Report Date **:** 13 March 2023

ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AT 1 JANUARY - 31 DECEMBER 2022 TOGETHER WITH AUDITOR’S REVIEW REPORT

(ORIGINALLY ISSUED IN TURKISH)

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Consolidated Statement of Financial Position as at 31 December 2022

(Currency shown is ("TL") unless indicated otherwise)

ASSETS	Notes	Current Period Audited 31 December 2022	Prior Period Audited 31 December 2021
Cash and cash equivalents	4	668,047,641	797,696,001
Financial investments	5	271,790,090	-
Trade receivables			
- Trade receivables from third parties	6	806,727,885	372,570,360
Other receivables			
- Other receivables from third parties	8	697,325	1,149,959
Derivative financial instruments			
Derivative financial assets held for cash flow hedges	28	8,983,912	-
Inventories	9	3,671,144	3,399,098
Prepaid expenses	10	23,545,895	2,863,773
Assets related to current tax	25	3,560,049	1,076,557
Other current assets	18	52,464,831	19,197,918
Total current assets		**1,839,488,772**	**1,197,953,666**
Other receivables			
- Other receivables from third parties	8	3,321,117	586,479
Derivative financial instruments			
Derivative financial assets held for cash flow hedges	28	29,885,535	-
Investment properties	11	426,000,000	-
Tangible assets	12	5,866,711,552	4,606,837,458
Intangible assets	13	181,384	133,882
Prepared expenses	10	920	614,500
Other non-current assets	18	1,412,692	-
Total non-current assets		**6,327,513,200**	**4,608,172,319**
TOTAL ASSETS		**8,167,001,972**	**5,806,125,985**

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

Consolidated Statement of Financial Position as at 31 December 2022

(Currency shown is (“TL”) unless indicated otherwise)

LIABLITIES	Notes	Current Period Audited 31 December 2022	Prior Period Audited 31 December 2021
Short-term borrowings	7	101,091,050	-
Short-term portions of long-term borrowings	7	352,743,592	262,199,425
Other financial liabilities	7	88,635	251,344
Trade payables			
- Trade payables to third parties	6	478,262,220	212,455,998
Other payables			
- Other payables to related parties		24,196	44,614,546
- Other payables to third parties	8	2,962,894	540,086
Payables related to employee benefits	16	1,407,574	493,857
Deferred income	10	37,124,939	27,209,749
Short-term provisions			
- Short-term provisions for employee benefits	17	485,202	104,887
Other current liabilities	18	2,334,106	1,798,998
Current liabilities		**976,524,408**	**549,668,890**
Long-term borrowings	7	1,073,578,279	956,345,116
Long-term provisions			
- Long-term provisions for employee benefits	17	388,678	101,798
Deferred tax liabilities	25	88,019,401	49,122,448
Non-current liabilities		**1,161,986,358**	**1,005,569,362**
Paid-in capital	19	64,000,000	64,000,000
Redeemed Shares		(1,120,665)	-
Premiums/ discounts related to shares	19	725,793,112	725,793,112
Other comprehensive ıncome or expenses that will not be reclassified subsequently to profit or loss			
- Accumulated Gain on Revaluation of Non-Current Assets	19	3,105,250,118	2,088,208,649
- Accumulated gain on remeasurement of defined benefit plans	19	57,197	80,398
Other Comprehensive Income or Expenses that may be Reclassified Subsequently to Profit or Loss			
- (Losses) on cash flow hedges	19	(481,850,019)	(272,267,543)
- Hedge fund	19	23,511,276	-
Restricted profit reserves		4,838,231	24,684
Prior years’ profit/ (loss)		615,062,885	(183,348,845)
Net profit for the period	26	533,514,924	980,556,198
Equity attributable to owners of the company		**4,589,057,059**	**3,403,046,653**
Non-Controlling Interests		1,439,434,147	847,841,080
Total equity		**6,028,491,206**	**4,250,887,733**
TOTAL LIABILITIES		**8,167,001,972**	**5,806,125,985**

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

ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the Period Ended 1 January – 31 December 2022
(Currency shown is (“TL”) unless indicated otherwise)

