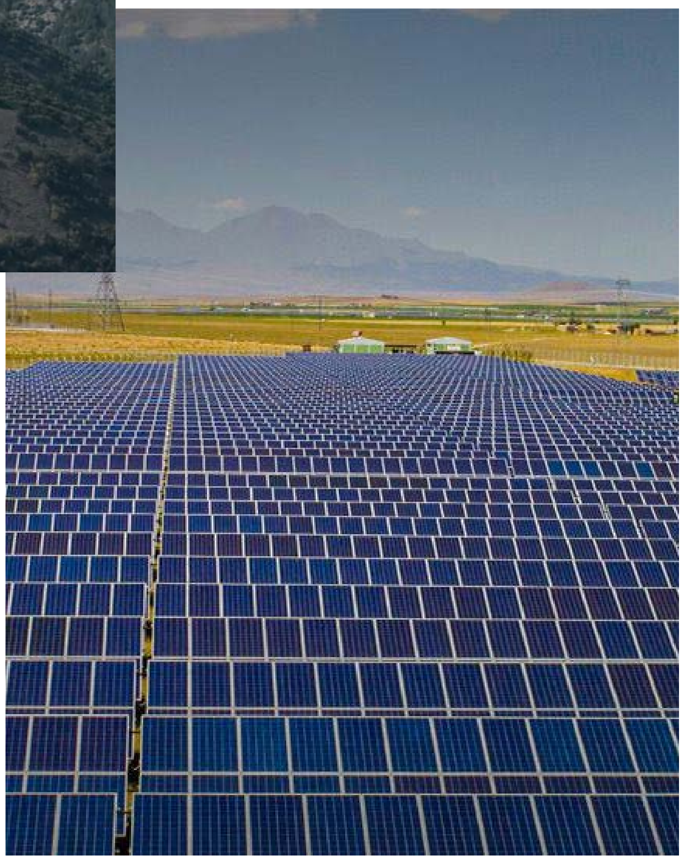
Sarıtepe WPP (2020)

Having recently completed investments in wind power plants (WPP), Akfen Renewable Energy takes advantage of a young portfolio that benefits from Renewable Energy Sources Support Mechanism (YEKDEM), which offers a 10-year purchase guarantee in foreign currency.

Akfen Renewable Energy's IPO

In January 2023 Akfen Holding acquired the shares of EBRD and IFC in Akfen Renewable Energy and became 100% owner of the company. Generating high profits and predictable cash flows are among the most important principles of Akfen Group, and since this vision is also the focus of Akfen Renewable Energy, it brought a different perspective to its growth targets and offered 33.5% of the total capital to the public in March 2023, providing the opportunity to share the company's values with a wider audience. Since 16 March 2023, the company's shares are traded on Borsa İstanbul under the ticker AKFYE.

The company aims to expand its portfolio, which consists of energy generation from renewable resources and wholesale electricity sales trade, with projects in important areas such as hybrid SPP investments, WPP capacity increases and the establishment of self-contained storage facilities. Efforts will continue in the future to maintain its position as one of the largest renewable energy portfolios in Turkey.



MESSAGE FROM THE **GENERAL MANAGER**

IN 2005 Akfen Renewable Energy made its first entry into the sector. Today, Akfen Renewable Energy's portfolio, which has a total installed capacity of 699 megawatts (MW), consists of 348.9 MW of wind, 228.7 MW of hydraulic and 121.4 MW of solar power plants.

With a balanced portfolio, Akfen Renewable Energy is one of Türkiye's leading renewable energy generation companies. The company is also one of the youngest among its competitors of this size. Another feature that distinguishes Akfen Renewables from its competitors is its geographical diversity. Fluctuations in generation, which is the most important factor in renewable energy, are minimized thanks to power plants in different regions and resource diversity.

While Akfen Renewable was predominantly engaged in hydraulic power plants until 2018, after 2018 it has made serious investments initially in solar and then in wind power. 445 MW of installed capacity was added to the portfolio with the investments made after 2018.

Corporate governance, transparency and strategic partnerships have always been important in Akfen Group. Akfen Renewable has continued this mission by partnering with the European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC) until recently. In January 2023, the company's shares were bought back from these two institutions and it was decided to go public in order to maintain transparency and corporate governance principles. By going public, Akfen Renewable aimed to take advantage of the fact that it always has extra credibility in the eyes of creditors and suppliers.

AS AKFEN RENEWABLE OUR GOAL IS TO GROW WITH INVESTMENTS THAT WILL CONTRIBUTE TO THE TURKISH ECONOMY AND THEREBY LEAVE A CLEAN COUNTRY WITH ZERO EMISSION TO FUTURE GENERATIONS.

The size of our public offering in March 2023 amounted to USD 180 million. 340.4 million TL (33.5%) of the 1.016 billion TL paid-in capital was successfully sold. Akfen Renewable IPO, one of the largest IPOs in recent history, was successfully completed. Company shares have been traded on the BIST since 16 March.

Having domestic resources in the portfolio contributes to reducing the country's current account deficit. The government has taken the right steps to reduce dependency on foreign energy, first through the Renewable Energy Resources Support Mechanism (FiT) and then by incentivizing generation with domestic materials. According to estimates, Türkiye uses only 10% of its wind and solar potential. If we can approach 100%, our dependence on foreign energy will almost disappear. Türkiye, which is an importer of energy technology, has also taken the first steps to become a turbine and technology producing country, and this is among the positive developments for the future.

If we look at the near future, important developments are taking place in the world energy market. Storage has started in renewable energy as well as natural gas and oil. This is a development that will change the energy sector. Another development is hydrogen and 100% renewable, carbon-free green ammonia technology. The Russia-Ukraine war has accelerated technology investments in hydrogen energy by Western countries facing energy supply problems. Investments are rapidly increasing for the use of hydrogen and green ammonia as a 100% renewable energy source in areas such as energy storage, electricity generation, emission-free fuel for maritime transport and fertilizer production.

Akfen Renewable Energy plans a project investment of nearly 500 megawatts for after 2023. In summary, our plans include hybrid SPP, WPP capacity increase and storage facility investments.

Hybrid SPP projects rank first in order of importance. With hybrid projects, which means building solar power plants next to existing wind power plants, the target is to increase capacity by approximately 90 MW. Secondarily, we plan to expand wind power plants to provide an additional capacity of approximately 100 MW.

Thirdly, storage investments will be made and wind and solar power plants will be built next to storage facilities. Our target here is to provide storage for 285 MW and increase installed capacity accordingly.

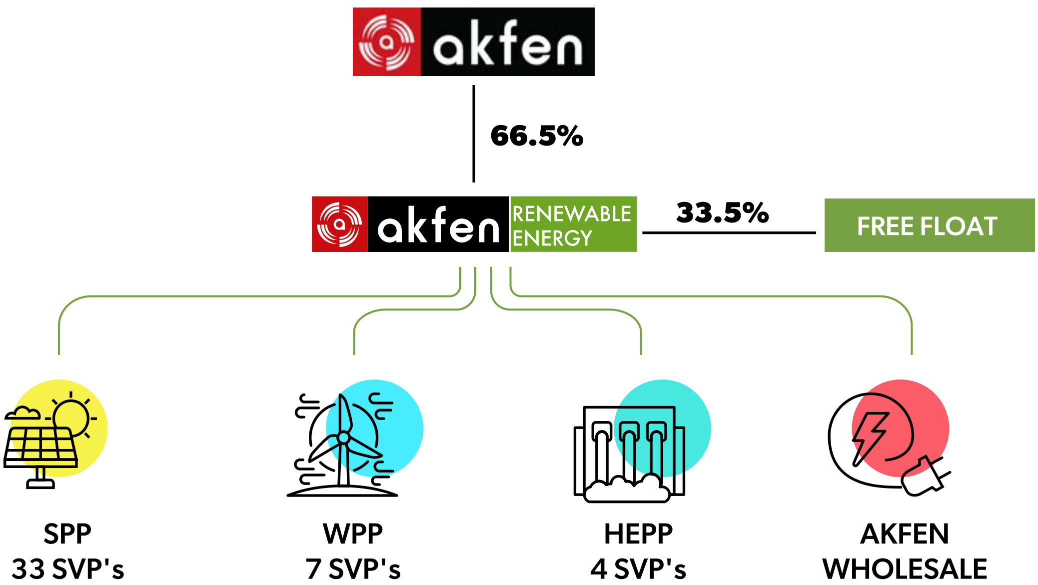
We closely follow developments and technological innovations in the world and in Türkiye and evaluate investment opportunities. Finally, we look for opportunities in our geographical region. Mainly in the areas of wind and solar, we are closely interested in countries with a strong legal infrastructure, and projects that can be financed and be monetized in strong currencies.

As Akfen Renewable, our goal is to grow with investments that will contribute to the Turkish economy and leave a clean country with zero emissions to future generations.

Sincerely,

Mustafa Kemal Güngör
General Manager of
Akfen Renewable Energy

CORPORATE STRUCTURE



MILESTONES

2005 Hydroelectric power plant licenses started to be obtained.

2007 HEPP I, a 100% subsidiary of Akfen, was established.

2009 The first hydroelectric power plant project, Sırma HEPP, became operational.

2010 Akfen acquired the shares of Enbatı Company within the scope of the the portfolio of HEPP II, a 100 percent subsidiary of Akfen. The company will operate the 22.5 MW capacity HEPP in Pirinçlik.

2011 Akfen Energy and Wholesale began operations.
- **April:** Çamlıca III HEPP started commercial energy generation.
- Otluca I HEPP, the first part of the Otluca HEPP Project, was commissioned.
- **May:** Saraçbendi HEPP started generation.
- Karasu I HEPP started generation.
- **June:** Karasu II HEPP started generation.
- **July:** Otluca HEPP II, the second part of the Otluca HEPP Project, started generation.
- **August:** Karasu 4.3 HEPP and Karasu 5 HEPP started generation.
- **September:** Boğuntu HEPP, the last part of the Otluca HEPP Project, was commissioned.
- **October:** Karasu 4.2 HEPP started generation.

2012 H.H.K Energy Electric Generation Inc. and Kurtal Electric Generation Inc shares were taken over by HEPP III.
- **August**: Demirciler HEPP started generation.
- **November**: Yağmur HEPP started generation. Akfen Holding sold 40 percent of Karasular, owned by İdeal Energy Generation Inc, to Aquila HydropowerINVEST Investitions GmbH & Co. KG (Aquila).

2013 Akfen Holding sold its remaining 60 percent stake in Karasular to Aquila.
- **March:** Kavakçalı HEPP started generation
- **June:** Gelinkaya HEPP started generation.

2014
- **January:** Sekiyaka II HEPP Plant No. 1 started generation.
- **February:** Yaysun SPP started generation.
- **August:** Doğançay HEPP No.1 started generation.
- **September:** Doğançay HEPP No. 2 started generation. Doruk HEPP started generation.

2015
- **May:** Denizli SPP Projects (total 6.76 MW) became operational.
- **July:** A decision was taken to expand the portfolio by making acquisitions in solar and thermal energy. In this context, Akfen Thermic's 29.75 percent stake was acquired and the merger process was initiated with Karine Energy, which had solar energy investments.
- **August:** Sekiyaka II HEPP Plant No. 2 (1.09 MW) started generation.
- **December:** European Bank for Reconstruction and Development (EBRD) signed an agreement to become a shareholder in Akfen Renewable Energy.

2016
- **January:** AkfenHEPP was renamed Akfen Renewable Energy Inc. All shares of Akfen Electric Energy Wholesale Inc. were transferred to Akfen Renewable Energy.
  All shares of Akfen Renewable Energy's subsidiary Laleli Energy Electric Generation Inc. were transferred to Akfen Thermic Energy Investments Inc.
- **February:** The transfer of Karine Energy to Akfen Holding was completed.
- **March:** Karine Energy merged with Akfen Renewable Energy without liquidation and as a whole.
- **June:** A partnership agreement was signed between Akfen Group and EBRD and IFC for Akfen Renewables.
- **October:** Solentegre SPP started energy generation as Turkey's first licensed SPP project.

2017
- **February:** Solentegre SPP (0.56 MW) started generation.
- **June:** Çalıkobası I HEPP (9.2 MW) started generation.
- **August:** Amasya SPP (11.22 MW) started generation. Karine SPP (0.56 MW) started generation.
- **October:** Tokat SPP (5.58 MW) started generation.

2018
- **May:** Çalıkobası II HEPP (8.90 MW) started generation.
- **September:** MT Natural (12.08 MW) started generation.
- ME-SE SPP (12.09 MW) started generation.
- Yaysun SPP (12.08 MW) started generation.
- Omicron Engil 208 SPP (12.095 MW) started generation.
- Omicron Erciş SPP (12,095 MW) started generation.

2019
- **March:** Kocalar WPP (30.6 MW) started generation
- **May:** Üçpınar WPP (51 MW) started partial generation.
- **June:** PSI Engil 207 SPP (12.97 MW) started generation.
- Üçpınar WPP (61.2 MW) partially started generation.
- **August**: Hasanoba WPP (23.8 MW) partially started generation
- **September:** Çiçekli HEPP (6.99 MW) started generation.
- Denizli WPP (47.6 MW) partially started generation.
- Hasanoba WPP (27.2 MW) partially started generation.
- **October:** Denizli WPP (27.2 MW) started partial generation.

2020
- **February:** On February 5, Akfen Renewables' subsidiary İmbat Energy Inc acquired Zorlu Wind Energy Inc's Sarıtepe and Demirciler WPPs (total 80.3 MW) in Osmaniye.
- **August:** IOTA M. Fırıncı SPP (12.97 MW) started generation.
- After the capital increase in Akfen Renewable Energy, Akfen Holding's share became 66.91%, EBRD's share became 17.10% and IFC's share became 15.99%.

2021
- **July:** Çiçekli HEPP was damaged by floods in Artvin and suspended all operations.
An application was made to EMRA for an additional 92.48 MWe of license expansion capacity at WPPs in operation. Necessary permits were completed in all projects and licensed capacity was increased by 92.48 MWe.

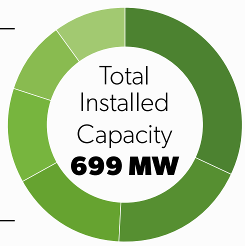
2022
- **November:** EMRA decided to allocate 375 MWe/780Mwh storage capacity to the company as self-contained storage in 9 locations before November 19. According to the decision, this storage capacity will be included in the license once the EIA certificate is received.
- **December:** On December 15, EBRD and IFC signed an agreement to transfer all of their outstanding shares to Akfen Holding.
- Akfen Renewable transferred all shares of Kurtal, which operates Çiçekli HEPP, to an unrelated third party.

2023
- **January:** EBRD and IFC exited the partnership by transferring their shares in the company to Akfen Holding. Akfen Holding became the sole shareholder of the company. By taking advantage of the recent changes in the electricity market legislation, the company had applied to build 9 stand-alone storage facilities and this application was approved by EMRA. In this context, the company applied for a pre-license for 6 of these facilities regarding electricity generation with storage for WPP and SPP with a total power of 285 MWe /600 MWh.
- **March:** 33.5% of Akfen Renewables was offered to the public. The company's shares started to be traded on Borsa Istanbul on 16 March under the ticker “AKFYE”.

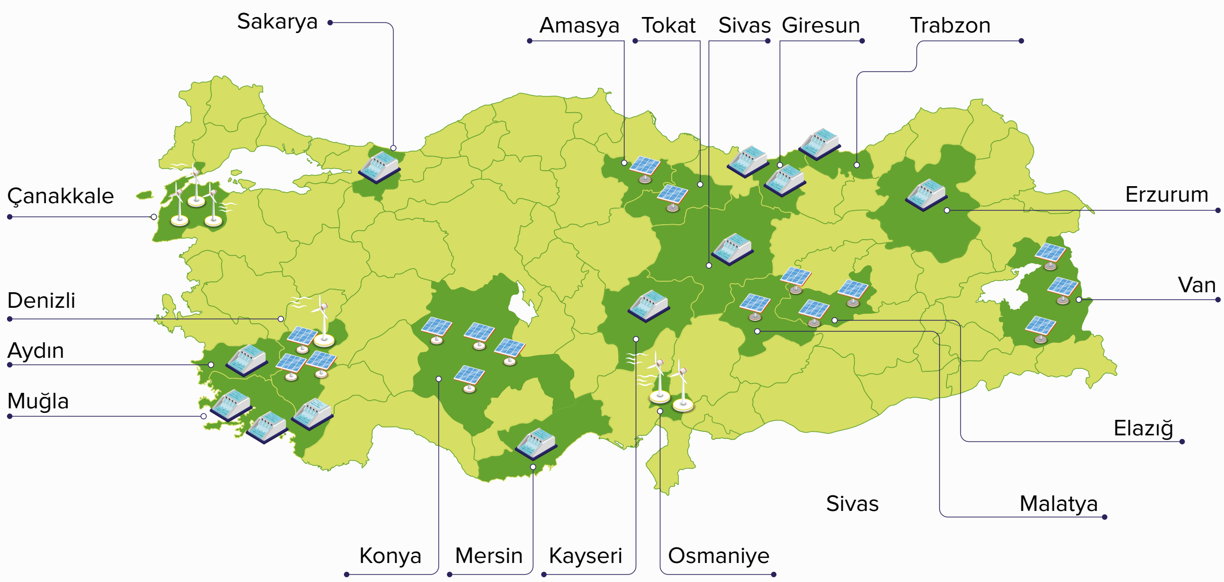
Akfen Renewable Energy
AT A GLANCE

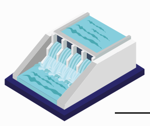
The company's portfolio includes 12 licensed hydroelectric power plants operated by power generation companies, 35 solar power plants (8 licensed and 27 unlicensed) and 6 wind power plants. The 53 power plants in the portfolio are located in Marmara, Black Sea, Aegean, Mediterranean, Eastern Anatolia and Central Anatolia regions.

Installed Capacity Distribution **by Region**



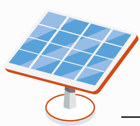
Marmara	**32%**
Mediterranean	**19%**
Aegean	**16%**
Central Anatolia	**13%**
Eastern Anatolia	**10%**
Black Sea	**10%**





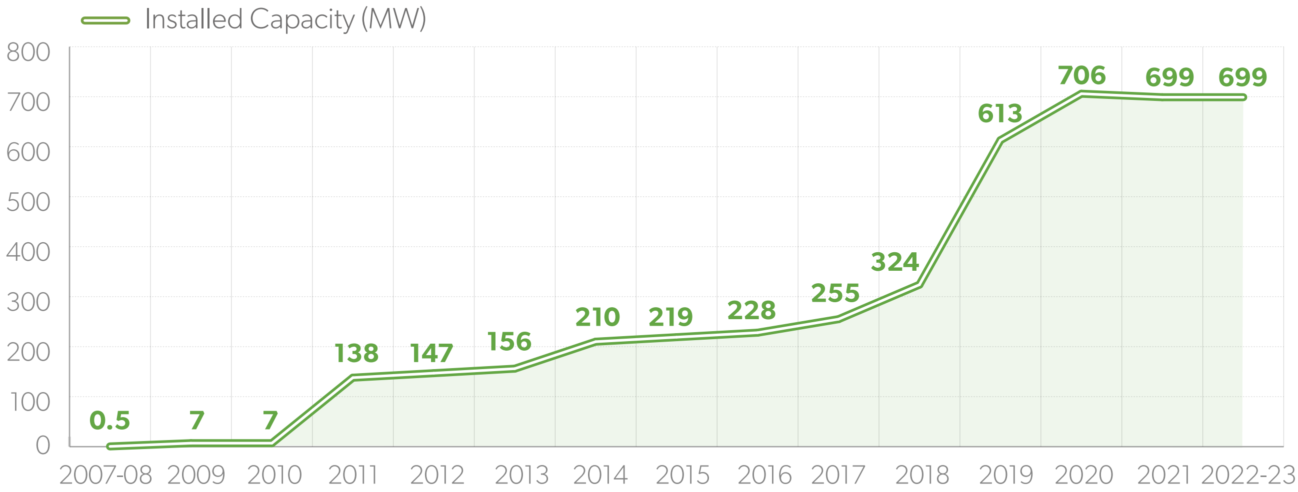
12 **HEPP**

6 **WPP**

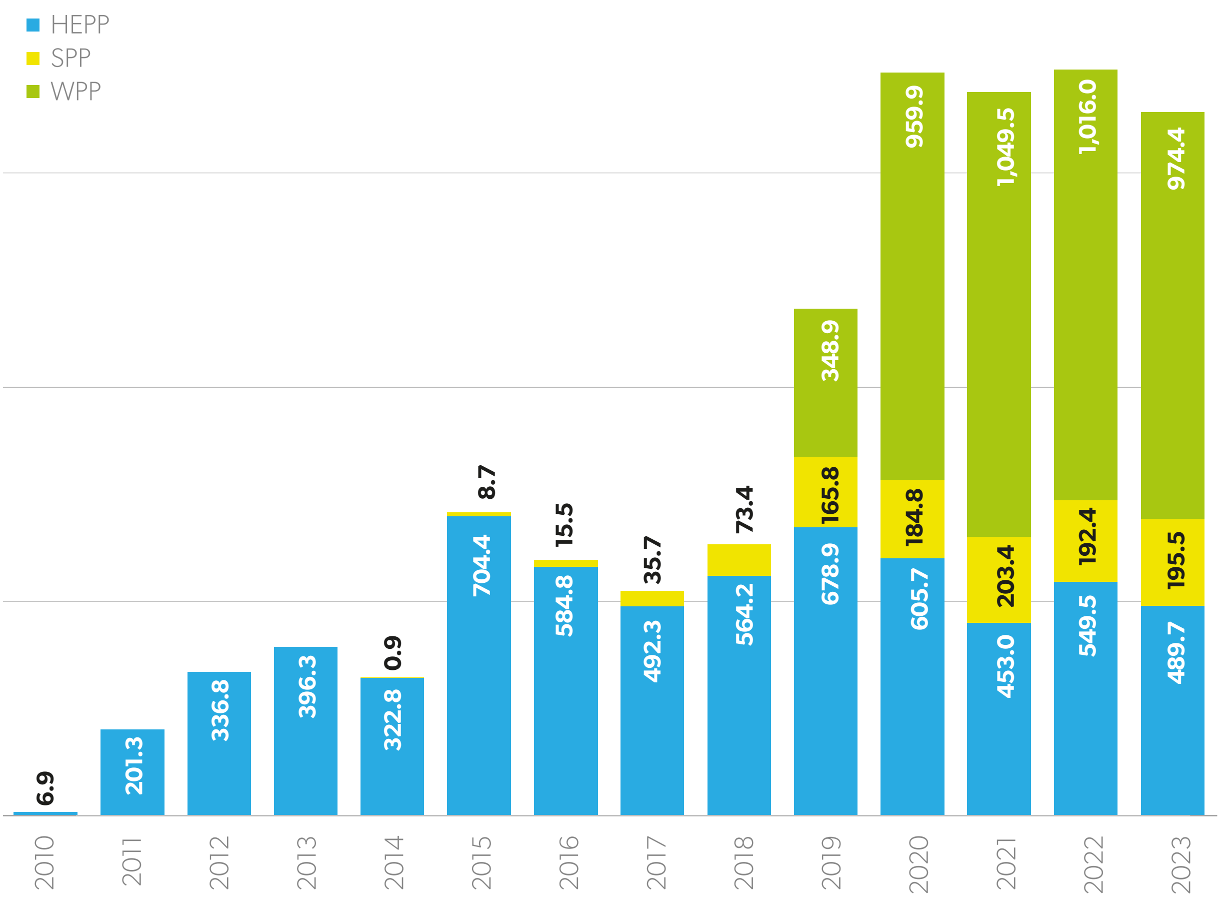


35 **SPP**

AKFEN RENEWABLE JOINED **THE RANKS OF GIANTS** IN 16 YEARS



DEVELOPMENT OF **GENERATION** SINCE 2010 (GWh)



GROWTH STRATEGY

OF AKFEN RENEWABLE ENERGY

Akfen Renewable Energy has built its strategy on becoming one of the largest renewable energy producers in Türkiye. It is taking firm steps on this path with broad strategic moves such as hybrid investments, capacity expansions, and energy storage.

1. HYBRID SPP INVESTMENTS

Planned Capacity Increase

94.8 MW

The Electricity Market License Regulation was amended for the purpose of establishing "combined renewable electricity generation facilities" for renewable energy sources.

After this amendment was published in the Official Gazette on 08.03.2020, auxiliary resource applications were made for 6 WPPs (Denizli, Kocalar, Hasanoba, Üçpınar, Sarıtepe and Demirciler WPPs) and 1 HEPP (Doğançay HEPP). The total planned hybrid SPP investment is 94.8 MW.

In our 86 MW hybrid SPP projects, the investment process has been initiated, contracts for the turnkey construction of the projects have been signed and the construction process has started.

2. WPP CAPACITY INCREASE

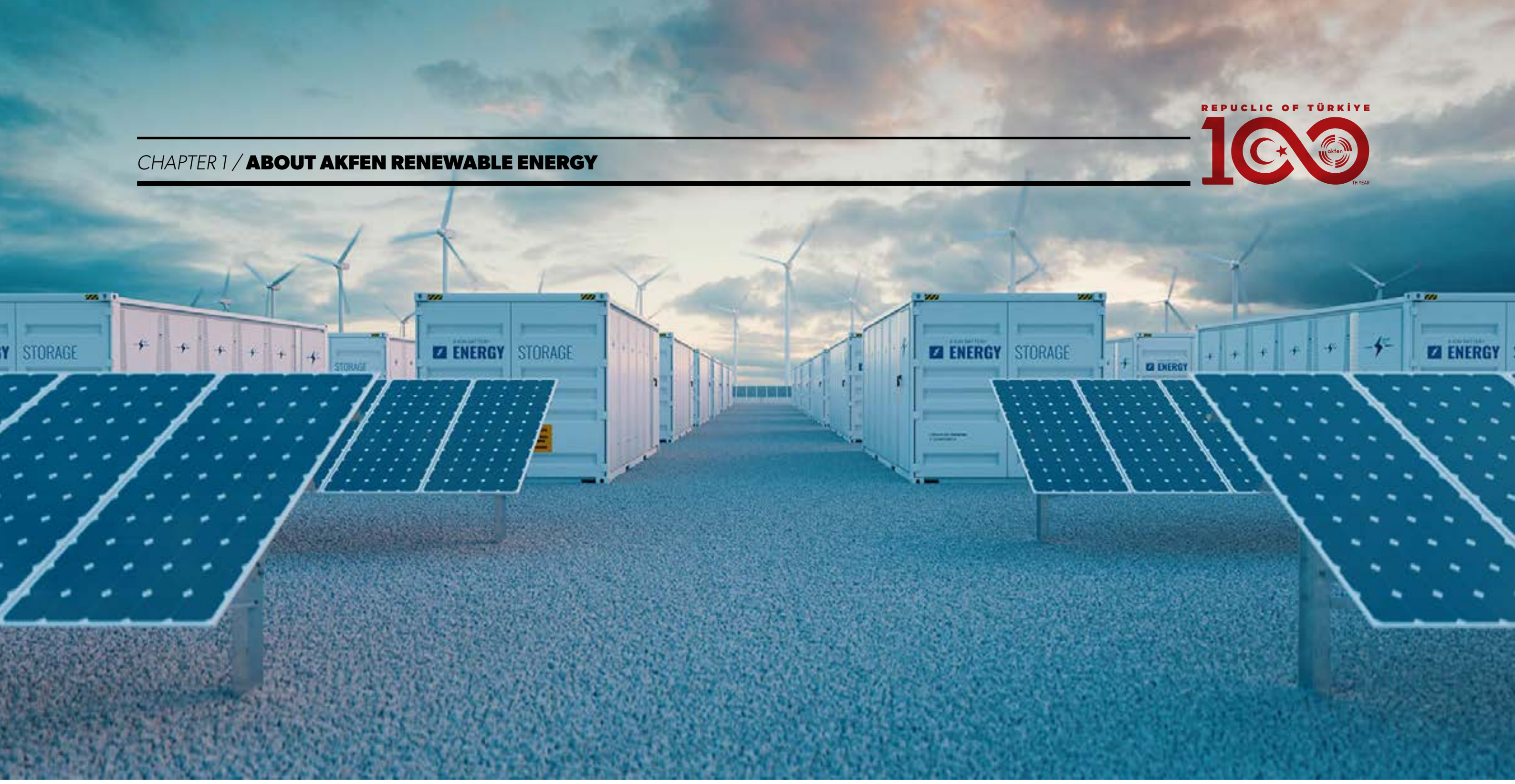
Planned Capacity Increase

92.4 MW

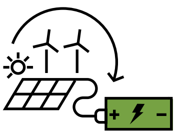
The government made an amendment in the Electricity Market License Regulation, adding articles that foresee capacity increases in renewable energy sources and this amendment was published in the Official Gazette dated 23.08.2019.

Akfen Renewables has taken steps to increase the electrical and mechanical capacity of 5 licensed WPP plants (Denizli WPP, Kocalar WPP, Hasanoba WPP, Üçpınar WPP and Sarıtepe WPP). An application has been submitted for 92.4 MW generation over a total of 19 turbine points.

Generation licenses have been obtained from Energy Market Regulatory Authority (EMRA) for capacity increases in the projects, energy analysis studies have reached the final stage, and tender negotiations with turbine manufacturers have been initiated.



3. ENERGY STORAGE



Generation With Storage Pre-licensed

285

MW

The Company has started diverse investment projects by taking advantage of the amendments made in the electricity market legislation in 2021 and 2022 for the purpose of encouraging renewable energy investments.

Within the scope of stand-alone electricity storage facility applications, our Company's applications for a total of 375 MW stand-alone storage facility were approved by EMRA. Based on the right granted to the storage facility under Article 17 of the Electricity Market License Regulation, SPP and WPP pre-license applications with a total capacity of 285 MW were made. The necessary technical and financial studies for generation facilities with storage have been initiated. In this context a total of 285 MWe Storage + 285 MW generation pre-licenses were received from EMRA.

The facilities involved are:

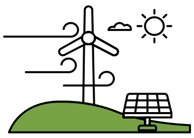
- Çanakkale Üçpınar generation plant with storage:
  Storage (50 MWe) + Generation WPP (50 MW)
- Erzurum generation plant with storaget:
  Storage (30 MWe) + Generation SPP (30 MW)
- Amasya generation plant with storage:
  Storage (30 MWe) + Generation WPP (30 MW)
- Aydın generation plant with storage:
  Storage (30 MWe) + Generation WPP (30 MW)
- Osmaniye Sarıtepe generation plant with storage:
  Storage (95 MWe) + Generation WPP (95 MW)
- Van generation plant with storage:
  Storage (50 MWe) + Generation SPP (50 MW),

4.COMPANY ACQUISITION

Acquisition
80 MW

Akfen Group has established a project development team to evaluate acquisition opportunities in Turkey and abroad. In this context, an acquisition transaction with an installed capacity of 80 MW was realized in 2020.

5. HIGH AVAILABILITY RATE and OPERATIONAL EFFICIENCY



Availability Rate
~100%

The Company aims to achieve high availability rates for operating power plants. In line with this goal, the company supplies high quality turbines and panels to the power plants, while at the same time following technological developments and utilizing the most efficient systems. Siemens and General Electric (GE) turbines are preferred in the Company's WPPs.

The fact that Akfen Renewable Energy has power plants in different geographical locations prevents the availability rate from decreasing in times of breakdowns and possible plant shutdowns, while at the same time balancing the portfolio against regional drought risks.

Other factors that ensure that generation continues without interruption and with high availability rates are the experienced personnel who have been working since the installation of the power plants and the maintenance work carried out with the leading companies of the sector such as Schneider and Siemens.

- As mentioned above, full service maintenance and repair contracts with Siemens and GE are in effect at WPP operations and 97% availability guarantee is in place.
- The Company continues to procure services from Elin Electricity Construction Consultancy Project Contracting Trade and Industry Inc, Elin Renewable Energy Systems Inc and Maxima Energy Systems Technical Service and Contracting Trade Inc (Maxima) for the operations of the SPP plants. Services are outsourced through operation and maintenance contracts. The scope of service received is full service and includes a 99% availability guarantee.

Efficiency improvement efforts at SPP and WPP plants continue without interruption. In SPPs, thermal tests and IV tests are carried out periodically, defective panels are identified and replaced, and electrical connections are controlled. Other efficiency efforts include cutting the grass in the area where the panels are located, and washing the panels to prevent losses due to dusting. Additionally, irradiance, temperature and malfunctions are monitored 24/7 in all power plants and responded to in a short time with mobile breakdown warning systems.

To summarize, the company continuously strives for improvement and examines options to enhance its generation performance in order to sustain and increase its operational success.

INVESTMENT STRATEGY

THE COMPANY AIMS TO CONTINUE DIVERSIFYING ITS PORTFOLIO BY INVESTING IN ENERGY RESOURCES SUCH AS WIND, SOLAR, STORAGE FACILITIES IN DIFFERENT GEOGRAPHICAL REGIONS.

Investment Criteria

- No investment in power plants using fossil fuels
- No investments that are inconsistent with sustainability, environmental and social management system policies,
- The projects should meet the criteria for long-term project financing by banks
- No conflict with obligations under existing contracts, including loan agreements for project financing

2023

FINANCIAL RESULTS

BALANCE SHEET

As of 31 December 2023, according to the inflation adjusted financials, the Company's total assets amounted to 34.6 billion TL (2022: 33.7 billion TL) and equity amounted to 20.4 billion TL (2022: 15.3 billion TL).

In 2023, Akfen Renewables successfully repaid a total of USD 92.1 million in loan principal and interest on its HEPP, SPP and WPP portfolios, bringing its net financial debt down to USD 286 million.

INCOME STATEMENT

In 2023, as a result of the decrease in the generation of HEPP plants due to the drought in the winter season, the Company generated a total of 1,660 GWh of electricity with a 5.6% decrease compared to the previous year. 88% of the total electricity generated in 2023 was sold within the scope of YEKDEM. All of our power plants selling in the spot market outside of YEKDEM are in the HEPP segment.

In 2023, sales revenues amounted to approximately 4.4 billion TL. In addition to electricity sales revenues, the Company's 2023 sales revenues include the sale of carbon emission certificate rights amounting to approximately 126.4 mn TL.

As a result of the decline in generation and sales revenues, the Company's 2023 EBITDA declined by 22.2% in TRY terms. Additionally, the fact that the Company's expense and cost structure is predominantly based on inflation-indexed TRY terms despite its USD-based revenue structure also contributed to the decline in operating profitability in 2023. The Company's net profit in 2023 amounted to 4.5 billion TL. The increase in 2023 net profit was mainly driven by the increase in other operating income due to the increase in the fair value of real assets and the increase in deferred tax income.

Summary Balance Sheet

(000 TRY)	31.12.2023	31.12.2022
Non-Current Assets	**32,875,305**	**31,344,184**
Property, plant and equipment	29,357,411	27,648,145
Intangible assets	2,594,107	2,660,484
Other non-current assets	429,243	531,430
Right of use assets	494,544	504,125
Current Assets	**1,704,610**	**2,361,723**
Other current assets	95,769	130,067
Cash and cash equivalents	1,141,173	1,488,240
Trade receivables	467,668	743,416
TOTAL ASSETS	**34,579,915**	**33,705,907**
Total equity attributable to equity holders of the parent	20,376,579	15,201,755
Non-controlling interests	55,891	59,348
EQUITY	**20,432,470**	**15,261,103**
Financial borrowings	9,571,262	12,139,811
Other short-term liabilities	759,939	1,380,818
Other long-term liabilities	3,816,245	4,924,176
TOTAL EQUITY AND LIABILITIES	**34,579,915**	**33,705,907**

Financial Indicators

Net Financial Debt / Equity	0,41	0,70
Equity / Total Assets	0,59	0,45

Summary Cash Flow Statement

Revenue	4,363,237	4,937,829
EBITDA	2,813,414	3,616,476
EBITDA Margin	64,5%	73,2%
Amortization	752,809	857,922
Profit for the Period	4,550,382	(1,575,721)

PART 2

OVERVIEW OF THE ENERGY SECTOR

OUTLOOK FOR THE GLOBAL ENERGY SECTOR

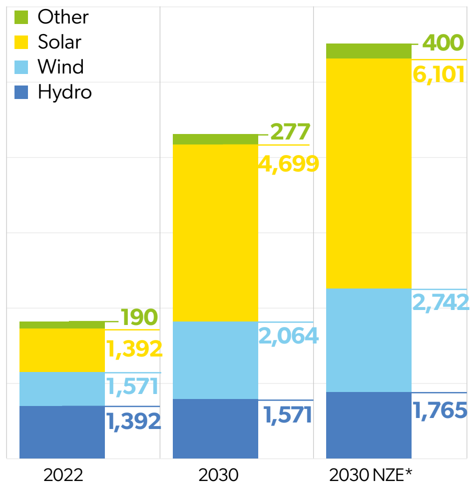
Renewable energy generation, which will be the world's most important energy source in the next 5 years, will surpass coal in 2025. According to the IEA 2023 report, wind energy in 2025 and solar energy in 2026 will overtake nuclear energy generation.

Energy consumption, which increases in parallel with the world's population, causes the sector to change at a dizzying pace. Over the last 10 years, the energy agenda has been dominated by shale gas, oil restrictions, opposition to nuclear energy, regional wars, tensions between countries, electric vehicles and, most recently, the Russia-Ukraine war, forcing the search for alternative energy sources.

The shift from fossil fuels to clean and renewable energy sources is increasing the share of green energy in the world energy sector. However, the Russia-Ukraine war has ignited an unprecedented momentum in renewable energy. Fossil fuel supply disruptions have led many countries to strengthen policies favoring renewables. High fossil fuel prices worldwide have increased the competitiveness of solar and wind generation against other fuels.

According to the International Energy Agency (IEA) 2023 data, a staggering 507 GW of renewable energy capacity was added worldwide in 2023, a 50% increase from 2022.

Global renewable energy capacity (GW)



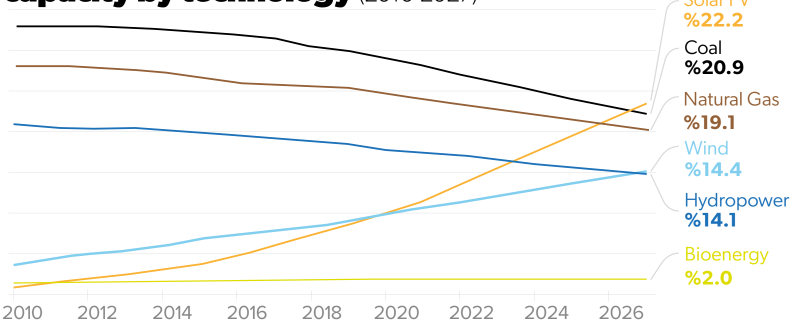
Source: https://www.iea.org/data-and-statistics/charts/global-renewable-energy-capacity-by-scenario-2022-and-2030

* International Energy Agency's net zero emission (NZE) scenario

The turning points in the IEA's baseline scenario for the next five years are as follows:

- *In 2024, variable renewable energy generation will overtake hydropower.*
- *In 2025, renewables will overtake coal-fired electricity generation.*
- *In 2025 wind generation and in 2026 solar generation will overtake nuclear generation.*
- *By 2028, solar energy will overtake wind powered electricity generation.*

Share of cumulative power capacity by technology (2010-2027)



Source:
https://www.iea.org/data-and-statistics/charts/share-of-cumulative-power-capacity-by-technology-2010-2027

Forecasts show that by 2022-27, it will catch up with almost 20 years of growth (about 2.4 TW). This is equivalent to China's current installed capacity. In its 2023 report, the IEA did not change its forecast that renewable energy capacity would overtake coal in 2025. According to the IEA scenario for the next 5 years (2024-28), potential renewable electricity generation is expected to reach 14,400 TWh in 2028, almost 70% higher than in 2022.





100 YEARS OF DEVELOPMENT OF THE ENERGY SECTOR IN **TURKEY**

Installed Capacity (1923)

33 MW

Installed Capacity (2023)

106,667 MW

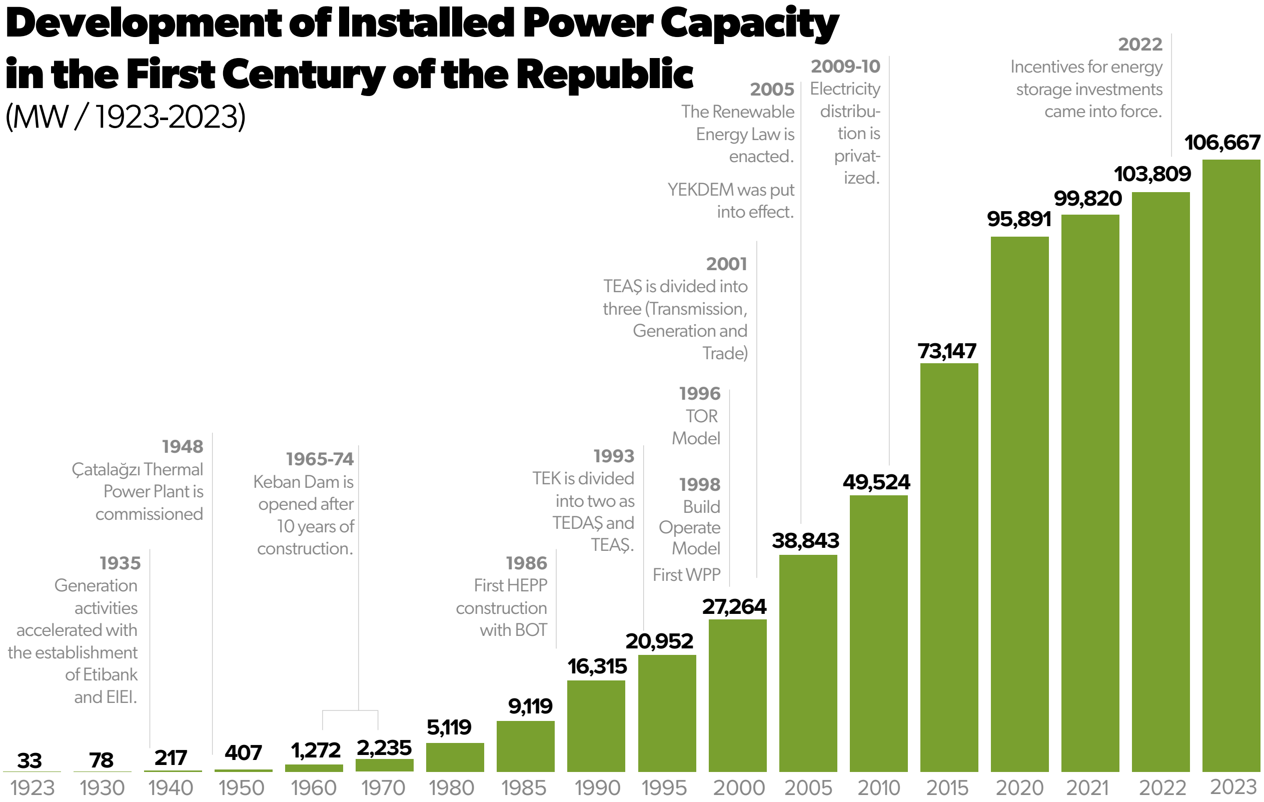
Anatolian lands that had fought the War of Independence had not yet been introduced to electricity in 1923, when the Republic was proclaimed. In the first year of its establishment, a significant portion of the 33 megawatts (MW) of installed capacity was provided by the Silahtarağa power plant in Istanbul. In the Republic of Turkey, which wanted to celebrate its independence with economic development, electricity generation accelerated with the establishment of Etibank and the Electricity Resources Survey and Development Administration (EİEİ) in 1935. Towards the end of the 1930s, the lighting concessions granted to foreigners in city centers during the Ottoman Empire were rapidly nationalized, and electricity generation and distribution began to be carried out by the state.

In the 1950s, the private entrepreneurs gradually began to enter the sector. Power plants built with the technical support of US companies were commissioned one by one. In addition to the Çatalağzı Thermal Power Plant in 1953, the establishment of the State Water Works led to investments in hydroelectric power plants. Starting with the Seyhan Dam (Adana) built with the support of foreign engineers in 1956, electricity generation increased to 1,272 MW in 1960.

The Keban Dam (Elazig), built by Süleyman Demirel during his ten-year tenure as prime minister, has gone down in history as the achievement of Turkish engineers. When it was first commissioned, the Keban Dam alone met 20% of Turkey's electricity demand.

Development of Installed Power Capacity in the First Century of the Republic

(MW / 1923-2023)



Source: TEIAS

The installed capacity, which was 33 MW in the first year of the Republic, has exceeded 106,667 MW today. Energy investments, which grew with hydraulic, thermal and natural gas power plants, diversified with wind and solar energy in the 2000s. Leaving a century behind, the Turkish economy caught up with the world in clean energy and rose to 12th place in the world and 5th place in Europe in renewable energy.

The global energy crisis of the mid-1970s had a negative impact on Turkey's development. The post-1980 privatization wave brought restructuring in the energy sector.

HEPPs began to be commissioned through the Build-Operate-Transfer (BOT) method. In 1993, the Turkish Electricity Corporation (TEK), the umbrella organization of the energy sector, was divided into two as Turkish Electricity Distribution Inc and Turkish Electricity Inc (TEAŞ). Subsequently, power plants were commissioned under the Transfer of Operating Rights (TOOR) and Build-Operate model.

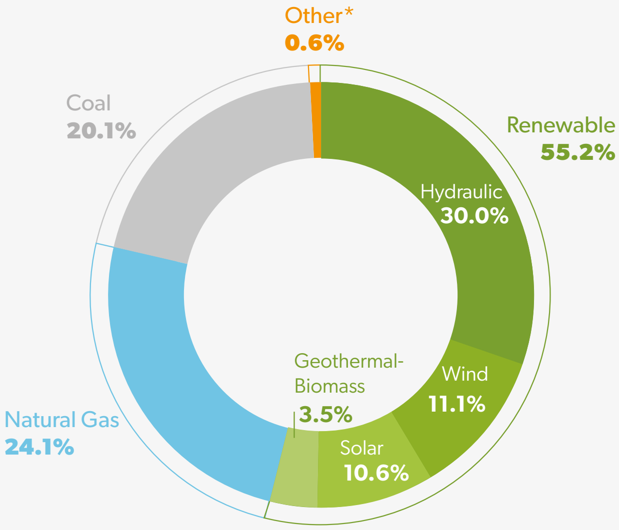
The first significant investment in the field of renewable energy was also realized during this period. The first wind power plants established in the Çeşme district of İzmir emerged on the energy scene as the pioneering investments of the new era. During these years, the installed capacity of power plants in Turkey exceeded 20,000.

Restructuring in the energy sector continued in 2001 and TEAŞ was divided into three parts: transmission, generation and trade.

Another restructuring step was the enactment of the Renewable Energy Law (2005), which today is one of the key stages in the transition to clean energy. In 2011, the first tenders for the establishment of wind power plants were held and attracted a lot of interest from the private sector. Since then, electricity generation capacity has increased rapidly. By 2015, the installed capacity exceeded 73,000 MW and reached 96,000 MW in a short period of 5 years thanks to the rapid increase in renewable energy investments. According to end-2022 data, Turkey has the 12th largest renewable energy portfolio in the world and the 5th largest in Europe.