		Current Period Audited	
	Notes	**1 January-31 December 2022**	**1 January-31 December 2021**
Revenue	20	964,190,904	555,229,833
Cost of Sales (-)	20	(622,885,516)	(368,468,753)
Gross profit		**341,305,388**	**186,761,080**
General and administrative expenses (-)	21	(61,209,245)	(28,845,883)
Other income from operating activities	22	422,653,892	459,510,918
Other expenses from operating activities (-)	22	(137,123,855)	(98,025,514)
Operating profit		**565,626,180**	**519,400,601**
Income from investing activities	23	309,974,293	648,769,088
Operating profit before finance expense		**875,600,473**	**1,168,169,689**
Financial income (+)	24	327,905,890	407,089,209
Financial expenses (-)	24	(491,125,069)	(544,711,550)
Profit before taxation		**712,381,294**	**1,030,547,348**
- Deferred tax income/ (expense)	25	(24,203,151)	(5,595,427)
Profit/ (Loss) for the period		**688,178,143**	**1,024,951,921**
Owners of the company	26	533,514,924	980,556,198
Non-controling interest		154,663,219	44,395,723
OTHER COMPREHENSIVE INCOME		**1,099,001,993**	**1,634,129,029**
Other comprehensive ıncome or expenses that will not be reclassified subsequently to profit or loss			
Tangible assets rereasurement gain		1,420,892,070	1,940,492,083
Deferred tax (expense)		(75,772,708)	(34,197,594)
Accumulated Gain on remeasurement of defined benefit plans	17	(29,001)	132,574
Deferred tax (expense)		5,800	(30,491)
Other Comprehensive Income or Expenses that may be Reclassified Subsequently to Profit or Loss			
Other comprehensive income related with cash flow hedge		(307,617,710)	(313,648,085)
Deferred tax (expense)		61,523,542	41,380,542
TOTAL COMPREHENSIVE INCOME		**1,787,180,136**	**2,659,080,950**
- Shares of the main partnership		1,364,466,447	2,010,524,620
- Non-controlling shares		422,713,689	648,556,329
Earnings/ (loss) per share (TL)	**26**	**8,34**	**15,32**

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

CONVENIENCE TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN TURKISH

ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Consolidated Statement of Changes in Equity
for the Period Ended 1 January – 31 December 2022
(Currency shown is (“TL”) unless indicated otherwise)

						Accumulated Other Comprehensive Income or (Expenses) that will not be Reclassified to Profit or (Loss		Accumulated Other Comprehensive Income or (Expenses) that will not be Reclassified to Profit or (Loss)				
	Paid-in capital	Other reserves	The Effect of Mergers Involving Undertaking or Enterprises Subject to Common Control	Share Premiums / Discounts	Defined Benefit Plans Remeasurement Gain / (Losses)	Hedging gains/losses	Property, Plant and Equipment Revaluation Fund	Profit or Loss for the Previous Period	Net Profit or Loss for the Period	Parent’s Equity	Non-Controlling Interests	Total equity
1 January 2021	**64,000,000**	**-**	**15,169,416**	**177,664,779**	**(5,246)**	**-**	**181,914,159**	**70,472,389**	**81,622,220**	**590,837,717**	**-**	**590,837,717**
Transfer	-	24,684	-	-	-	-		81,597,536	(81,622,220)	-	-	-
Total comprehensive income	-	-	-	-	67,520	(184,439,303)	1,232,678,796	-	-	**1,048,307,013**	-	**1,048,307,013**
Non-Controlling Interest	-	-	-	176,815,591	18,124	(87,828,240)	673,615,694	(59,175,812)	44,395,723	**747,841,080**	847,841,080	**1,595,682,160**
Effect of mergers involving undertaking or enterprises subject to common control	-	-	(15,169,416)	-	-	-		-	-	**(15,169,416)**	-	**(15,169,416)**
Increase/decrease from share-based transactions (*)	-	-	-	371,312,742	-	-		(274,714,763)	-	**96,597,979**	-	**96,597,979**
Other effect of adjustments	-	-	-	-	-	-		(1,528,195)	-	**(1,528,195)**	-	**(1,528,195)**
Profit for the period	-	-	-	-	-	-		-	936,160,475	**936,160,475**	-	**936,160,475**
31 December 2021	**64,000,000**	**24,684**	**-**	**725,793,112**	**80,398**	**(272,267,543)**	**2,088,208,649**	**(183,348,845)**	**980,556,198**	**3,403,046,653**	**847,841,080**	**4,250,887,733**
1 January 2022	**64,000,000**	**24,684**	**-**	**725,793,112**	**80,398**	**(272,267,543)**	**2,088,208,649**	**(183,348,845)**	**980,556,198**	**3,403,046,653**	**847,841,080**	**4,250,887,733**
Transfer	-	6,229,157	-	-	-	-	-	974,327,041	(980,556,198)	**-**	-	-
Total comprehensive income	-	-	-	-	(18,746)	(126,048,232)	688,963,576	-	-	**562,896,598**	**268,050,470**	**830,947,068**
Non-Controlling Interest	-	(1,415,610)	-	-	(4,455)	(60.022.968)	328,077,893	(177,772,675)		**88,862,185**	168.879,378	**257,741,563**
Effect of mergers involving undertaking or enterprises subject to common control	-	-	(1,120,665)	-	-	-	-	32,341,364	-	**31,220,699**	**-**	**31,220,699**
Increase/decrease from share-based transactions (*)	-	-	-	-	-	-	-	-	-	-	-	-
Dividend Payment	-	-	-	-	-	-	-	(30,484,000)	-	**(30,484,000)**	-	**(30,484,000)**
Profit for the period	-	-	-	-	-	-	-		533,514,924	**533,514,924**	154,663,219	**688,178,143**
31 December 2022	**64,000,000**	**4,838,231**	**(1,120,665)**	**725,793,112**	**57,197**	**(458.338.743)**	**3,105,250,118**	**615,062,885**	**533,514,924**	**4,588,865,830**	**1,439,434,147**	**6,028,491,206**