To summarize, the Republic of Turkey, which fought a War of Independence, increased its installed capacity by 3,232 times from 33 MW when it was founded to 106,667 MW a century later, an unprecedented development.

Development of Installed Capacity by Sources
(2023-MW)



** Other: Asphaltite, Fuel Oil, Naphta, LNG, Diesel*

Source	Installed Cap. (MW)	Share (%)
Hydraulic	31,964.15	29.97
Wind	11,803.35	11.07
Solar	11,315.64	10.61
Biomass	2,076.59	1.95
Geothermal	1,691.34	1.59
RENEWABLE	**58,851.07**	**55.17**
Natural Gas	25,735.09	24.13
Import Coal	10,373.80	9.73
Lignite	10,193.96	9.56
Hard Coal	840.77	0.79
Asphaltite	405	0.38
Fuel Oil	260.13	0.24
Naphta. LNG. Diesel	7.73	0
THERMIC	**47,816.47**	**44.83**
TOTAL	**106,667.54**	**100**

Source: EPDK Electricity Market Development Report Dec.2023

In Turkey, interest in renewable energy sources is in parallel with the world, especially European countries. In response to potential problems in natural gas supply due to the Russia-Ukraine war, renewable energy investments have gained momentum in Turkey. Following the war that broke out in February 2022, pre-license applications for a total of 34,977 MW installed capacity were made in Turkey as of 2023. Almost all of the applications (99.93%) were for renewable energy sources (solar, hydraulic, wind, biomass and geothermal).

Remarkable increase in solar power plants

According to the Energy Market Regulatory Authority (EMRA) 2023 annual report, the licensed installed capacity in Turkey reached 96,308 MW, up by 1.2% compared to 2022. Including unlicensed generation, the installed capacity is calculated as 106,668 MW. The share of renewable energy in installed capacity increased to 55.17% (2022: 53.94%) and the largest portion belonged to dams with HEPPs with 29.97%. While the share of wind energy was 11.07%, the most remarkable increase was in solar energy. According to EMRA data, the share of solar power plants reached double digits for the first time in 2023, reaching 10.61% (2022: 9.1%), with an increase of 20.1% compared to the previous year.

Energy generation and consumption are increasing due to Turkey's population exceeding 85 million with the impact of the migration wave in recent years, the post-pandemic reacceleration in industrial production, and the acceleration of exports with the increase in the exchange rate.

As of 2023, energy generation reached 324.8 million Gwh. The share of renewable energy in total generation is estimated at 137.2 million MWh (42.2%).

Although renewable energy sources account for 55% of installed capacity, fossil fuels continue to dominate generation. According to EMRA data, coal, natural gas and other fossil fuels account for 57.75% of Turkey's gross electricity generation in 2023. The share of geothermal, solar, wind and hydraulic energy is estimated at 42.25%. The amount and share of electricity generated from wind, solar, geothermal and biomass energy (22.59%) surpassed electricity generated from hydroelectricity (19.7%) in 2023 as in 2022.

In 2023, actual electricity consumption increased by 0.2% year-on-year to 328.8 TWh. The number of consumers increased by an average of 1.2 million per year in the 2020-2023 period, exceeding 49.7 million customers by the end of 2023.

Storage investments will change the distribution

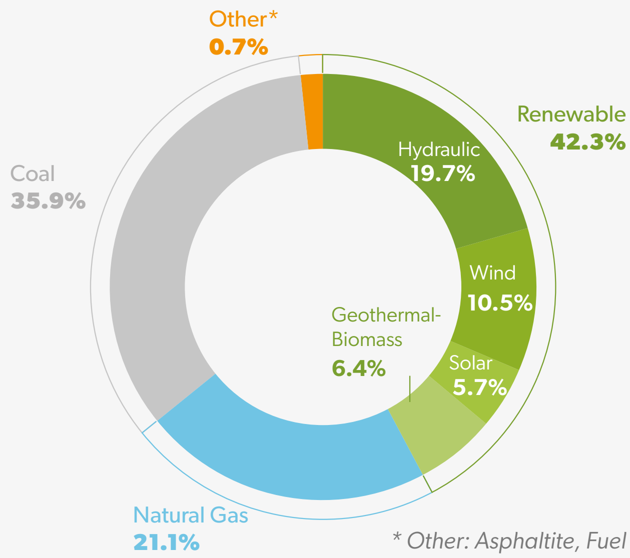
Incentives and permits for storage investments are also expected to increase the share of wind and solar in energy generation.

On the other hand, developments in the international arena and in Turkey indicate that investments in renewable energy sources will continue. Especially in Europe, renewable energy investments accelerated after the Russia-Ukraine war, while the research for new energy sources such as hydrogen is also accelerating. In Turkey, too, the search for investments in this field is increasing.

According to the National Energy Plan prepared in May 2022 based on Turkey's 2053 net zero emission target, total installed capacity will increase to 189.7 GW in 2035 and the share of renewable energy in installed capacity will increase to 64.79%. In this context, electricity consumption will reach 510.5 TWh, while the share of renewable energy sources in electricity generation will increase to 54.7%.

As in the first century of the Republic, Turkey's high growth potential in its second century will make it a center of attraction in energy. Investments are expected to be oriented towards renewable energy sources, particularly in line with the goal of a sustainable world.

Development of Generation by Sources
(2023-MWh)



** Other: Asphaltite, Fuel Oil, Naphta, LNG, Diesel*

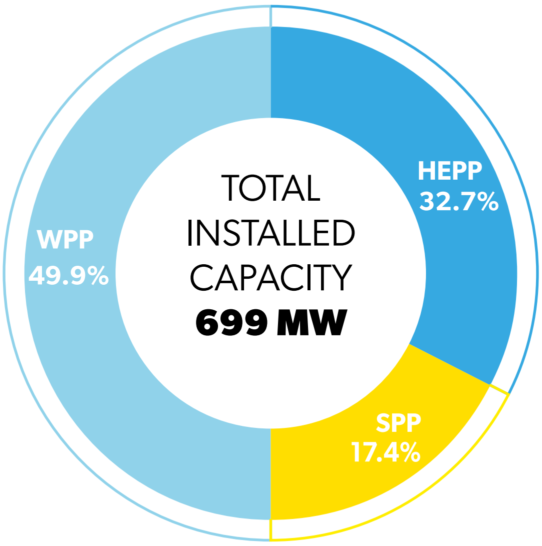
Source	Generation (MWh)	Share (%)
Hydraulic	63,854,222.03	19.66
Wind	34,069,727.56	10.49
Solar	18,606,600.61	5.73
Biomass	9,706,500.32	2.99
Geothermal	10,997,593.06	3.39
RENEWABLE	**137,234,643.58**	**42.25**
Natural Gas	68,562,811.54	21.11
Import Coal	72,123,040.56	22.21
Lignite	40,929,632.45	12.6
Hard Coal	3,650,625.09	1.12
Asphaltite	1,588,317.06	0.49
Fuel Oil	702,473.79	0.22
Naphta, LNG	0	0
Diesel	2,307.18	0
THERMIC	**187,559,207.68**	**57.75**
TOTAL	**324,793,851.25**	**100**

Source: EPDK Electricity Market Development Report Dec.2023

CHAPTER 3

OUR OPERATIONS

Akfen Renewable Energy Portfolio Breakdown



Founded by AKFEN Holding in 2007, Akfen Renewable Energy continues its activities today as one of Turkey's leading renewable energy platforms.

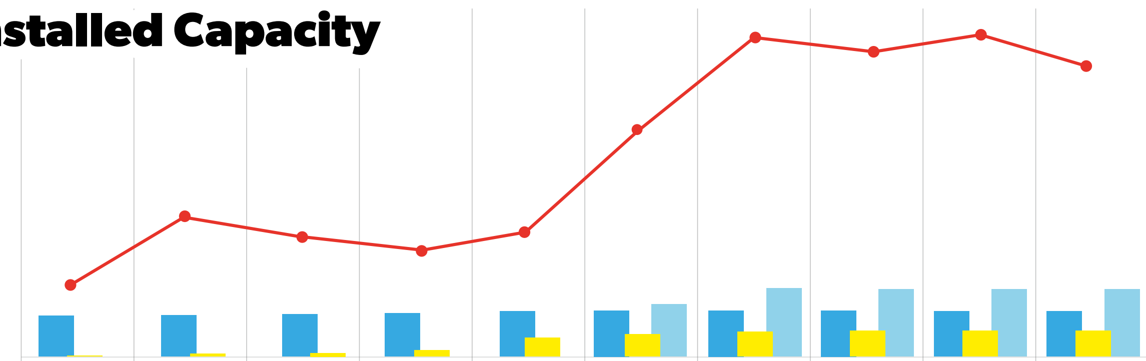
Akfen Renewable Energy's portfolio consisting of SPP, WPP and HEPP projects currently has an installed capacity of 699 MW. As of 31.12.2023, 228.75 MW, corresponding to 32.7% of the total installed capacity is composed of HEPPs, 121.41 MW, corresponding to 17.3% of the total installed capacity is composed of SPPs and 348.9 MW, corresponding to 49.9% of the total installed capacity is composed of WPPs.

Akfen Renewable Energy has become one of the most important players in the sector with its stable electricity generation portfolio, all of which is created entirely from renewable resources, has advanced technologies and is located in the most resource-efficient areas.

The company continues to rapidly expand its existing platform, which is enriched with renewable energy sources that will serve as alternatives to each other in all possible scenarios by diversifying the technologies it uses as well as the regions where it is located, and serves as the effective power of clean energy in Turkey.

Akfen Renewable Energy's current operations consist of energy generation from renewable resources and carbon credit sales revenues.

Development of Generation and Installed Capacity



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
HEPP (MW)	209.5	210.6	210.6	219.8	228.7	235.7	235.7	235.7	228.7	228.7
SPP (MW)	0.6	8.0	17.7	35.0	95.5	108.4	121.4	121.4	121.4	121.4
WPP (MW)						268.6	348.9	348.9	348.9	348.9
Generation (GWh)	323.6	713.1	600.4	528.1	637.6	1,193.6	1,750.4	1,705.9	1,757.9	1,659.6

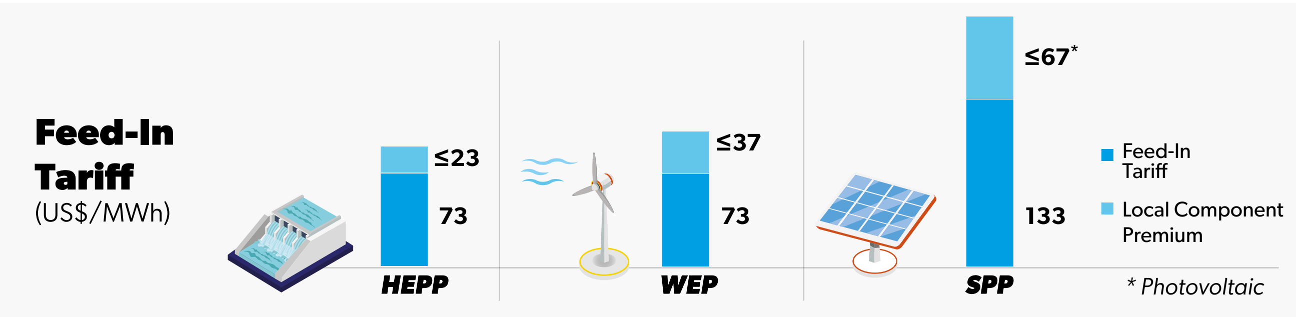
RENEWABLE ENERGY RESOURCES SUPPORT MECHANISM (FIT)

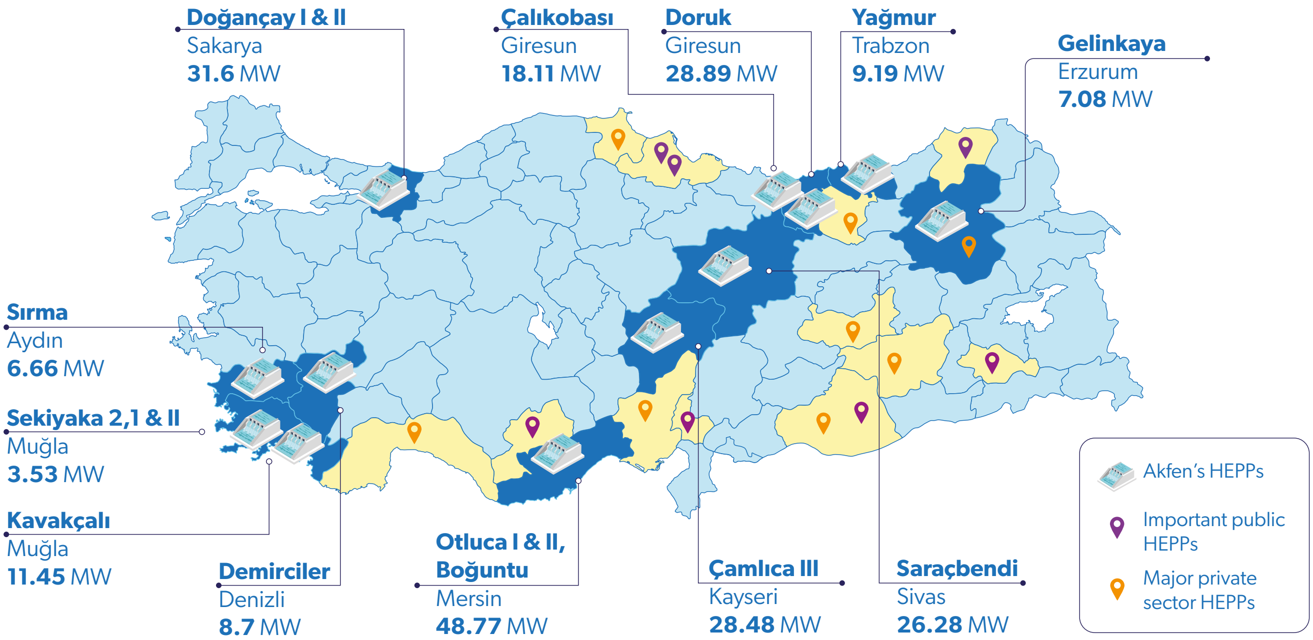
FiT is a support mechanism that legal entities holding generation licenses and that engage in generation activities based on renewable energy resources can benefit from, through the supply companies in their regions, by generating from renewable energy resources within the scope of the Electricity Market License Regulation.

Power plants that have received a Renewable Energy Resources Certificate and have completed their investments by 30 June 2021 are entitled to benefit from the state's generation purchase guarantee of at least USD 7.3 cents/kWh for 10 years from the date of commissioning of the HEPP projects. Within the scope of the support mechanism, the power plants that have completed their investments until 30 June 2021 can benefit from a minimum purchase guarantee of 7.3 USD cents/kWh for their WPP portfolio and 13.3 USD cents/kWh their SPP portfolio.

As of 2023, all of Akfen Renewable Energy's operating power plants, except for Sırma, Otluca, Çamlıca 3, Saraçbendi and Demirciler HEPPs, are evaluated within the scope of YEKDEM.

In 2023, the RES price for all HEPPs is 7.3 USD cents/kWh. In 2023, the price for all licensed SPPs, except for Solentegre, whose domestic contribution ended in 2022, was 13.74 USD cents/kWh with domestic contribution, and 13.3 USD cents/kWh for Solentegre SPP. In 2023, Hasanoba WPP, Üçpınar WPP, Kocalar WPP, Denizli WPP projects are within the scope of YEKDEM at 7.9 USD cents/kWh with local contribution, and Sarıtepe and Demirciler WPP projects, whose local contribution has ended, at 7.3 USD cents/kWh.





HYDROELECTRIC POWER PLANTS (HEPP)

Akfen Holding took its first step into the sector in 2007 with the HEPP group in order to meet Turkey's growing energy needs and thus make a significant contribution to reducing the current account deficit.

The company's hydroelectric power plants are located in the Aegean, Central Anatolia and Eastern Black Sea regions. Akfen Renewable Energy benefits from the fact that the plants are located in geographically different regions, which allows it to achieve a more stable annual average water flow.

As of 31.12.2023, the company's HEPPs constitute 32.7% of its total installed capacity.

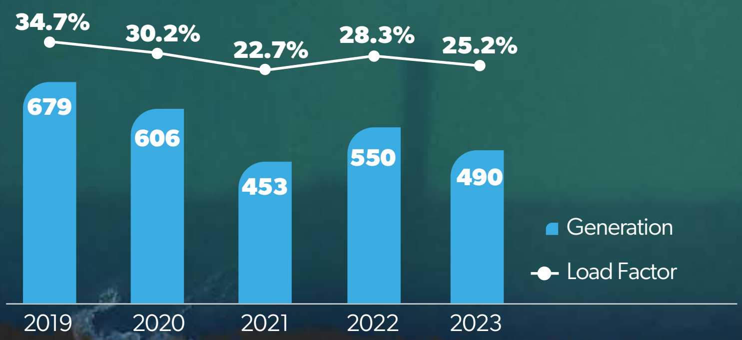
Akfen Renewable Energy's 12 HEPPs have an installed capacity of 228.7 MW as of 31 December 2023. Due to the drought, total HEPP generation in 2023 was realized as 490 GWh, a 10.9% decrease compared to 2022.

Company	HEPP	Installed Capacity (MW)	Commercial Operation Date	Realized Generation Output (GWh) 2022	Realized Generation Output (GWh) 2023
Elen	Sırma	6.66	23.05.2009	13.8	6.1
	Otluca	48.77	7.04.2011	164.5	103.3
	Sekiyaka II	3.53	17.01.2014	12.6	11.6
	Çamlıca III	28.48	1.04.2011	36.2	24.9
	Saraçbendi	26.28	6.05.2011	42.6	57.0
	Demirciler	8.7	3.08.2012	21.2	15.7
	Kavakçalı	11.45	29.03.2013	33.0	22.6
	Gelinkaya	7.08	14.06.2013	9.9	12.6
	Doğançay	31.61	29.08.2014	96.0	103.1
BT Bordo	Yağmur	9.19	27.11.2012	24.1	19.3
Yeni Doruk	Doruk	28.89	19.09.2014	69.3	81.2
H.H.K. Enerji	Çalıkobası	18.11	02.06.2017	26.2	32.3
Total		**228.7**		**549.5**	**489.7**

OPERATIONAL EFFICIENCY IN HEPP PORTFOLIO

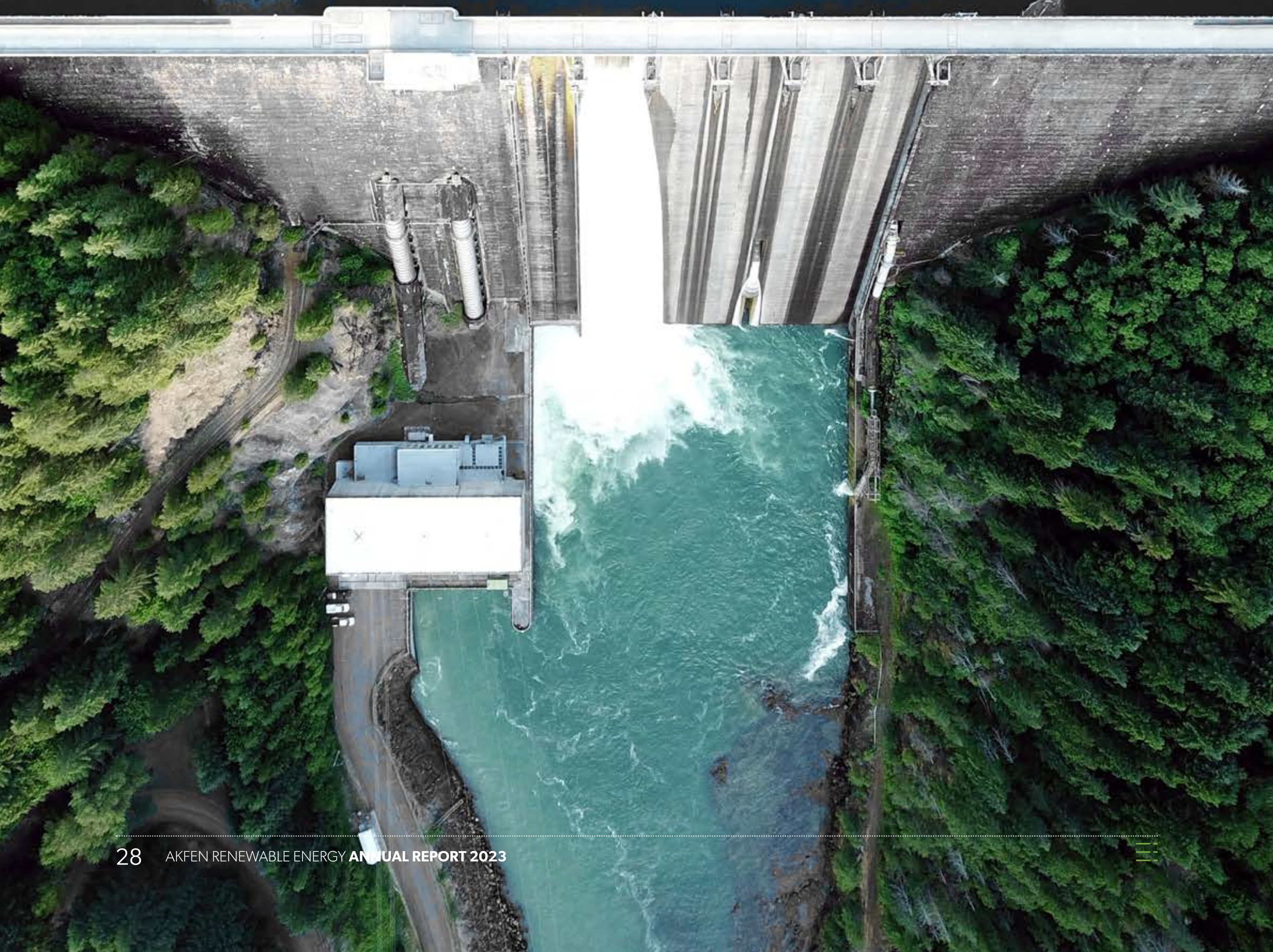
As the company's power plants are diversified across different geographies,load factor rates hover above a certain level.

HYDRO GENERATION and LOAD FACTOR



HEPP PORTFOLIO AVAILABILITY (2023-%)

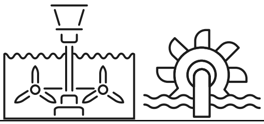
HEPP	(%)
Otluca	97.40%
Sırma	99.99%
Sekiyaka	99.70%
Çamlıca	99.17%
Saraçbendi	99.79%
Kavakçalı	99.91%
Demirciler	100.00%
Gelinkaya	99.89%
Yağmur	100.00%
Doğançay	99.98%
Doruk	99.99%
Çalıkobası	100.00%



HYDROELECTRIC POWER PLANTS (HEPP)

A total of 12 hydroelectric power plants account for one-third of Akfen Renewable Energy's portfolio.

HEPPs Operated by Elen Energy



HEPP	Number of Unit	Turbine Type	Commercial Operation Date
Sırma	3	Vertical Kaplan	23.05.2009
Çamlıca 3	3	Vertical Francis	01.04.2011
Saraçbendi	4	Vertical Francis	06.05.2011
Otluca 1	3	Vertical Francis	07.04.2011
Otluca 2 HEPP	3	Vertical Francis	13.07.2011
Boğuntu HEPP	3	Horizontal Francis	16.09.2011
Demirciler	3	Horizontal Francis	03.08.2012
Kavakçalı	2	Horizontal Pelton	29.03.2013
Gelinkaya HEPP	2	Horizontal Francis	14.06.2013
Sekiyaka 1	1	Horizontal Francis	17.01.2014
Sekiyaka 2	2	Horizontal Francis	27.08.2015
Doğançay 1	3	Vertical Kaplan	12.09.2014
Doğançay 2	3	Vertical Kaplan	29.08.2014

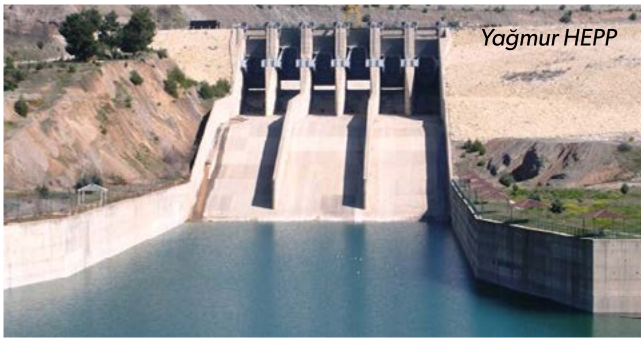
Çamlıca 3 HEPP

Yağmur HEPP

HEPPS OPERATED BY BT BORDO

YAĞMUR

No. of Units	2
Turbine Type	Horizontal Francis
Commercial Op. Date	27.11.2012

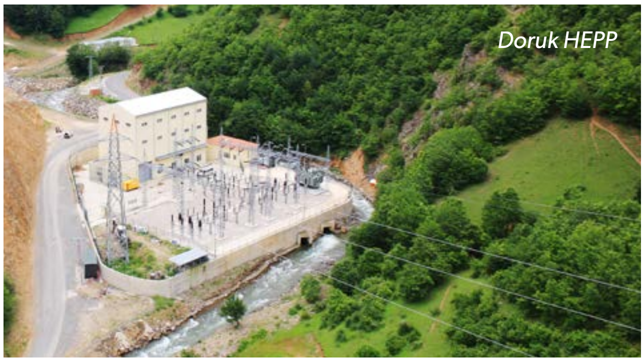


Yağmur HEPP

HEPPS OPERATED BY YENI DORUK

DORUK

No. of Units	2
Turbine Type	Vertical Pelton
Commercial Op. Date	19.09.2014



Doruk HEPP

HEPPS OPERATED BY HHK ENERGY

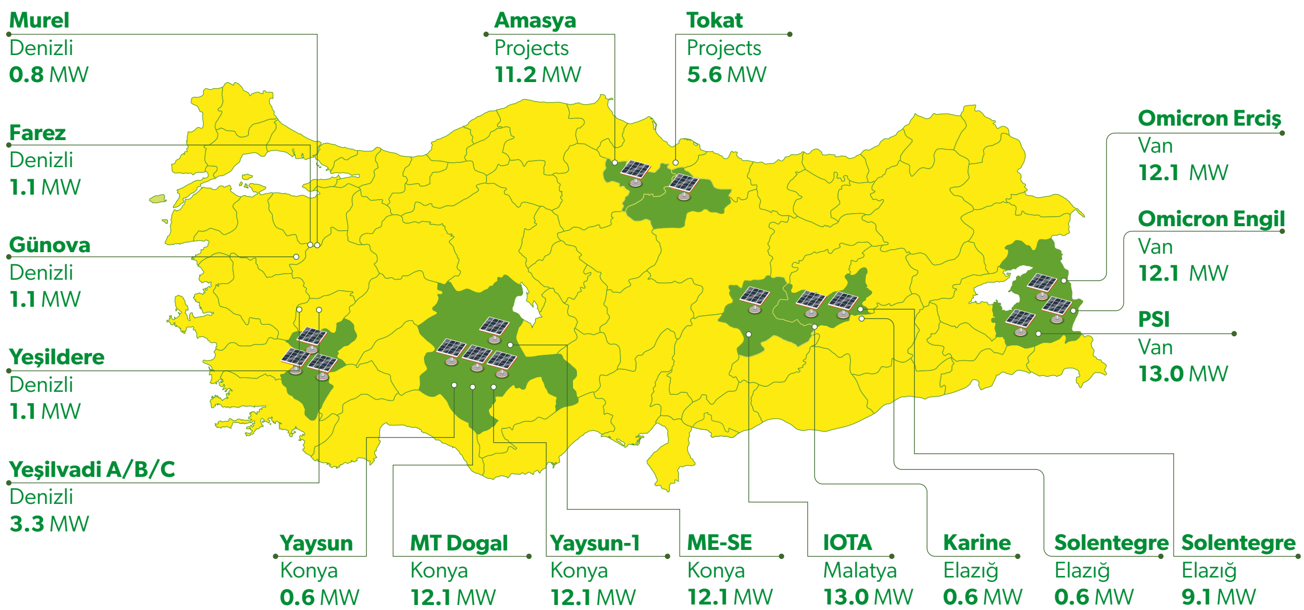
ÇALIKOBASI 1

No. of Units	2
Turbine Type	Vertical Pelton
Commercial Op. Date	02.06.2017

ÇALIKOBASI 2

No. of Units	2
Turbine Type	Vertical Pelton
Commercial Op. Date	04.05.2018

Otluca HEPP



SOLAR POWER PLANT (SPP)

As of 31 December 2023, Akfen Renewable Energy's SPP portfolio consists of 35 power plants with a total installed capacity of 121.4 MW.

The SPPs in the portfolio constitute 17.3% of the company's total installed capacity as of the end of 2023. The share of unlicensed SPPs in total installed capacity is calculated as 21% and the share of licensed SPPs as 79%.

The energy generation of the solar energy group in 2023 was 195.5 GWh, an increase of 1.6% compared to the previous year.

SPP	License Status	Installed Cap. (MW)	Commissioning Date	Realized Generation Output (GWh) 2022	2023
Yaysun	Unlicensed	0.6	17.02.2014	0.6	0.6
Denizli Projects	Unlicensed	7.4	25.05.2015	12.1	11.6
Solentegre*	Licensed	9.1	14.10.2016	13.7	13.7
Solentegre*	Unlicensed	0.6	15.02.2017	0.9	0.8
Karine	Unlicensed	0.6	26.08.2017	0.9	0.9
Amasya Projects	Unlicensed	11.2	12.08.2017	16.1	16.3
Tokat Projects	Unlicensed	5.6	19.10.2017	7.8	8.3
Yaysun	Licensed	12.1	27.09.2018	18.9	19.5
MT Doğal	Licensed	12.1	27.09.2018	19.1	20.0
Me-Se*	Licensed	12.1	27.09.2018	18.5	19.0
Omicron Engil	Licensed	12.1	20.09.2018	20.5	20.8
Omicron Ercis	Licensed	12.1	21.09.2018	20.4	20.8
PSI	Licensed	13,0	25.07.2019	22.7	22.9
IOTA	Licensed	13,0	13.08.2020	20.1	20.2
Total		**121.4**		**192.4**	**195.5**

**The group's share is 80% in Me-Se power plant and 90% in Solentegre.*

OPTIMAL IRRADIATION CONDITIONS

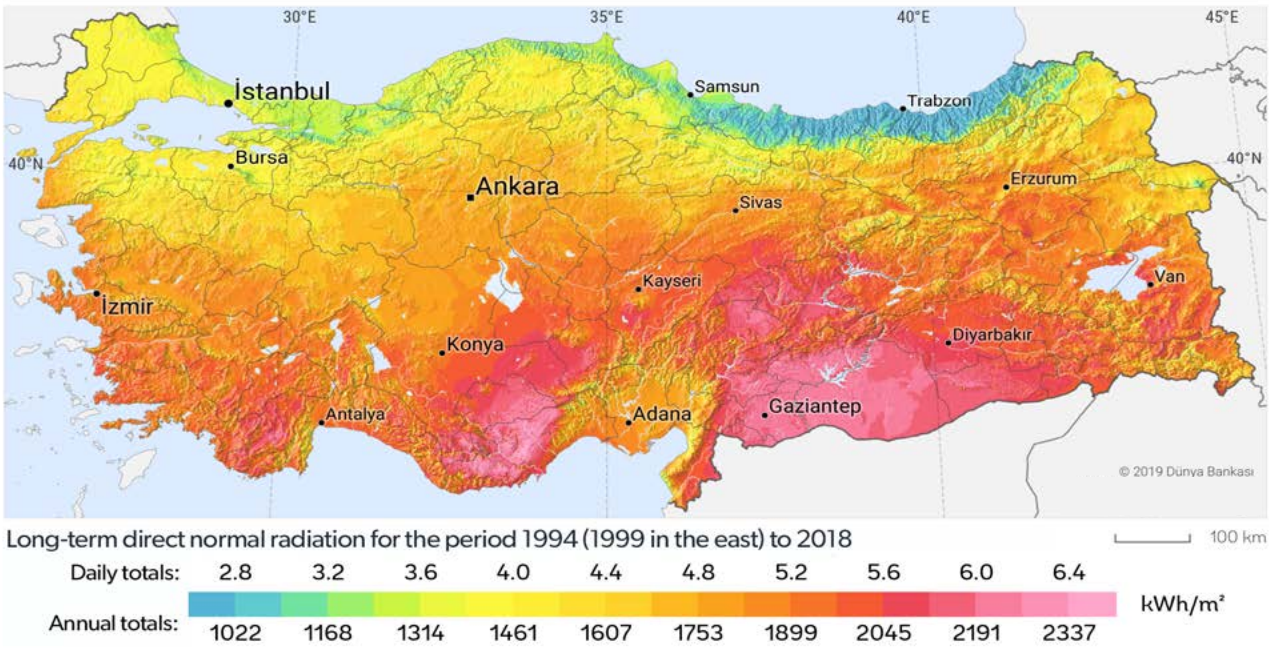
Akfen Renewable Energy is trying to expand its portfolio in regions with high irradiance, which is critical in solar energy. A significant portion of the assets are located in Konya and Van, where the duration and intensity of sunlight is very favorable.

SUNSHINE DURATION AND RADIATION VALUES*

Provinces with Power Plants	Sunshine Duration (hours/year)	Radiation Value (KWh/m²-year)
Denizli	2,931	1,591
Konya	2,898	1,608
Van	3,070	1,652
Elâzığ	2,829	1,588
Malatya	2,873	1,599
Amasya	2,427	1,392
Tokat	2,464	1,431

**Values in this table were obtained from https://www.gnssolar.com/icerik/860/turkiye-gunes-haritasi.*

Direct normal irradance



***Sources:** Solargis, World Bank Group (http://globalsolaratlas.info)*

SPP PORTFOLIO AVAILABILITY

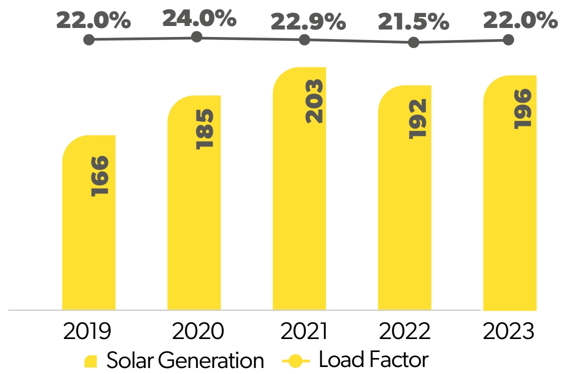
(2023-%)

SPP	(%)
PSI Engil207 SPP	99.91%
Solentegre SPP (Unlicensed)	99.88%
Tokat (Kuşoturağı) SPP	99.72%
MT SPP	99.83%
Omicron Erciş SPP	98.97%
Amasya (Boyalı) SPP	99.47%
Me-Se SPP	99.86%

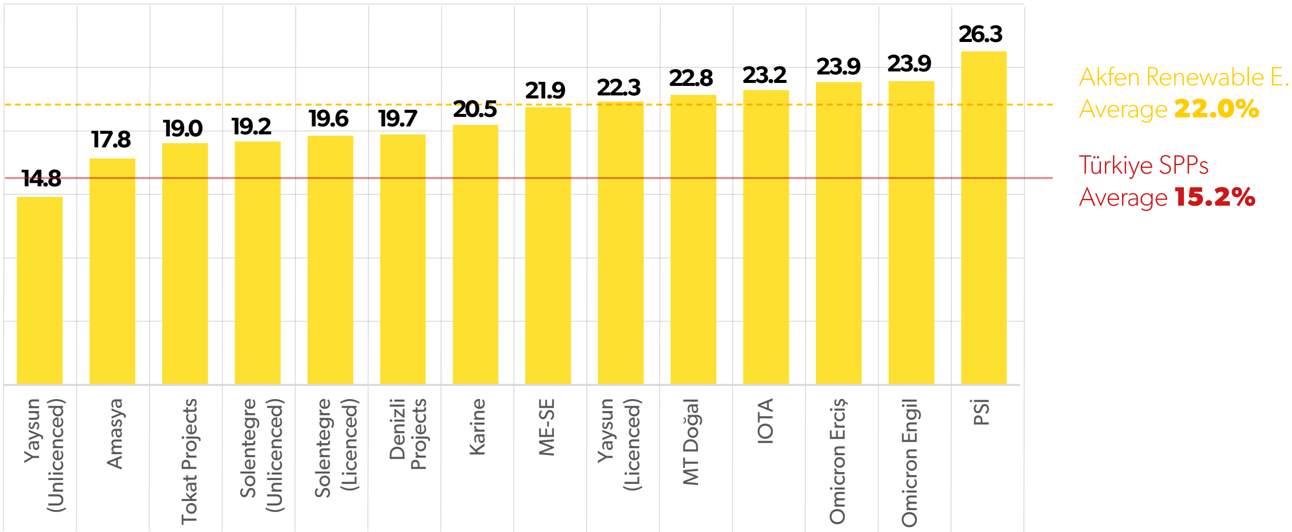
SPP	(%)
Solentegre SPP (Licensed)	99.14%
Yaysun SPP (Licensed)	99.80%
Karine SPP	98.37%
Yaysun SPP (Licensed)	99.98%
Fırıncı SPP	99.96%
Omicron Engil208 SPP	99.84%
Denizli SPP	99.93%

SOLAR GENERATION AND LOAD FACTOR

The company's solar power plants have been developed in the near past and solar power generation has increased significantly over the last 5 years with solar capacity expansion.



Load Factors in SPPs (2023-%)



LICENSED SPPs

Company	Panel Producer/Model	No.of Panels	Inverter Producer/ Type	No.of Inv.
Solentegre	Jinko/Polikristal 315Wp	28,766	SMA / String 60 kW	133
Omicron	Hanwha/Polikristal 285Wp	42,438	ABB / Central 1645 kW	6
Omicron	Hanwha/Polikristal 285Wp	42,438	ABB / Central 1645 kW	6
Me-Se Enerji	Hanwha/Polikristal 285Wp	42,438	ABB / Central 1645 kW	6
MT Doğal	Phono Solar/Polikristal 325Wp	37,164	ABB / Central 1645 kW	6
Yaysun	Phono Solar/Polikristal 325Wp	37,164	ABB / Central 1645 kW	6
PSİ	Astroenergy/Monokristal 365Wp	35,532	ABB / Central 1645 kW	6
İOTA	Astroenergy/Monokristal 380Wp	34,128	ABB / Central 1645 kW	6

UNLICENSED SPPs

Yaysun	Trina Solar / Polycrystalline 255Wp	2,412	POVER-ONE / String 165kWp ABB / String/ 20 kWp	1 / 22
Denizli SPP	Yingli Solar / Polycrystalline 250Wp	29,655	ABB / String 30 kW	223
Solentegre	Jinko / Polycrystalline 315Wp	1,786	SMA / String 60 kW	8
Radon	Csun / Polycrystalline 265Wp	2,116	HUAWEI / String 36 kW	14
Amasya (Boyalı)	First Solar / Thin Film 117,5Wp	95,520	HUAWEI / String 33 kW	348
Tokat (Kuşoturağı)	First Solar / Thin Film 117,5Wp	47,454	ABB / Central 1000 kW	5

WIND ENERGY POWER PLANTS (WPP)

The installed capacity of Akfen Renewable Energy's WPP portfolio consisting of 6 power plants is 348.9 MW as of the end of 2023. As of 31.12.2023, the company's WPPs constitute 49.9% of the company's total installed capacity.

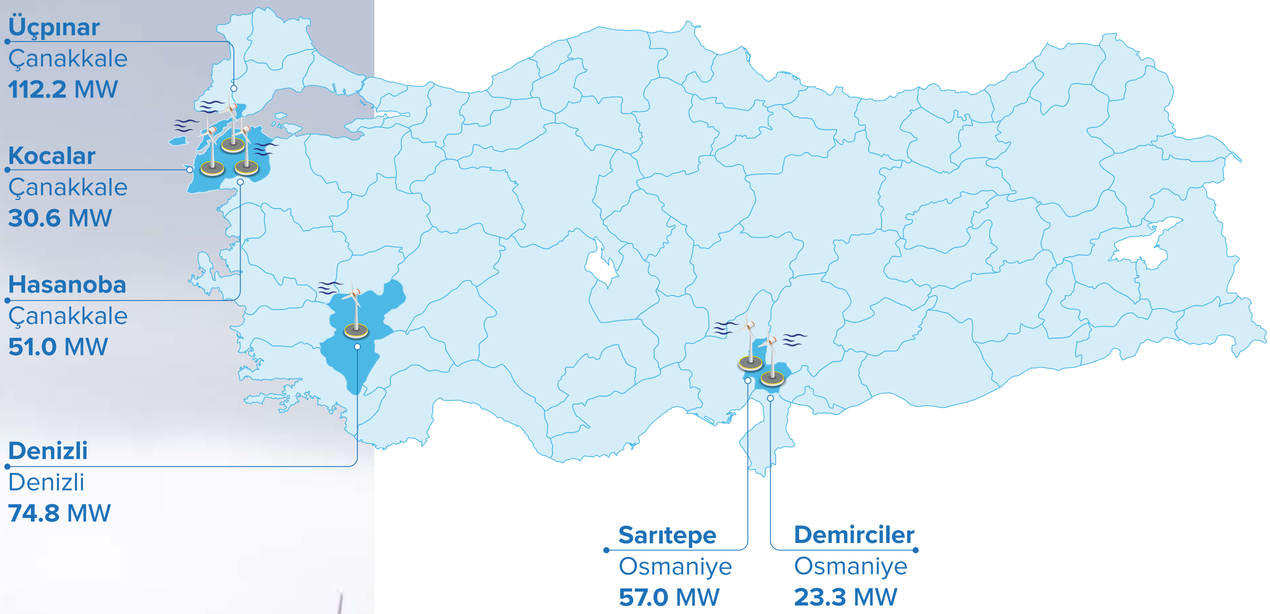
The company first commissioned its wind power plants in 2019 and increased its installed capacity to approximately 350 MW at the beginning of 2020 with its investments. The company's increased capacity has also increased its generation, and in 2023, wind power generation amounted to approximately 974 GWh.

Sarıtepe WPP and Demirciler WPP were included in the company's assets through acquisition on 05.02.2020. In December 2019, Akfen Renewables signed a share purchase agreement for Zorlu Wind Power Electricity Generation Inc's 80.3 MW projects in Osmaniye. With the addition of Sarıtepe-Demirciler WPP to the portfolio, which stands out as the largest purchase agreement of 2019, Akfen Renewable Energy's operating wind power installed capacity in its portfolio reached 348.9 MW.

WPP facilities are covered by insurance policies including extended machinery breakdown insurance, loss of profit, third party liability and employer's liability insurance.

The company has signed maintenance and repair contracts with Siemens Gamesa for Üçpınar WPP, Kocalar WPP, Hasanoba WPP and Denizli WPP. The contract for each power plant was signed in March 2018 and is valid until August 2035. The service scope of the maintenance and repair contracts is "full service" and includes a 97% availability guarantee*.

** Availability is a parameter found by dividing the amount of time a power plant can generate electricity by the total time and indicates the operating performance of the plant.*



Company	WPP	Installed Cap. (MW)	Commercial Operation Date	Realized Generation Output (GWh) 2022	2023
Isıder Enerji	Kocalar	30.6	14.03.2019	114.5	112.3
Derbent Enerji	Üçpınar	112.2	10.05.2019	354.7	339.3
Kovancı Enerji	Hasanoba	51	2.08.2019	138.3	128.6
Korda Enerji	Denizli	74.8	13.09.2019	200.1	195.3
İmbat Enerji	Demirciler	23.3	22.07.2016	56.2	52.8
İmbat Enerji	Sarıtepe	57	17.06.2016	152.3	145.9
Total		**348.9**		**1,016.0**	**974.4**

Maintenance and repair contracts have been signed with GE Turkey and GE Wind for Demirciler WPP and Sarıtepe WPP. These contracts were signed in April 2020 and are valid until April 2030. The service scope of the maintenance and repair contracts is "full service" and includes a 97% availability guarantee.

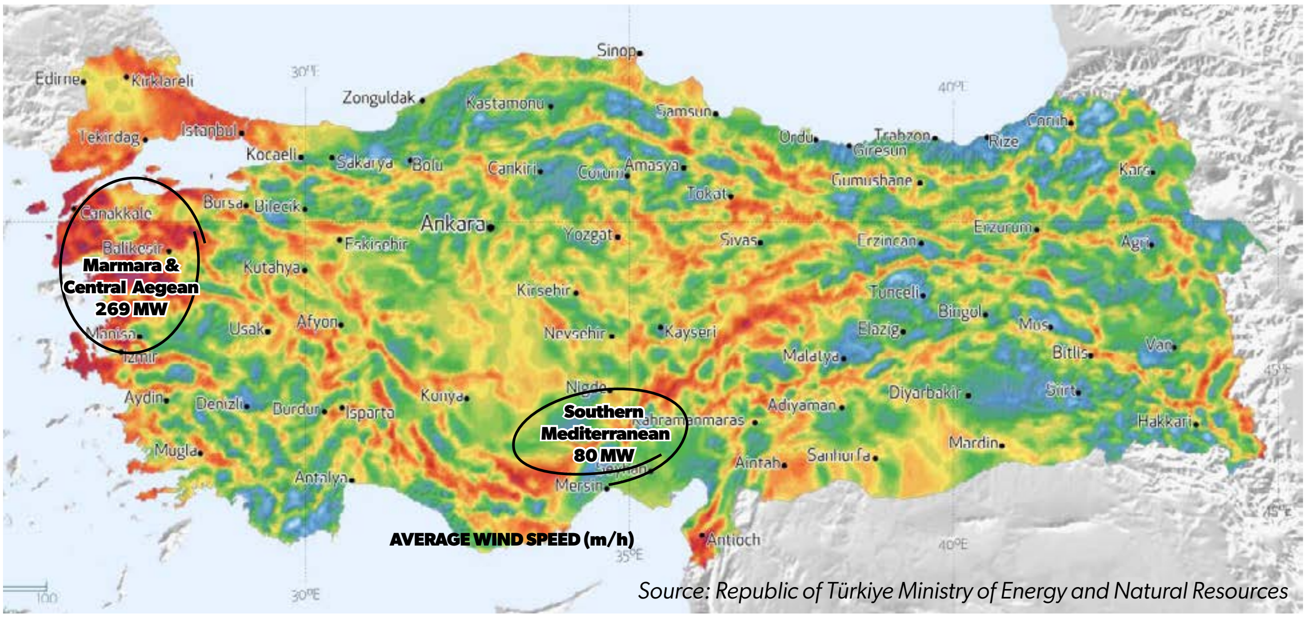
WPP PORTFOLIO AVAILABILITY

(2023-%)

WPP	(%)
Kocalar WPP	97.3%
Üçpınar WPP	97.9%
Hasanoba WPP	99.0%
Denizli WPP	99.2%
Sarıtepe WPP	98.8%
Demirciler WPP	98.5%

PORTFOLIO LOCATED IN TURKEY'S MOST FAVORABLE WIND SITES

They are located in the Marmara and Aegean Regions, where the wind is the best in Turkey. Considering that the main factor in generating energy from wind is wind speed, the company's WPPs are located in regions where Turkey's average annual wind speed is high:



Source: Republic of Türkiye Ministry of Energy and Natural Resources

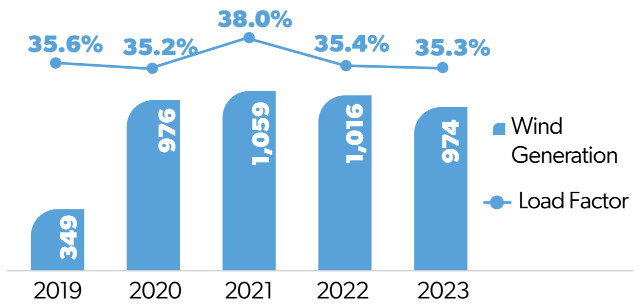
AVERAGE WIND SPEEDS OF WPPs (m/sec)

Power Plant	Cities with Power Plant	Average Wind Speed (m/sec)		
		2021	2022	2023
Kocalar WPP	Çanakkale	8.53	8.65	8.58
Üçpınar WPP	Çanakkale	8.07	8.07	7.99
Hasanoba WPP	Çanakkale	6.83	7.06	6.96
Denizli WPP	Denizli	9.16	8.44	8.20
Sarıtepe WPP	Osmaniye	7.36	7.06	6.93
Demirciler WPP	Osmaniye	6.33	6.17	6.10

The Company's WPPs are located in resource-efficient locations in Turkey and have achieved high capacity utilization rates.