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

Consolidated Statement of Cash Flow
for the Period Ended 1 January – 31 December 2022
(Currency shown is ("TL") unless indicated otherwise)

	Notes	1 January - 31 December 2022	1 January - 31 December 2021
A, CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the Period		**533,514,924**	**980,556,198**
Adjustments related to depreciation and amortization expenses	12,13	111,946,907	86,139,464
Adjustments related to losses/(gains) on disposal of fixed assets	23	(4,032,986)	-
Adjustments related to unrealized foreign currency translation differences		550,086,791	-
Adjustments related tı impairment of trade receivables		6,461	-
Adjustments related to impairment of financial assets		(168,409,294)	(360,095,783)
Adjustments related to fair value		(283,278,084)	(625,269,264)
Adjustments related to provision for unused vacations	17	380,315	85,769
Adjustments related to share-based payments		-	(348,670,664)
Adjustments related to interest income	24	(3,485,953)	(23,087,551)
Adjustments related to retirement pay provision expenses	17	383,739	190,898
Adjustments related to discount (income)/expenses	22	-	(70,317)
Adjustments related to profit for the period		-	(308,369,106)
Adjustments related to tax expense		(44,643,843)	(86,453,170)
Movements in working capital		**692.468.977**	**(685,043,526)**
Adjustments related to increase/decrease in trade receivables		(436,898,625)	(360,517,896)
Adjustments related to increase/decrease in inventories		(272,046)	18,724,963
Adjustments related to increase/decrease in other receivables		453,893	(1,141,772)
Adjustments related to increase/decrease in prepaid expenses		(20,068,542)	(3,474,971)
Adjustments related to increase/decrease in other assets		(34,679,605)	21,482,155
Adjustments related to increase/decrease in trade payables		265,806,222	109,557,004
Adjustments related to increase/decrease in other payables		2,422,808	522,674
Adjustments related to increase/decrease in deferred income		9,915,190	14,265,199
Adjustments related to increase/decrease in other liabilities		535,108	1,304,529
Adjustments related to increase/decrease in employee benefits		913,717	404,181
Interest received	24	3,771,245	23,087,551
Dividend Payment		(30,484,000)	-
Severance payment	17	(125,860)	-
Income taxes paid		(2,483,492)	(1,076,557)
Cash generated from operations		**451,274,990**	**(861,906,466)**
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash outflows from derivative instruments		(245,356,022)	-
Cash Inflows Concerning Sales Resulting in Loss of Control of Subsidiaries		-	50,000
Cash outflows from the purchase of investment property		(61,781,088)	-
Proceeds from sale of property, plant and equipment and intangible assets		9,684,941	79,244
Expense from sale of property, plant and equipment and intangible assets		(37,569,216)	(110,702,068)
Other cash flow		-	(1,528,195)
Cash flows from investing activities		**(335,021,384)**	**(112,101,019)**
C, CASH FLOWS FROM FINANCING ACTIVITIES			
Cash obtained from/used for other receivables from related parties/other payables to related parties		(44.591.609)	44,614,546
Effect of mergers involving undertaking or enterprises subject to common control		-	(15,169,416)
Cash Outflows Due To Repayment Of Borrowings		41,476,719	724,943,924
Interest Paid	24	(94,723,750)	(86,269,655)
Cash inflows Due To Borrowings		172,209,948	914,239,702
Cash outflows from acquisition of own shares of the business		(1.120.665)	-
Cash outflows from financial debt payments		(319,152,610)	-
Cash flows from financing activities		**(245,901,966)**	**1,582,359,101**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**(129,648,360)**	**608,351,617**
D, CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**797,696,001**	**189,344,384**
Balance at the end of the period	4	**668,047,641**	**797,696,001**