WIND GENERATION AND AVERAGE LOAD FACTOR

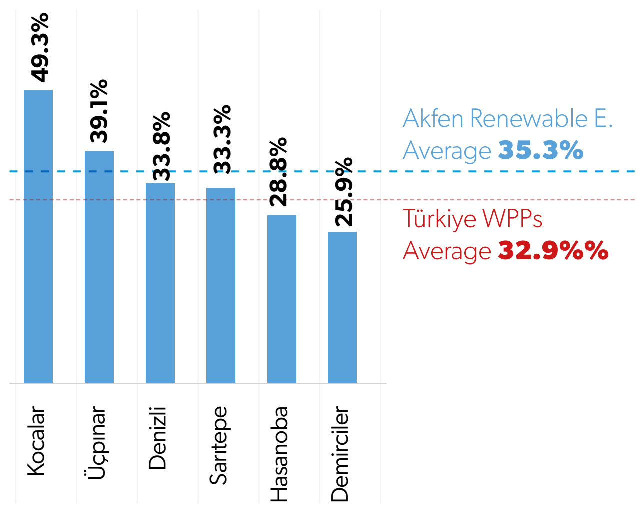
In wind energy resources, which constitute a significant portion of the company's generation, load factor rates have been above the Turkish average, as in solar energy resources, and the company has succeeded in achieving optimum efficiency from its significant portfolio. The company's average load factor for the last 5 years has not fallen below 35%.



LOAD FACTOR OF WPPS (2023)

Four of the WPPs in a total of 6 regions generated electricity with a capacity above the Turkish average. In 2023, the average load factor rate of Akfen Renewable Energy WPPs was realized as 35.3%. Turkey's average of the said rate is 32.9% (2022 data).

The highest load factor in Akfen Renewables portfolio was Kocalar WPP in Çanakkale with 49.3%.



Source: *EPDK Electricity Market Development Report Dec.2023*
https://epdk.gov.tr/Detay/Icerik/3-0-24/yillik-sektor-raporu

Üçpınar WPP

Technical Specifications	**Üçpınar**	**Kocalar**	**Denizli**	**Hasanoba**	**Demirciler**	**Sarıtepe**
Turbine Producer	Siemens Gamesa	Siemens Gamesa	Siemens Gamesa	Siemens Gamesa	General Electric	General Electric
Model	SWT-3.4-108	SWT-3.4-108	SWT-3.4-108	SWT-3.4-108	GE 2.85 -103 / GE 1.7 -103	GE 2.85 -103
Turbine Class	IEC Class IA	IEC Class IA	IEC Class IA	IEC Class IA	IEC Class S	IEC Class S
No. of Turbine	33 (3,4*33)	9 (3,4*9)	22 (3,4*22)	15 (3,4*15)	11 (2,85*4 + 7*1,7)	20 (2,85*20)
Tower Height (m)	80	80	80	80	80 (GE 1,7) / 85 (GE 2,85)	85
Rotor Diameter (m)	108	108	108	108	103	103

Electricity Wholesale

Akfen Electricity Power Wholesale, a subsidiary of Akfen Renewable Energy, obtained a supply license from EMRA on 16.03.2011 for a period of 20 years. The company is currently working on issues such as balancing and storage projects.

CARBON CREDIT SALES

Akfen Renewable Energy's power plants have carbon emission reduction certificates such as Verified Carbon Standard (VCS) and Gold Standard.

Akfen Renewable Energy, with more than thirty renewable power plants operating in various provinces of Turkey, continues its renewable energy investments in order to fulfill its responsibilities towards the environment and society. Renewable energy plants, where emission reduction certification studies are successfully carried out, have carbon emission reduction certificates such as Verified Carbon Standard (VCS) and Gold Standard.

These certificates, which are of great importance on a global scale in the process of transition to a low-carbon economy, are awarded to the power plants by international organizations (Verra, Gold Standard) with the approval of independent auditors. The voluntary carbon market is closely monitored by the company.

In December 2023, the carbon emission reduction credits for the years 2021-2026 of our company's wind power plants Hasanoba WPP, Kocalar WPP, Üçpınar WPP and Denizli WPP were sold to the UK-based EOS Climate&Energy.

According to the related agreement, sales will be made both from credits that are ready for sale (spot) and credits that will be ready for sale (forward with maturity until 2027), which will provide a total of approximately USD 8.6 million of additional income to the main income, which is created by our company by generating electricity from renewable energy sources.

In 2023, our company realized carbon credit sales transactions totaling 126.4 million TL.

Power Plants Registered to **Gold Standard (GS)**

- Gelinkaya HEPP
- Kavakçalı HEPP
- Yağmur HEPP
- Sekiyaka HEPP
- Demirciler HEPP
- Solentegre SPP (Lisanslı)
- Sarıtepe RES
- Demirciler RES

Power Plants Registered to **Verified Carbon Standard (VCS)**

- Sırma HEPP
- Otluca HEPP
- Saraçbendi HEPP
- Çamlıca III HEPP
- Doğançay HEPP
- Doruk HEPP
- Kocalar WPP
- Üçpınar WPP
- Hasanoba WPP
- Denizli WPP
- Denizli SPP
- İota SPP
- Yaysun SPP
- Me-Se SPP
- MT Doğal SPP
- Psi SPP
- Omicron SPP

Power Plants Registered with the **Global Carbon Council (GCC)**

- Çalıkobası HEPP
- Amasya SPP
- Omicron SPP

Ongoing Investment Projects

Continuing its efforts to expand its Renewable Energy portfolio, Akfen Renewable Energy made its recent investments in 3 different areas. As a result of the changes made by the government in energy regulations, Akfen Renewables increased its capacity and hybrid investments, and has started an important investment move after the incentive introduced for storage investments. The investments made in the three fields are summarized as follows: "

1. Hybrid SPP Investments

Number of Hybrid SPP Applications
7

Capacity expansion

94.8 MW

Articles stipulating the application for combined renewable electricity generation facilities in renewable energy sources at the license and preliminary license stages were added to the Electricity Market License Regulation by being published in the Official Gazette on 08.03.2020.

Akfen Renewable has applied for auxiliary resource (hybrid SPP) in terms of 6 WPPs (Denizli WPP, Kocalar WPP, Hasanoba WPP, Üçpınar WPP, Sarıtepe WPP and Demirciler WPP) and 1 HEPP (Doğançay HEPP). The total planned hybrid investment is 94.8 MW. Our applications were approved by TEİAŞ and EMRA and the capacity we requested was recorded in our licenses.

The investment process for our 86 MW hybrid SPP projects has been initiated, contracts for the turnkey construction of the projects have been signed and the construction process has started.

2. WPP Capacity Expansion

Number of WPPs applied for capacity increase
5

Capacity expansion
92.4 MW

Articles for capacity increase in renewable energy sources were added to the Electricity Market License Regulation by being published in the Official Gazette on 23.08.2019. Akfen Renewable applied for electrical and mechanical capacity increase in licensed power plants within the scope of 5 WPPs (Denizli WPP, Kocalar WPP, Hasanoba WPP, Üçpınar WPP and Sarıtepe WPP) with a total of 19 turbine points and 92.4 MW.

Generation licences have been received from EMRA for the related projects and as of the reporting date, energy analysis studies for wind capacity increase projects have reached the final stage and tender negotiations have been initiated with turbine manufacturers.

3. Electricity Storage Investments

Akfen Renewable Energy has made the necessary applications to EMRA in order to benefit from the amendments made in the electricity market legislation in 2021 and 2022 to encourage renewable energy investments.

Within the scope of self-contained electricity storage facility applications, a total of 375 MW self-contained storage facility applications made by our company were approved by EMRA.

Based on the right granted to the storage facility under Article 17 of the Electricity Market License Regulation, SPP and WPP pre-license applications with a total capacity of 285 MW were made.

In this context, a total of 285 MWe Storage + 285 MW Generation pre-licenses were received from EMRA for:

- Çanakkale Üçpınar generation plant with storage: Storage (50 MW) + Generation WPP (50 MW)
- Erzurum generation plant with storage: Storage (30 MWe) + Generation SPP (30 MW)
- Amasya generation plant with storage: Storage (30 MWe) + Generation WPP (30 MW)
- Aydın generation plant with storage: Storage (30 MWe) + Generation WPP (30 MW)
- Osmaniye Sarıtepe generation plant with storage: Storage (95 MWe) + Generation WPP (95 MW)
- Van generation plant with storage: Storage (50 MWe) + Generation SPP (50 MW)

The preliminary license processes of all our applications for generation facilities with storage have been completed. Necessary technical and financial studies for generation facilities with storage have been initiated.

Storage facility application

Application for preliminary license

5 facilities | **285** MW

PART 4

CORPORATE GOVERNANCE

REPUCLIC OF TÜRKİYE 100

CORPORATE VALUES AND FUTURE OUTLOOK

OUR GOAL

Our goal is to meet Turkey's growing energy demand with sustainable resources and thus contribute to ensuring energy security, which is of strategic importance for our country, while supporting the reduction of the current account deficit in our country and keeping our environmental and social performance at the highest standards, to create a balanced portfolio by diversifying our renewable energy resources and to continue our success in the business areas in which we are experienced by realizing our investments in accordance with our long-term value creation strategy.

OUR STRATEGY

- To grow our platform, which is composed entirely of domestic and renewable resources and which will produce sustainably in all areas of the energy sector, with the partnership of corporate investors from Turkey and around the world who want to invest in renewable energy.
- Creating long-term value by ensuring the implementation of best practices in environmental and social standards in corporate governance.
- To contribute to the development of Turkey's rich renewable energy resources.
- To create and maximize shareholder value.
- To improve revenues, growth and profitability, and optimize of our capital structure.

CORPORATE VALUES

With the building blocks of our corporate culture, i.e. our entrepreneurship, investment expertise and our quality of being a reliable business partner in business development, and with our responsible corporate citizen identity, we aim to make great contributions to the economy of our country, which aims to become a serious player in the global economy.

The values we have adopted for this purpose:

- All tasks are important and all employees are valuable.
- We are dynamic and enterprising.
- Honesty is the symbol of our quality.
- Our investments are both material and spiritual.
- Our way is off the beaten tracks.
- We embrace our work and learn every day.
- Our identity is our reputation.

OUR PRINCIPLES

- To gather under the roof of Akfen Renewable Energy a participatory, dynamic and competent workforce that attaches importance to continuous development and creates value.
- To prioritize our understanding of quality and ethical values in all business processes and management.
- To complete the projects under our commitment on time and with the highest quality.
- To fulfill the promises made to our employees, business partners, shareholders and social stakeholders and to protect their interests.
- To sustain a transparent and honest approach to doing business.
- To manage risks with a unique and innovative business approach while evaluating new initiatives and opportunities.
- To invest in people and society through social responsibility activities.

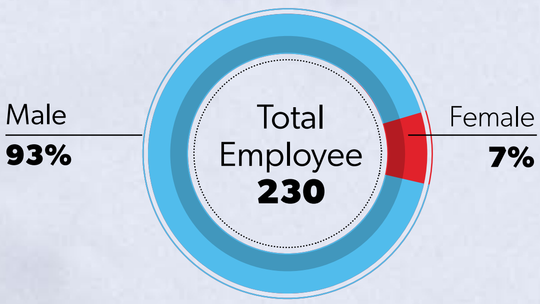
HUMAN RESOURCES

Akfen Renewable Energy is aware that success and securing the future depends on its employees. With the fundamental understanding that "all tasks are important and all people are valuable", Akfen Renewables aims to develop a working environment where employees' ideas are valued, their participation is supported and everyone is provided with equal opportunities.

For Akfen employees who have adopted cooperation based on love, respect and tolerance under the roof of Akfen, and for subcontractor employees, too, we believe that the basic criterion for sustainable success is to work in an environment based on human rights principles, respecting all of their material and moral rights, and we attach importance to collaborations in which corporate values and ethical principles are shared.

Our Human Resources Policy, which was created with this understanding, adopts approaches that protect the rights of employees and keep the sense of "Akfen Family" alive both within the organization and before all our stakeholders.

Human Resources Management carries out human resources practices that are continuously developed in a dynamic structure in line with the strategic plans and targets of the company, taking into account the conditions of the day. In this context, ensuring that the skills and competencies of employees meet the requirements of the job, Human Resources Management conducts the planning, selection, placement and development processes of human resources, job analyses, preparation of appropriate job descriptions according to changing conditions, performance and career planning activities, enhancement of work motivation and development of corporate culture.



ORGANIZATIONAL DEVELOPMENT

In order to ensure sustainable success and innovation, the organization, human resources, business processes and job descriptions are structured and systematically reviewed in line with needs.

Efforts are carried out to sustain, improve and expand target and competency-based human resources systems that support a high performance culture and continuous development.

SELECTION AND PLACEMENT

Akfen Renewable Energy carries out studies to recruit workforce that creates value, is sensitive to the environment, society and people, is open to innovation and change, is flexible, entrepreneurial, dynamic, fast, and aims to improve itself and its business; the competencies sought are determined by creating staff and job descriptions, and the workforce that best fits the job descriptions in the company staff is recruited.

EDUCATION MANAGEMENT

At Akfen Renewable Energy, continuous training is seen as an essential element of creating sustainable values and is recognized as a very important building block of the corporate culture.

In this context, various training environments are created to enrich the qualifications of the workforce and develop its intellectual capital. In addition to orientation and on-the-job training with its own know-how, a training program that includes soft skills and technical training is carried out with expert in-house and external partnerships and companies; training programs are handled in a process involving employees, and are reviewed every year according to demand and needs.

PERFORMANCE MANAGEMENT

A performance evaluation system consisting of individual, functional and managerial competency stages, where success is evaluated according to measurable criteria, is being developed in order to realize the career planning of value-creating workforce, to reward them and to identify aspects open to development. While expectations from employees are set out concretely, it is aimed to define development programs that support the career paths of employees in line with the feedback of managers.

CAREER MANAGEMENT

Employees are offered horizontal and vertical promotion opportunities within the company or between subsidiaries in order to provide individual development opportunities while meeting corporate needs. Employee competencies are improved through practices such as job enrichment.

EMPLOYEE PROFILE

Akfen Renewable Energy's employee profile is a human resource that is open to change and development, highly motivated for success, believes in teamwork and team spirit, uses its resources and time properly, and has a high sense of social responsibility.

BOARD OF DIRECTORS

Hamdi Akın was born in 1954. He graduated from Gazi University, Department of Mechanical Engineering. In 1976 he founded Akfen Holding, whose main activity area is to invest in, manage and coordinate partnerships and subsidiaries active in infrastructure and superstructure construction, port management, marine transportation, water distribution and waste water services, energy and real estate sectors. In addition to serving as the Chairman of the Board of Directors at Akfen Holding, he is also the Chairman of Board at MIP (Mersin International Port), Akfen Renewable Energy (Akfen Yenilenebilir Enerji A.Ş.) and Akfen REIT (Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.). In 1997, he founded the TAV brand to build and operate Turkey's first high capacity airport in the aviation sector, one of the hardest sectors of the world, and he managed the company as Chairman of Board until 2017.

In addition to his private entrepreneurship, Mr. Akın realized projects in infrastructure, energy and investment in scope of privatization efforts. He also carried his dynamism and hard work in business to volunteer efforts and non-governmental organizations as a Manager and founder of many societies, foundations, chambers of commerce. He has served as Vice President of Fenerbahçe Sports Club (2000-2002), MESS-Metal Industrialists' Union President of Ankara Regional Representatives Council (1992-2004), President of TÜGİAD-Turkish Young Businessmen's Association(1998-2000), Board Member of TİSK-Turkish Confederation of Employers' Associations (1995-2001), Board Member of TÜSİAD-Turkish Industrialists' and Businessmen's Association President of Information Society and New Technologies Commission (2008-2009) and Board Member of Clean Seas Association/TURMEPA (2011-2018).

Hamdi Akın is a founder of the Contemporary Turkey Studies Chair at the London School of Economics. He is also the Founding Member and Honorary President of the Turkey Human Resources Foundation (TİKAV), founded in 1999 to provide Turkey with well-trained human resources. He is also member of the Board of Trustess at Support and Education Foundation for Basketball and Board Member of Bodrum Promotion Foundation (BOTAV).

Hamdi AKIN
Chairman

Selim AKIN
Vice Chairman of the Board

Selim Akın, graduated from Surrey University, Business Administration Department in the United Kingdom, and after coming back to Turkey Mr. Akın started his professional career in the Akfen Holding Accounting Department and later served in the Project Development and Finance Departments.

The main projects in which he participated are the privatization and financing of Vehicle Inspection Stations, the privatization and financing of Mersin Port and Akfen Holding's public offering and bond issue. Besides his Chairman of the Board of Directors role at Akfen Altyapı Holding A.Ş., Akfen İnşaat ve Turizm A.Ş., Mr. Akın also serves as the Vice Chairman of the Board of Directors and CEO at Akfen Holding and its various subsidiaries.

Mr. Akın has become a member of the Turkish Young Businessmen's Association. Mr. Akın is a member of TÜSİAD and Turkish Tourism Investors Association (TTYD). Also, he is Vice Chairman of Young Businessmen Association of Turkey (TÜGİAD) and he has also been serving as DEİK representative since 2018.

Pelin AKIN ÖZALP
Board Member

After graduating from Surrey University, UK, in 2010, Pelin Akın Özalp started her career in Deutsche Bank. Following her return to Turkey, she attended the MT Program of TAV Airports Holdings. Later moving on to the parent company, she has been serving as a Board Member in Akfen Holding as of 2012.

She is an active member of the Board of Trustees and the Board of Directors at TİKAV (Turkish Human Resources Education and Health Foundation) and Vice President of The Duke of Edinburgh's International Award-Türkiye National Committee. She is also Chairwoman at the Advisory Board of the Contemporary Turkish Studies Chair founded in London School of Economics since 2010.

She has been serving in DEİK(Foreign Economic Relations Board of Turkey) as a Board Member in Spanish, British and US Business Councils. She is also a Board Member of Turkish Tourism Investors Association (TTYD), Turkey Business Women's Association (TIKAD), the Marine Environment Protection Association (TURMEPA) and American Turkish Society (ATS) Boards and in Steering Committee Member of Inclusive Capitalism at the moment.

Previously, her experience entails different Board Memberships in various networks such as Association of Family Businesses (TAİDER) and Turkey Union of Chambers and Commodity Exchanges (TOBB) Young Entrepreneurs Advisory Councils, Association of Women in Board of Directors (YKKD). She was elected as the youngest deputy board member in TUSIAD in 2014.

Currently serving as Board Member of Akfen Holding, and Board of Directors Member of Akfen Renewable Energy, Akfen REIT, Istanbul Sea Buses (İDO) and Travelex.

She has enjoyed her YPO network from 2013-2020.

Hasan KÖKTAŞ
Independent
Member of the Board

Hasan Köktaş was born in 1963 in Trabzon. In 1988, he graduated from Middle East Technical University, Faculty of Economics and Administrative Sciences, Department of Public Administration. He started his career at Türkiye İş Bankası. He worked in Family Finance between 1990-1994 in various positions, and served as a member of the Board of Directors at Vakıfbank between 1996-1997 and as the General Manager of Belko between 1994 and 1999.

Between 2003 and 2008, he served as the Vice President of the Privatization Administration of Turkey. He also served as Deputy Chairman of the Board of Directors of Erdemir between 2004 and 2006, and Chairman and Vice Chairman of the Board of Directors of Türkiye Petrol Rafinerileri A.Ş. (TÜPRAŞ) between 2003 and 2008.

During his career in the Privatization Administration, he took part in the privatization and public offering of Turkey's largest companies such as Tüpraş, Erdemir, Halkbank, Esgaz, Bursagaz and also harbors and mining companies Hasan Köktaş worked as the Vice President of Privatization Administration in charge of oil, natural gas and electricity sectors, and served as the Chairman of Energy Market Regulatory Board (EMRA) between 2008 and 2014.

Hasan Köktaş, who has been serving as the Chairman of the Board of Directors and Chairman of the Board of Trustees of the Turkish Energy Foundation (TENVA) since 2014, has been a Member of the Board of Directors of Aydem Energy Holding since 2017 and Chairman of Board of Directors of ACC Energy Investment & Consultancy Co since 2019. Köktaş has training certificates in various fields and participated in many national and international meetings on energy. Hasan Köktaş speaks English; he is married and has 3 children.

Yusuf TÜLEK
Independent
Member of the Board

Born in 1962 in Denizli, Yusuf Tülek graduated from Karadeniz Technical University Mechanical Engineering in 1983 and started to work as an engineer at the Turkish Electricity Authority Zonguldak Çatalağzı Thermal Power Plant.

He worked as the Deputy Manager of 1200 MW Trakya Natural Gas Power Plant between 1986-1994. Afterwards, he worked as the Project and Power Site Manager at Çukurova Elektrik A.Ş. between 1994-1996, Assistant General Manager at Rumeli Holding A.Ş. between 1996-1998, Energy Projects Coordinator at Asna Holding A.Ş. between 1998-2000, Consultant at McD Consulting Office between 2000-2001, and Energy Project Supervisor at Esnida Ltd. between 2001-2003.

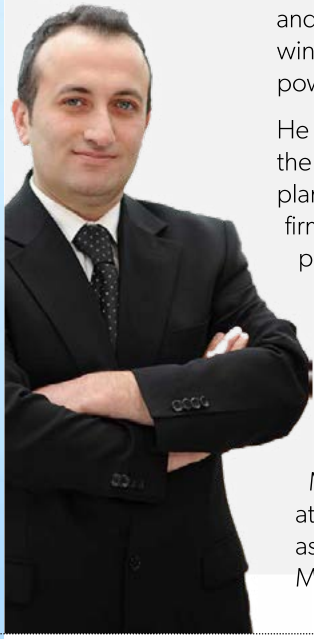
Yusuk Tülek served as the Board Member and Assistant General Manager of Türkiye Elektrik Ticaret Taahhüt A.Ş. (TETAŞ) between 2003 and 2004, and he was appointed to the EMRA Board with the Appointment Decision published in the Official Gazette of 3 January 2004, and he worked as an EMRA Board Member until 2010. He has been serving as the Founder Shareholder of TB Enerji Yatırım Danışmanlık Ltd since 2012, and he is an Independent Board Member at Lokman Hekim Engürüsağ A.Ş. since 2021.

MANAGEMENT TEAM

Mustafa Kemal GÜNGÖR /
General Manager

Graduated from the Department of Electrical and Electronics Engineering at Middle East Technical University in 1998, Mustafa Kemal Güngör took his master's degree on Power Systems at the same university and the same department in 2003. Graduating from the Executive MBA program at Bilkent University in 2020, Güngör's entire career since 1998 was in the energy sector. Güngör's career started in the field of energy transmission as he was employed in the construction projects on high voltage energy transmission lines and transformer substations. Later during his business life, he worked on renewable energy generation power plant projects and took part in Turkey's first private sector wind power plant and first licensed solar power plant projects.

He was a part of the team who initiated the investments on hydroelectric power plants at Akfen Renewable Energy, the firm he joined in July 2007. As the company grows, he further engaged in development of solar and wind power projects, company takeovers, technical due-diligence process prior to entering into the EBRD-IFC partnership and power trade efforts. Güngör acts as the General Manager and Member of the Board at the SPVs affiliated with the company, as well as holds the position of General Manager at Akfen Renewable Energy.



Mustafa Rıfat BAĞBAŞLIOĞLU /
Deputy General Manager - Legal

Mustafa Rifat Bağbaşlıoğlu, who graduated from Ankara University Faculty of Law in 1999, started his career as a Lawyer at Medical Innovation Group in 2001. He worked as a Lawyer at SA-RA Energy between 2003-2006. Besides his position also worked as a Contract Manager in Syria and Bosnia-Herzegovina projects of the company.

Between 2006-2011, He worked as a Chamber Counsel in PTT General Directorate, and besides his duties in PTT, He served as an Expert Reporter in the Turkish Superior Board of Arbitration between 2008-2011.

He continued his career as a General Counsel&Compliance Officer and BoD member at Enerjisa Energy Distribution Companies between 2011-2022.

As of 2022, he is responsible as a Deputy General Manager / Law, and he is executing corporate law and litigation in Akfen Renewable Energy and the companies in its portfolio.

Rıfat Bağbaşlıoğlu provides consultancy to the departments in compliance with the regulation and corporate correspondence, He is also coordinating and executing in relation to Labor Law, Commercial Law and Contract Law

Özgür UZUNOĞLU / Deputy General Manager - Finance

In 2000, he graduated from Department of Business Administration of Boğaziçi University. He started his professional career as a corporate finance analyst and partner at Global Securities.

From 2006 to 2009, he served as a senior investment banker at NBK Capital. Later, he joined Burgan Securities (formerly EFG Istanbul) and held the corporate finance co-chair until 2015.

He coordinates and executes important processes (documentation, examination, investment case and feasibility analysis, board reporting, SPA negotiations) in corporate finance transactions (such as mergers and acquisitions, capital and debt market transactions).

He coordinates and executes project financing of investments. Moreover, he performs financial analysis and modeling of organic and inorganic growth investments. He leads preparation and coordination of periodical business reports, and presents them to the shareholders and the Board.

Celal Öztop / Deputy General Manager - Construction and Operations

Celal Öztop was born in 1977 in Ankara. He graduated as a high honor student from the Department of Electrical and Electronics Engineering at Gazi University in 2001. He completed his master's degree in Electrical and Electronics Engineering at METU (Middle East Technical University) in 2005 and is currently continuing his doctoral studies in the same field. Between 2004 and 2008, he obtained a second bachelor's degree from the Department of Business Administration at Anadolu University.

Öztop began his professional career in the energy sector, taking on various critical roles in projects related to power system stability analysis, equipment selection and installation for renewable energy plants, and hydroelectric and thermal power plant projects. He has also gained experience in areas such as planning investments for distribution companies and operating smart grid systems.

He has held various senior management positions in leading companies such as Yıldızlar Group, Türkerler Holding, Energy Tech Engineering, IC İçtaş Energy Production and Trade, and Thrace Electricity Distribution A.Ş. In these roles, he has achieved significant success in various areas of the energy sector and has gained a wide range of experience. As of November 2023, he is serving as the Deputy General Manager at Akfen Renewable Energy.

BOARD OF DIRECTORS COMMITTEES

Three committees were established with the decision of Akfen Renewable Energy Board of Directors dated 25.01.2023 and numbered 2023/09: Audit Committee, Early Detection of Risk Committee and Corporate Governance Committee. With the decision of our Company's Board of Directors dated 29.12.2023, the members of these committees were determined as follows:

- To appoint Hasan Köktaş as the Chairman of the Early Detection of Risk Committee and Yusuf Tülek and Selim Akın as members,
- To appoint Hasan Köktaş as the Chairman of the Audit Committee and Yusuf Tülek as a member,
- To appoint Yusuf Tülek as the Chairman of the Corporate Governance Committee and Hasan Köktaş, Pelin Akın Özalp and Aylin Çorman, who was appointed as Investor Relations Manager (Coordinator), as members.

1. AUDIT COMMITTEE

The purpose of the Audit Committee is to oversee the functioning and effectiveness of the company's accounting system, public disclosure of financial information, independent auditing and the company's internal control and internal audit system.

The Audit Committee will consist of at least two members and all members will be independent board members.

At least one of the Audit Committee members must have 5 years of experience in audit/accounting and finance.

The Committee convenes at least four times a year, at least quarterly, and the results of the meetings are recorded in the minutes and the decisions taken are submitted to the board of directors. The members of the Audit Committee are determined by the board of directors and disclosed on PDP.

2. EARLY DETECTION OF RISK COMMITTEE

The purpose of the Early Detection of Risk Committee is to detect early the risks that may jeopardize the existence, development and continuity of the company, to take the necessary measures against the risks identified and to manage the risks.

The Early Detection of Risk Committee must consist of at least two members. In case it consists of two members, both of them, and in case it has more than two members, the majority of the members must be non-executive members of the Board of Directors.

The chairman of the Early Detection of Risk Committee is elected among the independent board members. Specialists who are not board members may be members of the committee. The Early Detection of Risk Committee convenes as often as deemed necessary and records all its activities in writing. The Committee submits reports containing information on its activities and meeting results to the board of directors. The members of the Early Detection of Risk Committee are determined by the board of directors and disclosed on PDP.

3. CORPORATE GOVERNANCE COMMITTEE

The main purpose of the Corporate Governance Committee is to determine whether the corporate governance principles are being implemented in the company and if not, to determine the reasons thereof and the conflicts of interest arising from the failure to fully comply with these principles, to make recommendations to the board of directors to improve corporate governance practices and to oversee the work of the investor relations department. As made possible by the Corporate Governance Principles, the Corporate Governance Committee also fulfills the duties of the nomination and remuneration committees specified in the Corporate Governance Principles, since a separate nomination committee and remuneration committee have not been established due to the structure of the company's board of directors.

The Corporate Governance Committee must consist of at least two members. If it consists of two members, both of them, and if it has more than two members, the majority of the members must be non-executive board members. The chairman of the committee is elected among the independent members of the board of directors. Specialists who are not board members may be members of the committee. The Committee convenes as often as it deems necessary and keeps a written record of all its activities. The members of the committee are determined by the board of directors and disclosed on PDP. The manager of the investor relations department must be appointed as a member of the committee.

CORPORATE GOVERNANCE POLICIES

The Board of Directors of Akfen Renewable Energy has determined the remuneration, information, profit distribution and donation and aid policies with its decision dated 20.01.2023 and numbered 2023/10. As required, the policies were submitted to the opinion, evaluation and approval of the shareholders at the first general assembly meeting after the public offering. The contents of the policies are as follows:

Remuneration Policies

The remuneration policy regulating the principles of remuneration of the company's Board of Directors and executives with administrative responsibilities is determined by taking into consideration the Company's long-term goals.

In accordance with the remuneration policy, the board of directors determines the remuneration of board members and executives with administrative responsibilities by conducting self-criticism and performance evaluation for both the board, members and executives with administrative responsibilities. The remuneration of executives with administrative responsibilities is determined by a resolution of the board of directors and the remuneration of board members is determined by a resolution of the general assembly.

Care is taken to ensure that the remuneration to be paid to the independent members of the Board of Directors is at a level to protect the independence of the member, and within the framework of Corporate Governance Principles, dividends, share options or payment plans based on the company's performance cannot be used.

Disclosure Policy

The purpose of the disclosure policy is to ensure an active, effective and transparent communication with all stakeholders, including shareholders, investors, employees, customers and relevant authorized institutions, by sharing all kinds of information that are not trade secrets simultaneously in a complete, fair, accurate, timely, understandable, low-cost and easily accessible manner. The company carries out this policy in compliance with the regulations to which it is subject and the provisions of its articles of association.

The board of directors is authorized and responsible for monitoring, supervising, developing and updating the company's public disclosure and information policy. Disclosures are made through financial statements, independent auditor's report and declarations, annual reports, the company's website (www.akfenren.com.tr), material event disclosure forms, announcements made through the Turkish Trade Registry Gazette (TTRG) and daily newspapers, and communication tools such as telephone, e-mail and fax. Prior to or simultaneously with the public disclosure of the matters subject to material events, a disclosure is also made on PDP and the relevant disclosure is also included on the company's website.

Dividend Policy

The purpose of the dividend distribution policy is to determine the company's dividend distribution principles and to enable shareholders to foresee the procedures and principles of distribution of the company's future profits. The company carries out this policy in accordance with the regulations to which it is subject and the provisions of the articles of association. In dividend distribution, the company pays utmost attention to establish a balance between the interests of the shareholders and the interests of the company. The Board of Directors is authorized and responsible for monitoring, supervising, developing and making necessary updates to the company's Dividend Distribution Policy.

In principle, as long as the relevant regulations and financial means allow, dividend distribution is decided by taking into consideration a number of factors including but not limited to market expectations, long-term corporate strategy, capital needs of the company's subsidiaries and affiliates, investment and financing policies, profitability and cash position, indebtedness, changes and developments in the relevant legislation and national and global economic conditions.

Cash distribution policy

In a way that does not result in a violation of commitments regarding profit distribution limitations within the scope of project finance agreements regarding the company's subsidiaries, and with the stipulation that the first payment will be done related to the first financial year in which the net distributable profit occurs in the company, and based on the distributable period profit calculated within the framework of TCC, capital markets legislation and other relevant legislation and regulations, the principle is to distribute at least 50% of the cash surplus, which will be determined by taking into account the company's cash flow, current and planned investment expenditures, new investments and investment strategy, including all kinds of loan and financing repayments, as cash dividends.

Subject to and without prejudice to the provisions of this paragraph, dividends may be distributed to shareholders in cash or as bonus shares by adding the profit to the capital, or may be distributed partially in cash and partially as bonus shares.

Donations and Aid Policy

The purpose of the donation and aid policy is to determine the donation and aid guidelines of the company. The Board of Directors is authorized and responsible for monitoring, supervising, developing and updating the company's donation and aid policy. The company implements this policy in accordance with the regulations to which it is subject and the provisions of the articles of association.

Article 3 of the company's Articles of Association stipulates that the upper limit of donations will be determined by the General Assembly. The company avoids making donations and aid that would distract from the principle of protecting the rights of shareholders. Within the framework of the company's social responsibility approach, donations and aid deemed appropriate by the Board of Directors may be made in a manner that will not hinder the purpose and subject of the company. Donations and aid are subject to the criterion of being in compliance with the provisions of the capital markets legislation and the company's policies and practices. Donations and aid may be made in cash or in kind to any legal or real person.

Donations and payments made by the company are disclosed to the public in accordance with Article 3 of the company's Articles of Association and within the framework of the CMB's regulations on public disclosure of material events. Shareholders are informed about the amount and beneficiaries of all donations and aid made and about policy changes with a separate agenda item at the general assembly meeting. Donations and aid are required to be submitted for the information of shareholders at the ordinary general assembly meeting. The provisions of the relevant legislation, particularly the CMB's regulations on the prohibition of disguised profit transfer and the mandatory corporate governance principles, are complied with regarding donations and aid.

On February 6, 2023, Akfen Renewable Energy employees participated in search and rescue operations in the Kahramanmaraş Earthquake that devastated Turkey. Thousands of products ranging from blankets to food, from heaters to toys, were sent to those in need from Akfen's power plants in every region of Turkey and Akfen Headquarters.

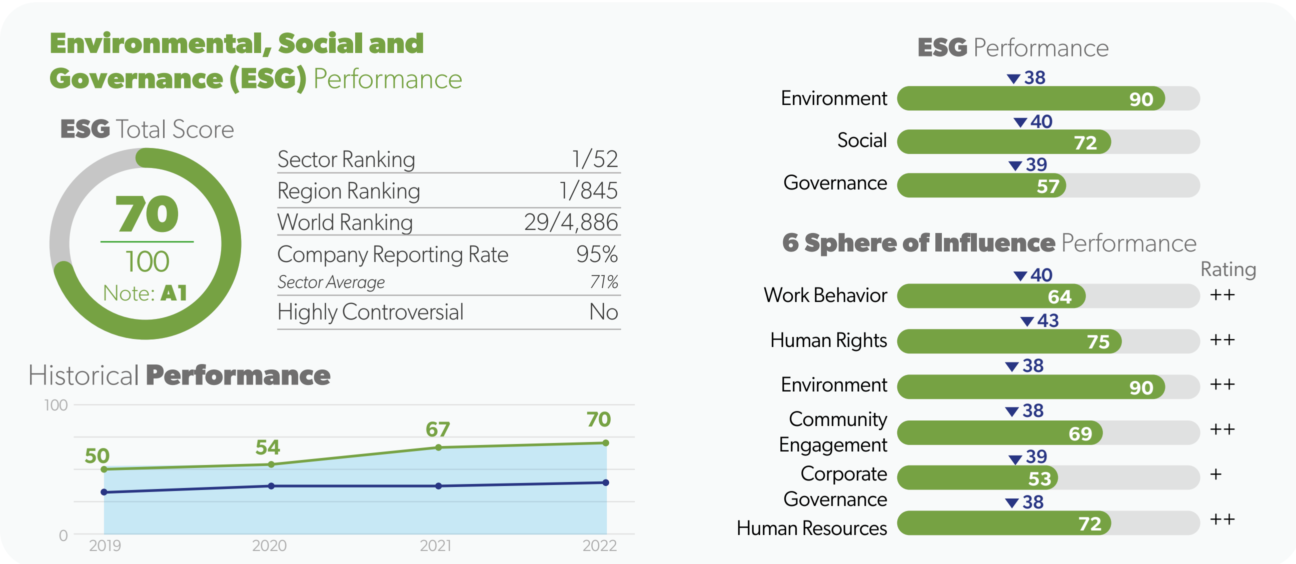
Part 5

SUSTAINABILITY

SUSTAINABILITY

in Akfen Renewable Energy

In the environmental and social governance and sustainability report prepared by Moody's, Akfen Renewable Energy ranked first in Asia and Europe and 29th among 4,886 companies in the world with a score of 70.



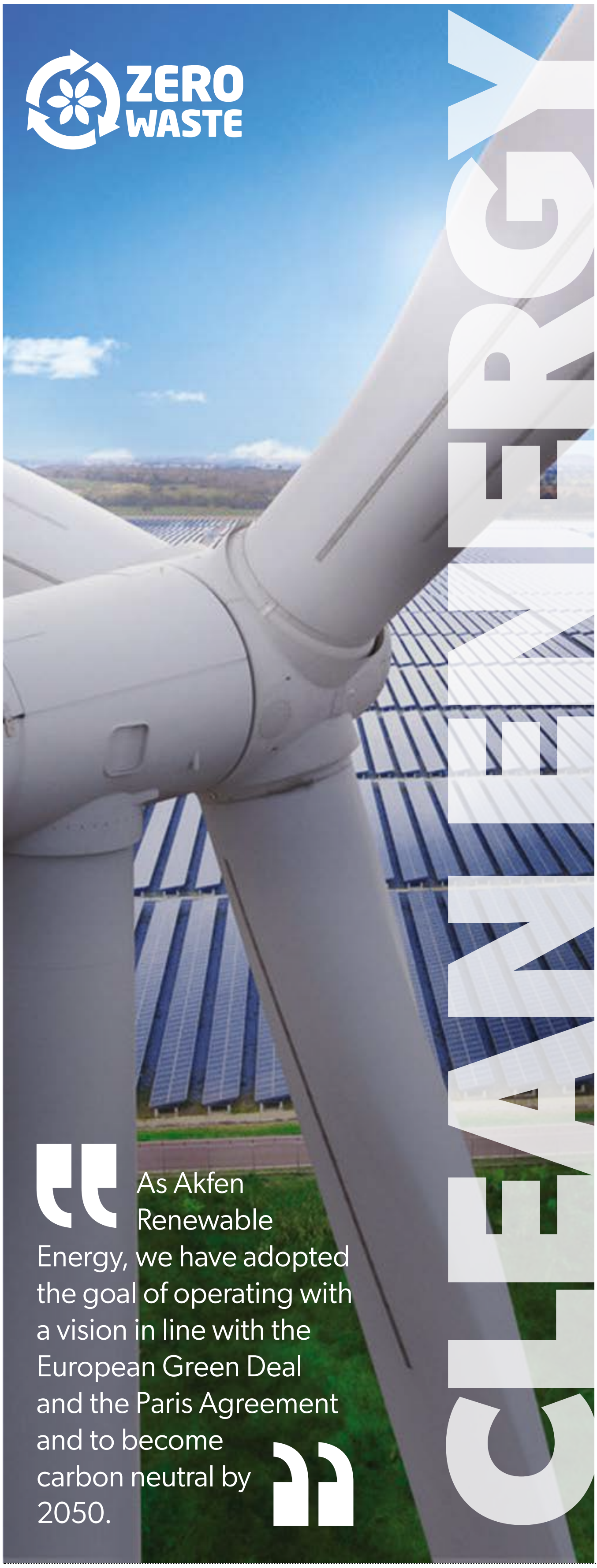
Akfen Renewable Energy aims to create a sustainable working environment and integrate sustainability principles into its business, daily operations and strategy.

The company's sustainability approach is effectively implemented in human resources management processes, occupational health and safety, environment and social responsibility projects.

The company has adopted an approach that takes into account the sustainability of natural resources, the environment, socioeconomic impact and the needs of future generations.

Akfen Renewables' environmental and social management system performance evaluation process has been carried out by Moody's since 2018. In the environmental and social governance and sustainability report prepared by Moody's for companies that request it, Akfen Renewables ranked among the top 30 companies in the world in all sectors. With a score of 70, Akfen Renewables ranked first in Asia and Europe and 29th among 4,886 companies worldwide. In the electricity and natural gas services sector, the company ranked first in the world in October 2022, as it did in 2021.

The company follows a zero waste strategy, focuses on climate change issues and takes actions to support sustainability. The company has developed a sustainability culture by evaluating its environmental, social and economic impact areas, shareholders' expectations and its own corporate strategy.



ZERO WASTE CERTIFICATE IN ALL POWER PLANTS

The company's vision is "clean energy for a sustainable future". In this respect, "Zero Waste Certificate" has been obtained for all power plants in the "Zero Waste" certification process carried out under the coordination and approval of the Ministry of Environment, Urbanization and Climate Change. Electricity needs at the power plants are met by internal transformers or rooftop photovoltaic systems.

In 2021, we received Zero Waste Certification for all our HEPP, SPP and WPP operations and our head office. As part of our zero waste practices, we analyze waste sources, take measures to reduce waste and optimize recycling processes.

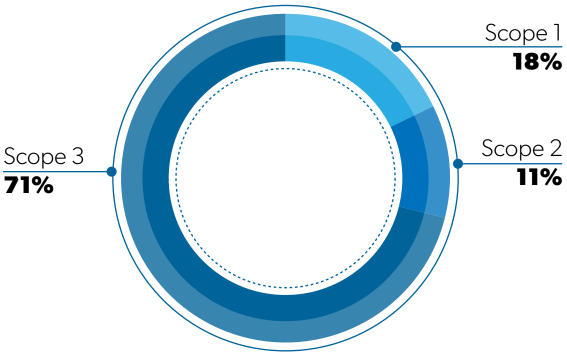
After receiving Zero Waste Certification for our power plants and head office, we have implemented various systems and practices to strengthen environmental sustainability and improve waste management. In this context, an effective waste sorting and collection system was established to separate and collect waste at source. At the same time, digital document management practices were introduced to reduce paper consumption and promote digitalization.

We are tackling the climate crisis and remain committed to making a positive impact for the climate with our sustainable energy solutions. Since 2022, as part of our efforts to understand our environmental impact and set our sustainability goals, we have been calculating direct and indirect emissions from our business operations in accordance with the ISO 14064-1: 2018 Corporate Carbon Footprint Standard and the GHG (Greenhouse Gases) protocol.

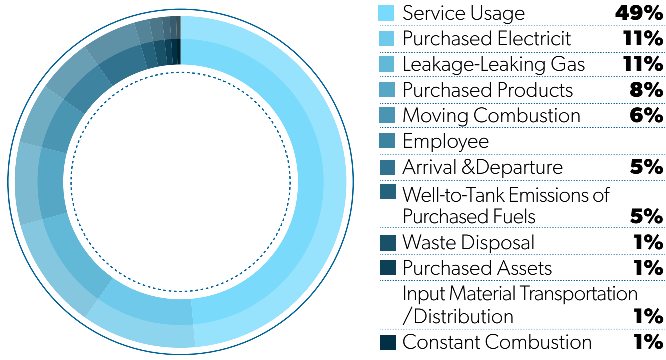
In 2023, carbon footprint calculations of all our businesses were carried out in accordance with ISO 14064-1: 2018 Corporate Carbon Footprint Standard and verified by an independent organization.

In 2023, our total greenhouse gas emissions decreased by 35.5% compared to the previous year. 3,179.36 tons of CO_2e carbon reduction is equivalent to the amount of carbon that 3179 trees will absorb during their lifetime. In 2023, we reduced our carbon footprint intensity, which was recorded as 0.005098 tons CO_2e/MWh in 2022, to 0.003483 CO_2e/MWh with a 31.7% reduction.

Total Emission Distribution
(tCO_2e-2023)



Emission Breakdown
(Subcategory Based / tCO_2e-2023)



CATEGORY BASED EMISSION		2022 TOTAL EMISSION (tCO_2e)	2023 TOTAL EMISSION (tCO_2e)
Scope 1	Constant Combustion	84.40	36.36
	Moving Combustion	332.89	339.65
	Leakage-Leaking Gas	1631.12	636.92
Scope 2	Purchased Electricity	716.51	646.02
Scope 3	Input Material Transportation / Distribution	1.63	42.9
	Output Material Transportation / Distribution	0.69	0.00
	Employee Commuting	353.18	313.75
	Business Travel	63.06	24.47
	Purchased Products	1399.00	468.64
	Purchased Assets	94.06	72.98
	Waste Disposal	2717.52	84.84
	Service Use	1,458.83	2,808.77
	Well-to-Tank Emissions of Purchased Fuels	107.51	305.64
Scope 1		**2,048.41**	**1,012.94**
Scope 2		**2 716.51**	**646.02**
Scope 3		**36,195.47**	**4,122.07**
TOTAL EMISSION (tCO_2e)		**8,960.39**	**5,781.03**

Our carbon footprint intensity is calculated as 0.003483 tons CO_2e/MWh for 2023.

Emission Intensity	2022	2023
Emission Intensity (tCO_2e / MWh)	**0.005098**	**0.003483**

CDP Climate Change Score

As a result of the CDP - Carbon Disclosure Project climate change reporting, which Akfen Renewable Energy participated in for the first time in 2023, its grade was announced as "B Management Level".

Our company's "B Management Level" rating is two levels above the global average "C Awareness" rating.

CDP is a London-based international non-profit organization working to change the way business operates to mitigate the effects of climate change and protect natural resources. CDP facilitates publicly traded companies to report to investors on how they use natural resources and natural capital, how their activities affect the reproduction of finite resources, and how they manage their risks in this area.

The company has implemented the following items to ensure full compliance with internationally recognized environmental and social management systems.