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

NOTE 1 ORGANIZATION AND OPERATIONS OF THE GROUP

Esenboğa Elektrik Üretim Anonim Şirketi ("Esenboğa"):

Esenboğa Elektrik Üretim A.Ş. was established as Naturel 1 Enerji Ticaret Limited Şirketi in Kahramanmaraş as announced in the Trade Registry Gazette numbered 748 dated 2 September 2015, the new trade name Naturel Yenilenebilir Enerji Ticaret A.Ş. with the title of Margün 8 Energy Industry and Trade Limited Company.

As announced in the Trade Registry Gazette dated 11 May 2016 and numbered 1244, the company became an Incorporated Company by way of a change in its type and the new title was changed to Margün 8 Enerji Sanayi ve Ticaret Anonim Şirketi. The company changed its title with the decision of the General Assembly dated 08.01.2019 and its new title became Esenboğa Elektrik Üretim Anonim Şirketi. It was announced in the Trade Registry Gazette numbered 1454 dated 16 January 2019.

Esenboğa Elektrik Üretim A.Ş., a 100% subsidiary of Naturel Yenilenebilir Enerji Ticaret A.Ş., has a paid-in capital of 64,000,000 TL against 64,000,000 nominal shares. 4,000,000 TL Group A shares are holders. As a privilege, Group A shareholders are entitled to 5 votes for one share in the General Assembly meetings.

The shares with a nominal value of 60,000,000 TL are in B group bills and issued to bearer and the shares do not have any privilege.

Esenboğa Elektrik Üretim A.Ş. had a capital of 40,000,000 TL before the public offering and these shares were offered to the public with a capital increase of 24,000,000 TL. Public offering of 24,000,000 TL shares was completed on 2.10.2020 and started to be traded in Borsa Istanbul on 09.10.2020. Esenboğa Elektrik Üretim A.Ş is a 37.5% public company and its shares are traded in BIST Yıldız Market.

The company operates in the field of power plant establishment, commissioning, electricity generation and sale of generated electricity, and turnkey Solar Power Plant contracting business in order to generate electricity from Renewable Energy Sources, especially Solar Energy.

The Company's registered address is Kızılırmak Mahallesi 1450 Sokak Atm Plaza B Blok 1/67 Çankaya/Ankara/Türkiye.

As of 31 December 2022, the average number of employees in the Group is 85 (2021: 72 employees).

NOTE 1 ORGANIZATION AND OPERATIONS OF THE GROUP (CONT'D)

The Group's business combinations completed and companies and shares as follow:

Subsidiaries	Share (%)	Activities
Margün Enerji Üretim Sanayi ve Ticaret A.Ş.	%75,88/%100	Energy/EPC
Bosphorus Yenilenebilir Enerji A.Ş.	%75,88/%100	Energy
Agah Enerji Üretim Sanayi ve Ticaret A.Ş.	%75,88/%100	Energy
Angora Elektrik Üretim A.Ş.	%75,88/%100	Energy generation/Repair maintenance services
Anatolia Yenilenebilir Enerji A.Ş.	%75,88/%100	Energy
Soleil Yenilenebilir Enerji Ticaret A.Ş.	%75,88/%100	Energy
Troya Yenilenebilir Enerji Ticaret A.Ş.	%75,88/%100	Energy
Enerji Teknoloji Yazılım A.Ş.	%75,88/%100	Software
Esenboğa Batarya Sistemleri ve Enerji Yatırımları A.Ş.	%100/%100	Energy