- Used ESG score to assess environmental, social and corporate governance performance.
- Complied with effective laws and international standards on environmental protection.
- Reported its compliance with corporate governance principles and corporate governance disclosures.
- Fulfilled social responsibilities.
- Established collaborative initiatives to strengthen environmental, social and corporate governance capacities.

FULL COMPLIANCE WITH INTERNATIONALLY RECOGNIZED ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEMS

The company started the development and commissioning of the power plants in 2007. Some foreign loans have also been used to finance the projects, and in this context, lenders have carried out audits in accordance with local regulatory requirements as well as international standards on many issues such as labor and working conditions, resource efficiency and pollution prevention and control, health, safety and security, land acquisition, biodiversity conservation and sustainable management of living natural resources, indigenous peoples, cultural heritage, information sharing and stakeholder engagement.

As a result of the successful completion of all audits, the projects were commissioned and there were no problems in the utilization of the loans by the relevant generation companies.

Standards after EBRD and IFC partnership

In July 2016, IFC and EBRD became the shareholders of Akfen Renewables. IFC and EBRD have the highest environmental and social management systems standards in international markets. Within the scope of the partnership, Akfen Renewable has started to apply all of these standards to its entire portfolio.

An environmental and social management system has been established at the corporate level within the scope of the environmental and social action plan attached to the partnership agreement. Akfen Renewable Energy prepares an annual monitoring report in order to evaluate the environmental and social performances of the facilities and to report the actions taken to improve these performances. Environmental and social management plans, established procedures and established policies regarding the works carried out in line with this system are presented in the annual monitoring reports.

For the WPP and SPP projects commissioned over the last 3 years and for which international loans were utilized, in addition to IFC and EBRD, the creditors audited projects through independent audit firms within the scope of the environmental and social management system. On behalf of the creditors, Golder Associates Inc. (an international company providing consultancy, design and construction services in the fields of land, environment and related energy) for WPP projects and Arup for SPP projects (a UK based architecture, planning and engineering services company) have conducted audits during this process.

Since 2018, the company's environmental and social management system performance evaluation process is carried out by Moody's, whose independence is recognised in the international market. As a result of the continuous increase in performance in the 2018, 2019, 2020, 2021 and 2022 evaluations, in the environmental and social governance and sustainability report prepared by Moody's, the company ranked among the top 30 companies in the world among all sectors, ranked first in the Asian and European markets with a score of 70 and ranked 29th out of 4,886 companies in the world. The company ranked first in the world in its field of activity, i.e. the electricity and natural gas services sector. As in 2021, it ranked first among the companies that requested to be subject to the assessment.

As a result of the high-level safety measures taken within the scope of the environmental and social manage-

United Nations Global Compact

AKFEN BECAME THE FIRST HOLDING IN TURKEY TO SIGN THE UN GLOBAL COMPACT

Source: https://www.unglobalcompact.org/what-is-gc/participants/

ment system implemented by the company and international standards, none of the employees have been diagnosed with occupational diseases in the last 5 years.

Akfen Holding, the majority shareholder of the company, signed the United Nations Global Compact on 02.07.2002 in order to contribute to the formation of a common culture in the business world within the framework of universal principles. Akfen Holding is the first holding company in Turkey to sign the Global Compact.

The articles supporting human rights within the scope of the Global Compact are specified in the Human Resources Procedure and Akfen Code of Ethics document, and importance is attached to promoting these articles while conducting company activities.

Within this framework, corporate policies, goals and targets were determined in accordance with the Global Compact, Global Goals for Sustainable Development, ISO 20121 Sustainability, ISO 26000 & SA 8000 Social Responsibility standards. Within the framework of quality, environmental and social, occupational health and safety, and energy efficiency standards, a detailed integrated management system consisting of 15 centralized main procedures and plans and instructions prepared for each power plant in this regard was established and its effectiveness was ensured by supporting it with software infrastructure. The management system was certified as a result of the audit program conducted by ICIM Spa, a member of the CISQ Federation, IQNet, one of the international certification bodies. Document continuity is ensured uninterruptedly through regular interim audits every year.

Management System	Management System Name	Certification Date	Certification No.	Recertification Date	Validity Date	Organization
ISO 9001:2015	Quality management systems	25.01.2017	10947/0	28.09.2023	27.09.2026	Accredia-ICIM
ISO 14001:2015	Environmental man. systems	25.01.2017	1203A/0	28.09.2023	27.09.2026	Accredia-ICIM
ISO 45001:2018	OHS management system	1.02.2017	0584L/0	28.09.2023	27.09.2026	Accredia-ICIM
ISO 50001:2018	Energy management systems	1.02.2017	230324-TR	22.09.2023	21.09.2026	IAS-TCS
ISO 27001:2013	Information security man. sys.	26.01.2022	BGYS-00 90	15.05.2023	26.01.2025	IAS-TCS
ISO 26000:2020	Social Responsibility man. sys.	23.11.2022	SS-531	23.11.2023	23.11.2025	TÜV Austria Turk

**OHSAS 18001 standard was withdrawn in 2018 (validity period is 3 years after the date of withdrawal) and ISO 45001:2018 standard was established instead. The integrated management system has been updated in this context. Document revisions were carried out on 29.10.2021.*

***EN ISO 50001:2011 standard was revised in 2018 (validity period is 3 years after the revision date) and EN ISO 50001:2018 standard was established. The integrated management system has been updated in this context. Document revisions were carried out on 15.10.2021.*

The plans and instructions prepared/revised for each power plant by taking into account the integrated management system, IFC and EBRD performance requirements are listed below:

- Instructions for Combating Corona
- External Personnel, Visitor, Auditor Admission Instructions
- Energy & Global Resource Conservation Instruction
- Power Plant Security Plan
- Instructions for Creating Personnel File
- Planned Actions Instruction
- Social Impact Assessment Procedure
- Stakeholder Engagement Plan and Grievance Procedure
- Incentive System
- Community Health and Safety Man. Plan
- Traffic Management Plan
- Environmental & Social Management Plan
- Instruction on Recording of Non-Compliance Situations
- Emergency Response Plan
- Instructions for Response to Emergencies Affecting the Environment
- Waste Management Plan
- Plant Communication Instructions
- Occupational Health and Safety Instruction
- Off-Plant Emergency Action Instruction
- Akfen Renewable Training Program
- Human Resources Management Procedure

Performance Management Procedure

Environmental and Social Management

The company manages integrated quality management systems with experienced staff who have the potential to manage environmental and social management system procedures in order to apply the same standard across all businesses. Within the scope of the environmental and social management system that reports to the board of directors, human resources, quality management system, environmental management and external relations and public relations, employee representative, management representative, occupational health and safety, corporate social responsibility, energy and global resources units are established.

Through service procurement, consultancy support is received on occupational health, occupational safety, ecology monitoring, ornithology monitoring, hazardous and non-hazardous waste management, special security management, integrated quality management, facility performance control and facility technical control. In 2023, 108 full-time experts and managers were directly and indirectly involved in environmental and social management system implementation among all facilities.

Under the roof of Akfen Renewable Energy, all employees (including contractors and subcontractors) have been trained on environmental and social issues in compliance with international standards. In 2023, a total of 10,724 hours/employee of training was given within the scope of Akfen Renewable Energy Training Program. The main topics of the training provided are occupational health and safety, constitutional rights and ethical codes, environmental impact management, waste management, environmental emergencies, biodiversity, protection of cultural heritage, energy efficiency-climate change, reorganization, combating Covid-19, employee orientation, and security management.

Number of Employees Working in ESM

108

Training Provided (man/hour-2023)

10,724

Environment

The Environmental Law contains the basic regulations on environmental issues and in addition to the Environmental Law, there are various secondary legislations including the EIA Regulation, Environmental Permit and License Regulation and Waste Management Regulation. The Environmental Law contains general provisions on environmental protection obligations and the consequences of violations of these obligations. The EIA Regulation, on the other hand, regulates the content of documents such as EIA reports or project introduction dossiers prepared within the scope of the EIA process, as well as the procedures and principles regarding the administrative and technical issues to be subject to this process. Facilities subject to environmental impact assessment are specified in the EIA Regulation. All of the Company's power plants comply with the EIA Regulation. There are;

(i) EIA Positive, (ii) EIA Not Required or (iii) EIA Out of Scope decisions for all power plants.

The power plants do not carry out any activities that fall within the scope of air pollution, environmental noise, wastewater discharge and deep sea water discharge topics regulated by the Environmental Permit and License Regulation. Therefore, the power plants are not subject to the permits and licenses required under the Environmental Permit and License Regulation.

In accordance with the Waste Management Regulation, all power plants are registered in the Environment Online System of the Ministry of Environment, Urbanization and Climate Change. Every year, the waste temporarily stored at the power plants and delivered to authorized disposal companies is declared to the Environment Online System.

"FOR ALL WPPS, WITHIN THE FRAMEWORK OF LEGISLATION, ORNITHOLOGICAL STUDIES SUCH AS BIRD AND BAT MONITORING, CARCASS SCANNING, ETC. CONTINUE ROUTINELY"

According to the Waste Management Regulation, waste generating facilities are obliged to prepare a waste management plan and obtain approval from the Provincial Directorates regarding waste production, and the prevention and minimization of waste. As of the date of this report, industrial waste management plans of all WPP, SPP and HEPP projects have been approved by the Provincial Directorates of Environment, Urbanization and Climate Change and the relevant procedures have been put into effect.

No power plants are included in the high risk group

Environmental and social due diligence reports were prepared for all projects by the creditors' consultants prior to the investment decision. Within the scope of these reports, no power plant project was included in the high risk group. In these reports, the impacts of the power plants on bird migration routes were examined, protected areas were examined, stakeholder interviews were conducted, and ecosystem endemic species were examined. All potential risks during construction and operation have been examined and analyzed. No major risk assessment was identified in any project.

For all WPPs, ornithology studies such as bird and bat observation and carcass scanning continue routinely within the framework of the legislation. Additionally, flora and fauna monitoring activities continue routinely in WPP and SPP projects. Currently, there is no major environmental risk that will affect the general condition of the power plants. During the operation period, the relations between the ecosystem and the power plants are monitored and observed together. The reports submitted for monitoring and observation studies are inspected twice a year by the General Directorate of Nature Conservation and National Parks. The studies will continue until the observation studies are finalized as a result of the review processes.

In our HEPP projects, we apply a rigorous identification and evaluation process specific to regulators and fish passages. All fish passages exhibit high standards of operational performance. At the regulators, the environmental flow released by the flow observation stations is regularly checked. The functionality of these current observation stations has been examined and no inappropriate situation has been encountered.

Within the scope of Çamlıca III HEPP project, fish capture, transportation and release activities were carried out in June and October 2023. Fish capture, transportation and release processes were carefully planned and implemented to protect the ecosystem balance in the water resources of the project.

Landscaping and rehabilitation works have been carried out at all power plants to date. This work continues as new projects are commissioned. The company aims to operate in an environmentally sensitive manner and to raise awareness of its social responsibilities for sustainable development. As of the date of this report, 100,000 trees have been planted and 250,000 square meters of landscaping work has been completed in projects across Turkey. Starting from the project development phase, all kinds of environmental protection and development plans are realized during construction and post-construction periods. The company supports the national economy by creating environments in harmony with nature through additional rehabilitation and local/regional landscaping works at existing power plants after construction.

Compliance with international standards on climate & environmental issues

The company operates in accordance with international standards on climate and environmental issues. In this context, all facilities have ISO 14001 Environmental Management System, ISO 50001 Energy Management System and ISO 9001 Quality Management System certifications. Interim audits are conducted regularly every year to ensure uninterrupted certificate continuity.

Complying with the targets set by the international community on climate change is also among the company's prioritized goals. In 2023, we participated in the CDP (Carbon Disclosure Project) Climate Change Survey for the first time and took decisive steps to reduce our environmental impact. This survey enabled us to assess our company's environmental performance and develop strategies for a more sustainable energy future. Our business plans are based on the 1.5°C Global Warming Challenge Scenarios.

As a company, we adopt a waste management strategy that aims to reduce our environmental impact and minimize waste generation at every location where we operate. This strategy includes the principle of prevention at source, which is the most effective step in the waste management hierarchy, as well as efforts to raise awareness among our employees.

Strategic cooperation with waste management companies

With the strategic cooperation we have established with municipalities and licensed waste management companies, we carry out waste collection, transportation and disposal processes in a coordinated manner for the effective removal of waste.

Industrial Waste Management Plans approved by the Provincial Directorates of Environment, Urbanization and Climate Change are in place for all our power plants. These plans cover the details of issues such as waste minimization at source, recycling, disposal and transportation. Additionally, we obtain Hazardous Substances and Hazardous Waste Compulsory Financial Liability Insurances for all our power plants every year.

We make waste declarations for all our power plants through the Integrated Environmental Information System (EÇBS)- Waste Management Application. The declarations contain detailed information on the types, quantities and processing methods of waste and help determine environmental impacts.

We focus on the efficient and economical use of water at every stage of our operations and take various measures to minimize water consumption. In order to focus on the efficient use of water in our power plants, we prefer irrigation systems that are suitable for local climate and water consumption characteristics. These systems ensure that water is directed to the root of plants, minimizing water loss and

(tons)	2022	2023
Non-Hazardous Waste	4.63	4.05
Hazardous Waste	19.11	12.22
TOTAL WASTE AMOUNT	23.74	16.27

(m^3)	2022	2023
Total Water Consumption	13,991.86	11,231.25
Total Wastewater Discharge	7,961.00	5,176.60

optimizing the need for irrigation.

Since we do not need process water during our operations, we do not use water for industrial purposes and thus do not discharge industrial waste water.

Nature-compatible environment in power plants

Starting from the project development phase, all kinds of environmental protection and development plans are realized during construction and post-construction periods. With additional rehabilitation works, we support the country's economy by creating environments compatible with nature through local and regional landscaping works in existing power plants.

Landscaping and rehabilitation works, which are carried out regularly every year in order to contribute to the renewal of nature, aim to selflessly protect green areas and revitalize nature. In order to protect the natural balance and enrich our project areas in terms of ecosystem, we carry out regular works every year within the scope of our landscape repair plans. We plan to carry out our 100,000 m^2 landscaping and rehabilitation project works in the seasons with favorable climatic conditions.

Within the framework of our company's Donation and Aid Policy, in order to contribute to the reforestation of the region after the forest fires in Çanakkale in 2023 and within the scope of creating a forest of 100,000 trees in Çanakkale, i.e. the "Akfen 100th Year Memorial Forest" in commemoration of the 100th anniversary of the Republic of Turkey, we will contribute 20 thousand trees to this social responsibility project. This project carries our goal of not only protecting natural life but also leaving a green legacy to future generations. In this project, which we are carrying out in cooperation with the Çanakkale Regional Directorate of Forestry, we are taking a leading role in reducing the effects of forest fires as well as in an effective fight against the climate crisis. In this meaningful project, we demonstrate our commitment to sustainability by setting an example of social solidarity while contributing to the health of nature and future generations.

Occupational Health and Safety

Akfen Renewable Energy is subject to various national and international OHS regulations. Local regulations governing the Company's activities primarily include risk assessment, emergencies, OHS trainings, and OHS management regulations. The company has always prioritized employee health and safety issues with international practices included in the performance criteria of IFC and EBRD due to its previous partnership structure.

In order to prevent possible occupational accidents within the company, OHS awareness is constantly updated and various training programs such as risk assessment training, emergency, first aid, electricity, defensive and advanced driving techniques, fire, working at heights in wind turbines in accordance with the Global Wind Organization (GWO) standard and working in electrical high current facilities (EKAT) are regularly carried out for employees.

In the last 7 years, employees working in operational positions have not experienced any occupational accidents that resulted in loss of working days, thanks to meticulously implemented high-level safety measures. In addition, none of the employees have been diagnosed with occupational diseases. This success is a reflection of the company's safety-oriented culture and continuous improvement efforts. Occupational accident data for all power plants of the company are presented in detail in the tables below.

Annual occupational accident statistics for directly employed worker

	2017	2018	2019	2020	2021	2022	2023
Total Recordable Incident Rate (TRIR)	0	0	0	0.49	0.42	0.54	0.39
Lost Time Incident Rate (LTIR)	0	0	0	0	0	0.33	0

Annual occupational accident statistics for contractor employees (including construction work)

	2017	2018	2019	2020	2021	2022	2023
Total Recordable Incident Rate (TRIR)	0.94	0.51	0.66	0.34	0.64	0.77	0
Lost Time Incident Rate (LTIR)	0.23	0.3	0.47	0.34	0	0	0

In the tables above, (i) Total Recordable Accident Frequency Rate is calculated as Total Number of Accidents x 200,000 / Total Man Hours, (ii) Lost Time Accident Frequency Rate is calculated as Number of Lost Time Accidents x 200,000 / Total Man Hours.

The Company regularly monitors occupational health and safety practices with 10 OHS specialists, 17 occupational physicians and 8 other health personnel, as well as 9 different joint health and safety units for its workplaces and enterprises. The Company organizes monthly OHS committee meetings with elected committee members, including employees and management representatives.

Akfen Renewable Energy has ISO 45001 quality certificate to carry out the OHS management system similarly in all power plants.

Corporate Social Responsibility Projects and Local Economy Support Mechanism

The company aims to provide reliable and clean energy and to improve and develop the communities and the environment in which it operates, especially the regions where its businesses are located. In line with this goal, the company prioritizes the employment of local people in the location of the enterprise and starts the supply chain locally within the scope of procurement instructions, for the purpose of contributing to the local economy.

The company supports the training of people in need of local jobs to become technical personnel and provides them with the necessary certificates. The company uses all possible means to support local employment, first in the village where the facility is located, then in the district, and then in the province.

The company aims to implement social responsibility projects in order to develop the regions where its power plants are located. It considers local stakeholders as its neighbors and establishes good relations with that awareness. The company carries out its corporate social responsibility projects in two main categories, realizing projects in cooperation with TİKAV, a subsidiary of Akfen Holding, and also providing direct support to local stakeholders on a company basis.

RURAL REGION SEMINARS
with TİKAV and Akfen Renewable Energy

Face-to-face training was provided to 7,000 women in the "Rural Regional Seminars" launched in 2017 under the financing of Akfen Renewable Energy and the coordination of TİKAV. The project received an award in the "Sustainability Communication - Women's Empowerment" category at the Sustainable Business Awards 2023 event.

Since 2017 Akfen Renewable Energy, under the coordination of TİKAV, has been providing training to women living in the regions where the company's power plants are located. To date, 7 thousand women have been provided with face-to-face training opportunities through different projects carried out under the name of "Rural Training Seminars".

To date, 7,000 women have received face-to-face training through the "School at Home", "Health First", "Hygiene is Health", and "Saving at Home, Future in Our Hands" projects carried out in villages where Akfen Renewable Energy has 27 power plant investments. The number of people reached indirectly through these projects has exceeded 28 thousand.

The activities carried out so far in the Rural Regional Training Seminars that started in 2017 can be summarized as follows;

In **2017**, 1,000 women participated in workshops for the development of children between the ages of 0 and 6 with the project **"School at Home"**,

In **2018**, the **"Health First"** project provided training on first aid, basic health, cancer screening, gynecological diseases and organ donation to 1,500 women,

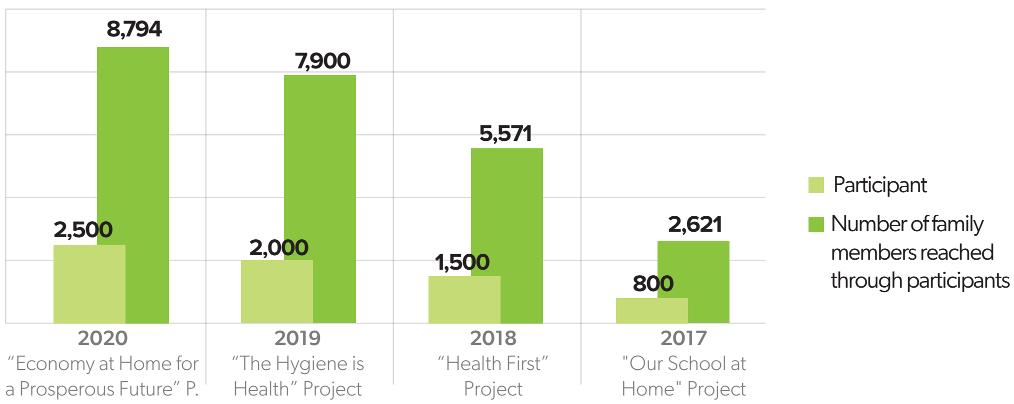
In **2019**, the **"Hygiene is Health"** project was launched to train 2,000 women who engage in physical labour on food, body and living space hygiene,

2,500 women were trained with the **"Saving at Home, Future in Our Hands"** project, with 23 projects initiated in **2020** but suspended due to the pandemic.

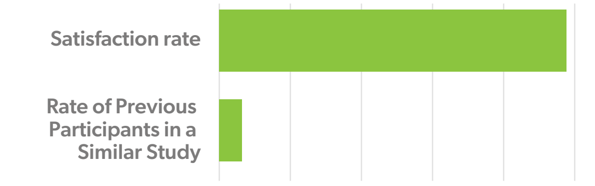
Planned for **2023**, but to be implemented in 2024 due to the earthquake disaster, the **"Our Digital Footprint"** project aims to raise awareness about the beneficial and correct use of digital platforms and to support the prevention of problems (cognitive crimes, psychological, physical problems) that both participating women and their family members may experience by addressing the problems that may aris e as a result of unconscious use of digital platforms.

The training seminars, which spread to every region of Turkey, helped the project receive yet another award. The project received an award in the "Sustainability Communication - Women's Empowerment" category at the Sustainable Business Awards 2023 event.

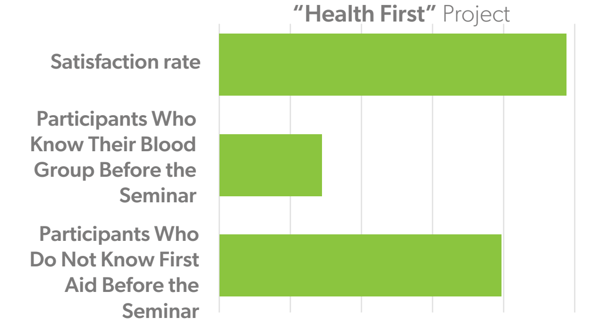
Number of People Directly Participating in the Project and Indirectly Reached



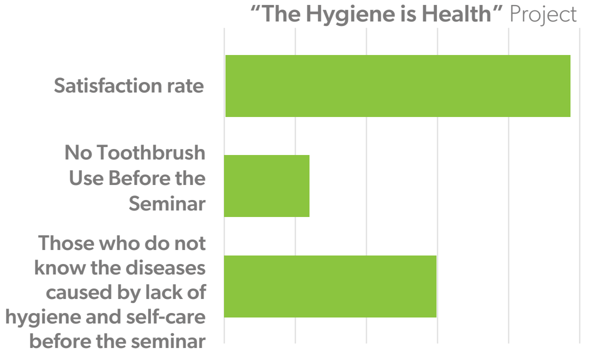
2017
"Our School at Home" Project



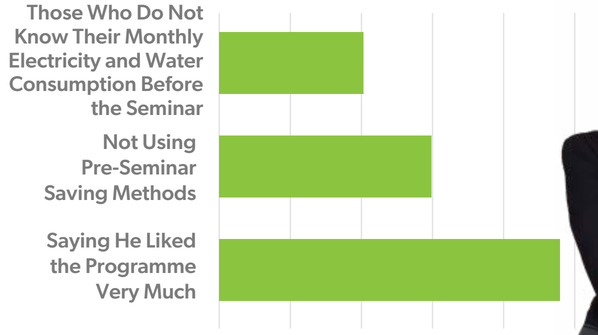
2018
"Health First" Project



2019
"The Hygiene is Health" Project



2020
"Economy at Home for a Prosperous Future" Project



Number of awards increased to three

With the award won in 2023, the number of awards in the project carried out jointly by Akfen Renewable Energy and TİKAV increased to three.

The awards received in previous years were as follows:

- The "Health First" project was awarded the Social Responsibility Award at the 9th Turkey Energy Summit in 2018, winning the first prize, and was also a finalist in its category in the competition organized by the Doctor Club in 2018.
- The "Hygiene is Health" project received the Grand Prize for Social Responsibility Projects at the 3rd Energy and Natural Resources Summit in 2019.

Project in line with the United Nations Sustainable Development Goals

The Rural Training Seminars are also in direct alignment and commitment with the United Nations Sustainable Development Goals (SDGs). The projects support SDG-3 (Health and Quality of Life), SDG-4 (Quality Education), SDG-5 Gender Equality, SDG-6 (Clean Water and Sanitation), SDG-10 (Reducing Inequalities), SDG-12 (Responsible Production and Consumption).

The education and empowerment of rural women contributes significantly to the goals of gender equality and quality education, while the project's position in the renewable energy sector and the way it is implemented promotes the use of clean energy and is an important step towards achieving sustainability goals.

"We are committed to expanding our project"

TİKAV Board Member Pelin Akın Özalp stated that they are proud that the project won another award in 2023 and said, "We are committed to expanding our project further and creating more opportunities to improve women's quality of life starting next year when TİKAV will celebrate its 25th anniversary."

RURAL AREA EDUCATION SEMINARS WITH **AKFEN RENEWABLE**

'Saving at Home, Future in Our Hands' Project

In 27 different locations in Turkey, seminars were organized in the neighborhoods/villages in the region where Akfen's power plants are located with the "Savings at Home, Future in Our Hands Project" implemented under the coordination of TİKAV and financed by Akfen Renewable Energy. In these seminars, it was aimed to contribute to both the home economy and the ecological balance of the country and the world by informing women living in rural areas about the wise and conscious use of electrical energy, which has a high cost among energy types, and water, our basic resource that cannot be substituted.

Number of Project Locations

23

Number of People Reached

2,500

The program to be organized in 2023 with the participation of women aged 18 and over is as follows:

- Amasya SPP (Boyalı, Amasya)
- Otluca HEPP (Anamur, Mersin)
- Sırma HEPP (Bozdoğan, Aydın)
- Sekiyaka HEPP (Seydikemer, Muğla)
- Denizli WPP (Karacasu,Aydın)
- Demirciler HEPP (Kale, Denizli)
- Doğançay HEPP (Geyve, Sakarya)
- Kavakçalı HEPP (Ula, Muğla)
- Gelinkaya HEPP (Aziziye, Erzurum)
- Saraçbendi HEPP (Gemerek, Sivas)
- Çamlıca HEPP (Yahyalı, Kayseri)
- Doruk HEPP (Dereli, GiWPPun)
- Hasanoba WPP (Merkez, Çanakkale)
- Üçpınar & Kocalar WPP (Lapseki, Çanakkale)
- MESE SPP (Sarayönü,Konya)
- Yaysun & MT SPP (Ereğli, Konya)
- Omicron SPP Engil & Erciş (Edremit, Van)
- PSI SPP (Edremit, Van)
- Yağmur HEPP (Köprübaşı, Trabzon)
- Çalıkobası HEPP (Bulancak,GiWPPun)
- Yeşilvadi SPP (Acıpayam, Denizli)
- Solentegre SPP (Şahinkaya Köyü, Elazığ)
- Tokat SPP (Turhal, Tokat)

RURAL AREA EDUCATION SEMINARS WITH **AKFEN RENEWABLE**

'Hygiene is Health' Project

In 2019, "Hygiene is Health Project" was carried out under the coordination of TİKAV and financed by Akfen Renewable Energy Inc. which has active Solar, Wind and Hydroelectric Power Plant operations in 26 different locations in Turkey. In these seminars, it was aimed to raise awareness of women living in rural areas and engaged in physical labor on the issues of body and food hygiene, which are necessary for them to lead healthy lives.

Number of Project Locations

23

Number of People Reached

2,000

The program to be organized in 2023 with the participation of women aged 18 and over is as follows:

- Amasya SPP (Boyalı, Amasya)
- Otluca HEPP (Anamur, Mersin)
- Sırma HEPP (Bozdoğan, Aydın)
- Sekiyaka HEPP (Seydikemer, Muğla)
- Denizli WPP (Karacasu,Aydın)
- Demirciler HEPP (Kale, Denizli)
- Doğançay HEPP (Geyve, Sakarya)
- Kavakçalı HEPP (Ula, Muğla)
- Gelinkaya HEPP (Aziziye, Erzurum)
- Saraçbendi HEPP (Gemerek, Sivas)
- Çamlıca HEPP (Yahyalı, Kayseri)
- Doruk HEPP (Dereli, GiWPPun)
- Hasanoba WPP (Merkez, Çanakkale)
- Üçpınar & Kocalar WPP (Lapseki, Çanakkale)
- MESE SPP (Sarayönü,Konya)
- Yaysun & MT SPP (Ereğli, Konya)
- Omicron SPP Engil & Erciş (Edremit, Van)
- PSI SPP (Edremit, Van)
- Yağmur HEPP (Köprübaşı, Trabzon)
- Çalıkobası HEPP (Bulancak,GiWPPun)
- Yeşilvadi SPP (Acıpayam, Denizli)
- Solentegre SPP (Şahinkaya Köyü, Elazığ)
- Tokat SPP (Turhal, Tokat)

RURAL AREA EDUCATION SEMINARS WITH **AKFEN RENEWABLE**

'Health First' Project

The "Health First Project", which was implemented in 2018 under the coordination of TİKAV and financed by Akfen Renewable Energy, was implemented in 17 different locations in Turkey. These locations consist of rural areas where Akfen Renewable Energy's active Hydro Power Plants and Solar Power Plants are located. Within the scope of the project, women over the age of 18 living in rural areas were given a practical seminar on first aid, basic health, cancer screening, physical examination routines, gynecological diseases and organ donation in order to increase the awareness of women, who are the foundation of the family. Additionally, it was aimed to prevent erroneous health interventions performed by non-professionals in our country, to break prejudices against physical examinations and to support taking necessary precautions in a timely manner, especially in gynecological diseases.

Number of Project Locations

17

Number of People Reached

1.500

The program to be organized in 2023 with the participation of women aged 18 and over is as follows:

- Amasya WPP (Amasya)
- Çalıkobası HEPP (Bulancak,Giresun)
- Çamlıca HEPP (Yahyalı, Kayseri)
- Demirciler HEPP (Kale, Denizli)
- Doğançay HEPP (Geyve, Sakarya)
- Doruk HEPP (Dereli, Giresun)
- Gelinkaya HEPP (Aziziye, Erzurum)
- Kavakçalı HEPP (Ula, Muğla)
- Otluca HEPP (Anamur, Mersin)
- Saraçbendi HEPP (Gemerek, Sivas)
- Sekiyaka HEPP (Seydikemer, Muğla)
- Sırma HEPP (Bozdoğan, Aydın)
- Solentegre SPP (Şahinkaya Köyü, Elazığ)
- Tokat SPP (Turhal, Tokat)
- Yağmur HEPP (Köprübaşı, Trabzon)
- Yaysun SPP (Ereğli, Konya)
- Yeşilvadi SPP (Acıpayam, Denizli)

RURAL AREA EDUCATION SEMINARS WITH **AKFEN RENEWABLE**

'School at Home' Project

Launched in 2017 in cooperation with TİKAV and Akfen Renewable Energy, the "School at Home Project" aims to inform parents about methods of supporting the physical, psycho-motor, social-emotional, mental and language development of children aged 0-6 at home and to raise awareness about the importance of preschool education.

The project focused on the importance of spending quality time with children at home in order to raise healthier individuals rather than leaving education to school. Within the scope of the project, mothers were informed about the health screenings of children aged 0-6 and a workshop was organized on spending quality time with children and home activities that can support their developmental processes.

Number of Project Locations

15

Number of People Reached

1.000

The program to be organized in 2023 with the participation of women aged 18 and over is as follows:

- Otluca HEPP (Anamur, Mersin)
- Sırma HEPP (Bozdoğan, Aydın)
- Sekiyaka HEPP (Seydikerem, Muğla)
- Demirciler HEPP (Kale, Denizli)
- Kavakçalı HEPP (Ula, Muğla)
- Gelinkaya HEPP (Aziziye, Erzurum)
- Saraçbendi HEPP (Gemerek, Sivas)
- Çamlıca HEPP (Yahyalı, Kayseri)
- Doruk HEPP (Dereli, Giresun)
- Yağmur HEPP (Köprübaşı, Trabzon)
- Yeşilvadi SPP (Acıpayam, Denizli)
- Yaysun SPP (Ereğli, Konya)
- Solentegre SPP (Şahinkaya Köyü, Elazığ)
- Doğançay HEPP (Geyve, Sakarya)

RURAL AREA EDUCATION SEMINARS WITH **AKFEN RENEWABLE**

"Our Digital Footprint" Project

Under the coordination of TİKAV and with the financing of Akfen Renewable Energy Inc. which has active Solar, Wind and Hydroelectric Power Plant operations in 27 different locations in Turkey, we will realize the "Our Digital Footprint Project". Within the scope of the project, seminars will be organized in 27 locations where Akfen Renewable Energy Inc has active facilities. In these seminars, it is aimed to raise awareness of women living in rural areas about the beneficial and correct use of digital platforms and to support the prevention of problems (cognitive crimes, psychological, physical, sociological and cultural problems) that both participating women and their family members may experience in this context by addressing legal, social, physiological and psychological problems that may arise as a result of unconscious use of digital platforms.

The program to be organized with the participation of women aged 18 and over is as follows:

- Amasya SPP (Kutu Köyü Boyalı Mevkii, Amasya)
- Sırma HEPP (Bozdoğan, Aydın)
- Denizli WPP (Karacasu, Aydın)
- Üçpınar WPP & Kocalar WPP (Lapseki İlçesi Üçpınar Köyü, Çanakkale)
- Hasanoba WPP (İntepe Köyü, Çanakkale)
- Denizli SPP (Acıpayam, Denizli); Demirciler HEPP (Kale, Denizli)
- Elazığ SPP (Şahinkaya Köyü Merkez İlçesi, Elazığ)
- Gelinkaya HEPP (Aziziye, Erzurum)
- Doruk HEPP (Dereli, GiWPPun)
- Çalıkobası HEPP (Bulancak, GiWPPun)
- Çamlıca HEPP (Yahyalı, Kayseri)
- Me-Se SPP (Sarayönü İlçesi Karatepe Köyü, Konya)
- Yaysun & MT SPP (Ereğli İlçesi Zengen Köyü, Konya)
- İota M. Fırıncı SPP (Battalgazi İlçesi Fırıncı Köyü, Malatya)
- Otluca HEPP (Anamur, Mersin)
- Sekiyaka HEPP (Seydikemer, Muğla)
- Kavakçalı HEPP (Ula, Muğla)
- Demirciler WPP & Sarıtepe WPP (Kaman Köyü Bahçe, Osmaniye)
- Doğançay HEPP (Geyve, Sakarya); Saraçbendi HEPP (Gemerek, Sivas)
- Tokat SPP (Turhal İlçesi Kuşoturağı Köyü, Tokat)
- Yağmur HEPP (Kahramanlar Köyü Sürmene, Trabzon)
- Omicron SPP (Edremit Kıyıcak Köyü, Van)

CORPORATE SOCIAL RESPONSIBILITY PROJECTS

Social Support Activities
in Power Plant Regions in 2023

OTLUCA HEPP	Fuel support was provided for the construction equipment used in the road construction project in Sugözü Village.
	Hygiene and stationery materials were provided for Zehra Marulyalı Primary School students.
	Financial support was provided for the needs of our citizens in the earthquake zone.
	Material support was provided for the construction of a drinking water transmission line in ÇaltıBükü Village.
SIRMA HEPP	Financial support was provided for the citizens in the earthquake zone.
KAVAKÇALI HEPP	Financial support was provided for the citizens in the earthquake zone.
	Financial support was provided to the Kavakçalı Neighborhood Headman's Office for a football tournament.
GELİNKAYA HEPP	Financial support was provided for the citizens in the earthquake zone.
SARAÇBENDİ HEPP	A battery was provided to a citizen in need of a battery for his wheelchair in Gemerek District.
	Financial support was provided for the citizens in the earthquake zone.
ÇAMLICA III HEPP	Financial support was provided to Özden Elmacı Primary School for construction works to increase the security of the school.
	Financial support was provided to Balcıçakırı Neighborhood Headman's Office for the installation of a camera system.
YAĞMUR HEPP	A solar energy system was provided for Adıyaman AFAD Tent City.
	Financial support was provided for the citizens in the earthquake zone.
	Training material was provided for the use of female athletes of Trabzon Olympic Preparation Center.
	Construction material was provided for Kahraman Neighborhood Village lodging.
	Fuel oil support was provided for Köprübaşı Municipality vehicles.
	Construction material support was provided for the Kovuktaş Plateau drinking water project.
AMASYA SPP	Financial support was provided for infrastructure works in Kutu Village.

CORPORATE SOCIAL RESPONSIBILITY PROJECTS

OMICRON SPP	Winter shoes and coats were provided for the students of Kıyıcak Primary School.
	Financial support was provided for the office renovation projects of Kıyıcak and Bakımlı Neighborhood Headman's Offices.
	Financial support was provided to Kıyıcak Primary and Secondary School within the scope of their needs.
PSI SPP	Winter shoes and coats were provided to the students of Bakımlı Primary School.
IOTA SPP	Financial support was provided for the citizens in the earthquake zone.
	Financial support was provided to those in need living in Fırıncı Village.
KOCALAR WPP	Financial support was provided to those in need living in Çamyayla and Harmancık Villages.
	After the "Forest Fires Information Seminar" organized by Lâpseki Forest Management Directorate, a meal was distributed to local people.
ÜÇPINAR WPP	The construction equipment used in the leveling and snow plowing works of Üçpınar WPP site roads was employed in certain periods for the needs of Üçpınar Village.
	Construction equipment service was provided for the needs of Çamyayla Village to be used for the benefit of the village.
	Financial support was provided to those in need living in Üçpınar Village.
	Material and labor supply was provided for the installation of LED lighting on the minaret chancel of Üçpınar Village Mosque and under-carpet heating system.
	Financial support was provided for the replacement of machinery and repairs within the scope of Üçpınar Village infrastructure works.

CHAPTER 6

AKFEN YENILENEBILIR ENERJI A.Ş.

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

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 accunting

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

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**

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

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.)

LIABILITIES	References	Current Period Audited 31 December, 2023	Prior Period Audited 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**

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

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

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 Comprehen-sive Income and Expenses That Will Be Reclassi-fied in Profit or Loss	Retained Earnings				
	Paid capital	Share capital adjust-ments	Share premium	Restricted reserves	Share-holder contri-bution	Gains/ (Losses) on remeasure ments of defined benefit plans	Revalua-tion fund	Hedge reserve fund	Retained earnings/ (losses)	Net profit/ (loss) for the period	Total	Non con-trolling interests	Total equity
Balances as of 1 January 2022	**11,016,032**	**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.*

Notes to the Consolidated Financial Statements 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.)

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:

Notes to the Consolidated Financial Statements 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.)

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**		

Notes to the Consolidated Financial Statements 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.)

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	License	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.

Notes to the Consolidated Financial Statements 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.)

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

AkAkfen 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.

Notes to the Consolidated Financial Statements 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.)

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.

iii. 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.

Notes to the Consolidated Financial Statements 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.)

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.

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.

Notes to the Consolidated Financial Statements 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.)

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

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

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.

Notes to the Consolidated Financial Statements 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.)

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.

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(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)

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:

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(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)

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

Classification

The Group classifies its financial assets in three categories of financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of loss (FVTPL). The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. 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.

Recognition and Measurement

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

Derecognition

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

Impairment

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

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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.

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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%.

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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

<u>Severance pay</u>

Pursuant to Article 25 / II of the Turkish Labor Law, the Group is obliged to make lump-sum payments to employees whose employment is terminated due to retirement or reasons other than resignation or misconduct. The liability is not funded and therefore there are no plan assets as there are no funding requirements for defined benefits. The amount payable consists of one month's salary for each year of service. This right is limited to 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.

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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

Notes to the Consolidated Financial Statements As at and For the Period Ended 31 December 2023

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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.

Notes to the Consolidated Financial Statements 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.)

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:

Deferred tax

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).

Derivative financial assets held for cash flow hedges

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

Goodwill impairment assessment studies

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

Imbat Energy Inc.

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

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

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

Revaluation of power plants

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

In the valuation, "income 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.

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:

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(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**	**Electric Whole-sale**	**Other[*]**	**Total**	**Consolidation Adjustment and Classification**	**Consoli-dated 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*

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(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	Electric 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*

Notes to the Consolidated Financial Statements 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.)

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.

Notes to the Consolidated Financial Statements 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.)

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**

Notes to the Consolidated Financial Statements 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.)

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*
- *Commercial enterprise pledge*
- *Undertaking about electricity production license*
- *Assignment of project incomes*
- *1st degree pledge on real estate*
- *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*
- *Commercial enterprise pledge*
- *Assignment of subordinated receivables*
- *Assignment of project incomes*
- *1st degree pledge on real estate*

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.

Notes to the Consolidated Financial Statements 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.)

5. Financial borrowings (continued)

(4) (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.

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(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.

Notes to the Consolidated Financial Statements 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.)

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.

Notes to the Consolidated Financial Statements 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.)

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**

	31 December 2023	31 December 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**

Notes to the Consolidated Financial Statements 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.)

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	Yeniden 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.*

Notes to the Consolidated Financial Statements 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.)

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.

Notes to the Consolidated Financial Statements 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.)

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.

Notes to the Consolidated Financial Statements 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.)

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**

Notes to the Consolidated Financial Statements 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.)

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	-	-
Total	**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

		31 December 2023	31 December 2022
	Currency	**TL**	**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.*

Notes to the Consolidated Financial Statements 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.)

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**

Notes to the Consolidated Financial Statements 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.)

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)**

Notes to the Consolidated Financial Statements 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.)

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:

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(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 accordance in 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).

Notes to the Consolidated Financial Statements 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.)

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.*

Notes to the Consolidated Financial Statements 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.)

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**

Notes to the Consolidated Financial Statements 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.)

21. Expense by nature

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)**

Notes to the Consolidated Financial Statements 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.)

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.

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(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)**

Notes to the Consolidated Financial Statements 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.)

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 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 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.

Notes to the Consolidated Financial Statements 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.)

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 (TİKAV)[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*

Notes to the Consolidated Financial Statements 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.)

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:

	Receivables					
	Trade Receivables		Other Receivables			
31 December 2023	**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	-	-	-	-	-	-

	Receivables	
31 December 2023	**Trade Receiv-ables**	**Other Receiv-ables**
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.	-	-

Notes to the Consolidated Financial Statements 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.)

29.Financial risk management objectives and policies (continued)

29.1 Credit risk (continued)

	Receivables					
	Trade Receivables		Other Receivables			
31 December 2022	**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	-	-	-	-	-	-

	Receivables	
31 December 2023	**Trade Receiv-ables**	**Other Receiv-ables**
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.	-	-

Notes to the Consolidated Financial Statements 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.)

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 maturities**	**Carrying amount**	**Contractual cash outflows total (I+II+III+IV+V)**	**Less than 3 months (I)**	**3-12 months (II)**	**1-5 yıl years (III)**	**More than 5 years (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 maturities**	**Carrying amount**	**Contractual cash outflows total (I+II+III+IV+V)**	**Less than 3 months (I)**	**3-12 months (II)**	**1-5 yıl years (III)**	**More than 5 years (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)	-	-	-

Notes to the Consolidated Financial Statements 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.)

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.*

Notes to the Consolidated Financial Statements 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.)

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)**	**-**	**-**

Notes to the Consolidated Financial Statements 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.)

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)

Notes to the Consolidated Financial Statements 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.)

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.

Financial instruments

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

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

Financial asset

It is foreseen that book values of the cash and cash equivalents are close to their fair values since they are short term cash assets. It is also foreseen that their book values reflect the fair value since the trade receivables are short-term.

It is foreseen that the fair values of the balances in foreign currency that are converted with the period-end rates are close to their book values.

(All amounts are 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).

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(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 Instrument classifications and fair values (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.

ABBREVIATIONS

ABB	Asea Brown Bovery
AFAD	Ministry of Interior Disaster and Emergency Management Presidency
Aquila	Aquila HydropowerINVEST Investitions GmbH & Co. KG
ATS	American Turkish Society
BİDEV	Basketball Solidarity and Education Foundation
BOTAV	Bodrum Promotion Foundation
BM	United Nations
BM SKA	United Nations Sustainability Development Goals
CDP	Carbon Disclosure Project
CISQ	The Consortium for IT Software Quality
CO_2	Carbondioxide
DEİK	The Foreign Economic Relations Board of Turkey
EBITDA	Earning Before Income Tax Depreciation and Amortization
EBRD	European Bank for Reconstruction and Development
EİEİ	Electricity Survey and Development Administration
EPDK	Energy Market Regulatory Autority
FDI	Foreign Direct Investment
GS	Gold Standard
GCC	Global Carbon Council
GE	General Electric
SPP, GES	Solar Power Plant
GW, GWs	Gigawatt, Gigawatt hour
GWO	Global Wind Organization
GYO	Real Estate Investment
HEPP	Hydro Electric Power Plant
IEA	International Energy Agency
IFC	International Finance Corporation
İHD	Transfer of Operating Rights
İSG, OHS	Occupational Health and Safety
KAP	Public Disclosure Platform
kW	Kilowatt
LNG	Liquified Natural Gas
LSE	LondonSchool of Economics
LTIR	Lost Time Incident Rate

Maxima	Maxima Enerji Sistemleri Teknik Servis ve Taahhüt Ticaret A.Ş.
MESS	Turkish Employers' Association of Metal Industries
MT	Management Trainee
MTA	Mineral Research and Exploration General Directorate
MW, MWs, MWe	Megawatt, Megawatt hour, Megawatt electric
NZE	Net Zero Emission
OHSAS	Occupational Health and Safety Assessment Series
ODTÜ	Middle East Techincal University
PTT	T.C. Post and Telegraph Organization
WEPP, RES	Wind Energy Power Plant
TAİDER	Family Business Association
T.C.	Turkish Republic
TEAŞ	Türkiye Electricity A.Ş.
TEİAŞ	Turkish Electricity Transmission Corporation
TENVA	Turkish Energy Foundation
TETAŞ	Türkiye Elektrik Ticaret Taahhüt A.Ş.
TİKAD	Turkish Businesswomen Association
TİKAV	Turkey Human Resources Education and Health Foundation
TİSK	Turkish Confederation of Employer Associations
TOBB	The Union of Chambers and Commodity Exchanges of Türkiye
TRIR	Total Recordable Incident Rate
TTK	Turkish Commercial Code
TTSG	Turkey Trade Registry Gazette
TTYD	Turkish Tourism Investors Association
TURMEPA	Turkish Marine Environment Protection Association
TÜGİAD	Turkish Young Businessmen's Association
TÜPRAŞ	Türkiye Petrol Rafinerileri A.Ş.
TÜSİAD	Turkish Industry and Business Association
USD	United States Dollars
VCS	Verified Carbon Standard
WP	Watt peak
FiT	Support Mechanism for Renewable Energy Resource
YİD, BOT	Build Operate Transfer

AKFEN RENEWABLE ENERGY *www.akfenren.com.tr/en/*

Address: İlkbahar Mah. Turan Güneş Bulvarı Galip Erdem Cad. No:3
Çankaya / Ankara / Türkiye

Phone: +90 312 408 14 00

Fax: +90 312 442 48 24

E-mail: info@akfenren.com.tr