The Group's installed power (kWp) related to producting as follow;

Country	County	Installed power (kWp)	Producting power (kWe)
Ankara	Akyurt Kahramankazan Kızılcahamam Polatlı	25,833	22,581
Yozgat	Akdağmadeni Sorgun	6,675	5,690
Nevşehir	Merkez	10,318	8,991
Afyon	Dazkırı Sinanpaşa	15,485	13,780
Bilecik	Söğüt	2,147	1,998
Konya	Selçuklu Tuzlukçu	19,351	17,000
Antalya	Elmalı	3,516	3,540
Eskişehir	Sivrihisar	3,373	2,970
Adana	Çukurova	11,152	9,930
Muğla	Milas	20,170	14,000
		118,020	**100,480**

NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Financial reporting standards

The Company maintain its legal books of account and prepare their statutory financial statements ("Statutory Financial Statements") in accordance with accounting principles set by the CMB issued by the Turkish Commercial Code ("TCC") and tax legislation.

The financial statements of the Group have been prepared in accordance with the Turkish Financial Reporting Standards, ("TFRS") and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") in line with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board of Turkey ("CMB") on June 13, 2013 which is published on Official Gazette numbered 28676. Public Oversight Accounting and Auditing Standards Authority ("POA") made an announcement on 20 January 2022 about Application of Financial Reporting in Hyperinflationary Economies for Turkish Financial Reporting Standards and Reporting Standards for Large and Medium Sized Entities.

In accordance with the announcement, companies that apply TFRS should not adjust financial statements for TAS 29 - Financial Reporting in Hyperinflationary Economies for the year 2021. As of 31 December 2022, the preparation date of this financial statements, POA did not make an additional announcement and no adjustment was made to this financial statements in accordance with TAS 29.

The financial statements are presented in accordance with "Announcement regarding with TAS Taxonomy" which was published on 15 April 2019 by POA and the format and mandatory information recommended by CMB.

Subsidiaries operating in foreign countries have prepared their statutory financial statements in accordance with the laws and regulations applicable in the countries in which they operate. The condensed consolidated financial statements have been prepared on the historical cost basis, except for the revaluations arising from the differences between the book value and the fair value of the derivative instruments and financial investments that are expressed at fair value, and tangible and intangible assets that arise during business combinations.

Functional Currency and Financial Statement Presentation Currency

Each item in the financial statements of the companies within the group is accounted for using the currency that is functional in the basic economic environment in which the companies operate ("functional currency"). Consolidated financial statements are represented in The Group's current financial statement presentation currency of the Group, Turkish Lira

	31 December 2022	31 December 2021
USD/TR	18,6983	13,3290
EUR/TR	19,9349	15,0867

NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONT’D)

2.1 Basis of Presentation (cont’d)

Basis of Consolidation

a.Going concern

The consolidated financial statements of the Group are prepared on the basis of a going concern assumption.

b. Comparatives of prior periods’ financial statements

The financial statements of the Company include comparative financial information to enable the determination of the financial position and performance. The statement of financial position of the Company at 31 December 2022 has been provided with the comparative financial information of 31 December 2021 and the statement of profit or loss, the statement of other comprehensive income, the statement of cash flows and the statement of changes in equity for the period between 1 January - 31 December 2022 have been provided with the comparative financial information, for the period between 1 January - 31 December 2021.

c. Business combinations

Business combinations are accounted by using the purchase method on the merger date. which is the date on which control is transferred to the Group. Control occurs when the Group is exposed to variable returns due to its relationship with the investee or is entitled to these returns. and at the same time has the ability to influence these returns with its power over the investee While evaluating the control. performable potential voting rights are taken into consideration by the Group.

The group measures the goodwill on the date of acquisition as follows:

• The fair value of purchase price. plus
• Registered value of non-controlling shares over the business acquired in business combinations; plus
• If the business combination is carried out several times. the fair value of the equity interest on the date of acquisition in the acquired business previously held by the acquirer; minus
• The recognized net value (generally fair value) of identifiable assets acquired and liabilities assumed.

If a negative result is reached in the valuation. the gain from bargain purchases is recognized in profit or loss. Purchase price does not include amounts associated with closing existing relationships. These amounts are usually recognized in profit or loss.

NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2.1 Basis of Presentation (cont'd)

Basis of Consolidation (cont'd)

d. Acquisitions from jointly controlled business interests

Financial statements have been adjusted as if the acquisition was made as of the beginning of the relevant reporting period in which the common control was carried out and they are presented comparatively as of the beginning of the relevant reporting period. The Group's consolidated financial statements are prepared in comparison with the previous period.

As a result of these transactions goodwill don't recognized. Assets and liabilities subject to business combination recognized at their carrying amounts for the accounting of share transfers between entities under common control.

The difference arising in the elimination of the carrying value of the investment held and share capital of the acquired company is directly accounted as "Effects of transactions involving entities under common control" under retained earnings the equity. The Group's consolidated financial statements have been prepared comparatively with the prior period. allowing the determination of financial position and performance. Comparative information is reclassified and significant differences are explained when necessary in terms of compliance with presentation of current period financial statements.

NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2.1 Basis of Presentation (cont'd)

Basis of Consolidation (cont'd)

e.Subsidiaries

Subsidiaries are the businesses controlled by Group. The Group controls an investee when it is exposed to variable returns or has rights to these variable returns and has the ability to influence these returns with its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements by using the full consolidation method until the date when control begins and control ends. If necessary. accounting policies applied for subsidiaries are changed to ensure consistency with the accounting policies applied by the Group.

Non-controlling interests are measured at the proportional amount of net asset value at the date of acquisition of the subsidiary.

Changes that do not result in loss of control in the shares of the Group in subsidiaries are accounted for as a transaction regarding partnership with partners. Adjustments made to non-controlling shares are calculated over the proportional amount of the net asset value of the subsidiary. No adjustment to goodwill is made and no gain or loss is recognized in profit or loss.

f.Lose of Control

If the Group loses its control over the subsidiary. it derecognizes the assets and liabilities of the subsidiary. its non-controlling shares and the amounts under other equity related to the subsidiary. Gains or losses resulting from this are recognized in profit or loss. If the Group continues to be a shareholder in its previous subsidiary. the remaining shares are measured at fair value as of the day control is lost.

2.2 Amendments in Turkish Financial Reporting Standards ("TFRS")

The accounting policies adopted in preparation of the consolidated financial statements are consistent with those of the previous financial year. except for the adoption of new and amended TFRS and TFRIC interpretations effective as of December 31. 2022. The effects of these standards and interpretations on the Company / the Group's financial position and performance have been disclosed in the related paragraphs.

NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2.2 Amendments in Turkish Financial Reporting Standards ("TFRS") (Cont'd)

The new standards. amendments and interpretations which are effective as of 31 December 2022 are as follows:

New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2022

Amendments to TFRS 3	*Reference to the Conceptual Framework*
Amendments to TAS 16	*Property, Plant and Equipment – Proceeds before Intended Use*
Amendments to TAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to TFRS Standards 2018-2020	*Amendments to TFRS 1, TFRS 9 and TAS 41*
Amendments to TFRS 16	*COVID-19 Related Rent Concessions beyond 30 June 2021*

Amendments to TFRS 3 *Reference to the Conceptual Framework*

The amendments update an outdated reference to the Conceptual Framework in TFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

Amendments to TAS 16 *Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The amendments published today are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2.2 Amendments in Turkish Financial Reporting Standards ("TFRS") (Cont'd)

New and Amended Turkish Financial Reporting Standards (cont'd)

a) Amendments that are mandatorily effective from 2022 (cont'd)

Annual Improvements to TFRS Standards 2018-2020 Cycle

Amendments to TFRS 1 *First time adoption of International Financial Reporting Standards*

The amendment permits a subsidiary that applies paragraph D16(a) of TFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to TFRSs.

Amendments to TFRS 9 *Financial Instruments*

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Amendments to TAS 41 *Agriculture*

The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in TFRS 13.

The amendments to TFRS 1, TFRS 9, and TAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TFRS 16 *COVID-19 Related Rent Concessions beyond 30 June 2021*

Public Oversight Accounting and Auditing Standards Authority ("POA") has published Amendments to TFRS 16 *COVID-19 Related Rent Concessions beyond 30 June 2021* that extends, by one year, the June 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. Since lessors continue to grant COVID-19 related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the POA decided to extend the time period over which the practical expedient is available for use. The new amendment is effective for lessees for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted.

NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2.2 Amendments in Turkish Financial Reporting Standards ("TFRS") (cont'd)

New and Amended Turkish Financial Reporting Standards (cont'd)

b) New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	*Insurance Contracts*
Amendments to TAS 1	*Classification of Liabilities as Current or Non-Current*
Amendments to TFRS 4	*Extension of the Temporary Exemption from Applying TFRS 9*
Amendments to TAS 1	*Disclosure of Accounting Policies*
Amendments to TAS 8	*Definition of Accounting Estimates*
Amendments to TAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to TFRS 17	*Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)*
Amendments to TFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to TAS 1	*Non-current Liabilities with Covenants*

TFRS 17 *Insurance Contracts*

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 *Insurance Contracts* as of 1 January 2023.

Amendments to TAS 1 *Classification of Liabilities as Current or Non-Current*

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2.2 Amendments in Turkish Financial Reporting Standards ("TFRS") (Cont'd)

New and Amended Turkish Financial Reporting Standards (cont'd)

b) New and revised TFRSs in issue but not yet effective (cont'd)

Amendments to TFRS 4 *Extension of the Temporary Exemption from Applying TFRS 9*

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 *Insurance Contracts* from applying TFRS 9, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023 with the deferral of the effective date of TFRS 17.

Amendments to TAS 1 *Disclosure of Accounting Policies*

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 8 *Definition of Accounting Estimates*

With this amendment, the definition of "a change in accounting estimates" has been replaced with the definition of "an accounting estimate", sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONT’D)

2.2 Amendments in Turkish Financial Reporting Standards (“TFRS”) (Cont’d)

New and Amended Turkish Financial Reporting Standards (cont’d)

a) New and revised TFRSs in issue but not yet effective (cont’d)

Amendments to TFRS 17 *Insurance Contracts* and *Initial Application of TFRS 17 and TFRS 9 — Comparative Information*

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application.

The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before.

Amendments are effective with the first application of TFRS 17.

Amendments to TFRS 16 *Lease Liability in a Sale and Leaseback*

Amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in TFRS 15 to be accounted for as a sale.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

Amendments to TAS 1 *Non-current Liabilities with Covenants*

Amendments to TAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2.3 Summary of Significant Accounting Policies

The accounting policies applied in the preparation of these consolidated financial statements are consistent with those used in the preparation of consolidated financial statements for the year ended 31 December 2022.

Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. Cash and cash equivalents include cash on hand, deposits at banks and highly liquid short-term investments, with maturity periods of less than three months, which has insignificant risk of change in fair value.

Trade receivables, provision for impairment and expected credit losses

Trade receivables as a result of providing goods or services by the Group directly to a debtor are carried at amortized cost. Short-term receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant. Foreign exchange gain/loss and credit finance income of trade receivables are classified under "other operating income/expense".

The Group uses a provisioning matrix to measure the expected credit losses on trade receivables. Depending on the number of days the maturities of trade receivables are exceeded, certain maturity ratios are calculated, and these ratios are reviewed at each reporting period and revised where necessary. In the calculation of expected credit losses, the Group takes into account past credit loss experience as well as forecasts for the future. Expected credit losses are accounted for under "other income / expense from operating activities" in the income statement.

The Group measures the allowance for trade receivables at an amount equal to the "expected life-time credit losses" (except for realized impairment losses) where the trade receivables are not impaired for some reason. Expected credit losses are a weighted estimate of the likelihood of credit losses over the expected life of a financial instrument

Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the amount obtained by deducting the estimated completion cost and the estimated sales costs required to realize the sale from the estimated sales price.

The cost of inventories includes all purchasing costs. conversion costs. and other costs incurred in bringing the inventories to their current position. Stocks are valued according to the average cost pricing method.

NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONT’D)

2.3 Summary of Significant Accounting Policies (cont’d)

Trade payables

Trade payables are recognized at initial cost and subsequently measured at amortized cost using effective interest rate method. Foreign exchange gain/loss and credit finance charges of trade payables are classified under “other operating income/expense”.

Tangible Assets

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation isprovided using the straight-line method based on the estimated useful lives of the assets.

The estimated useful lives of significant tangible fixed assets items in current and comparative periods are as follows:

Property. plants and equipments	
Machinery and equipment	45-50 years
Fixtures and fittings	3-15 years
Vehicles	5 years
Buildings	50 years

For the major maintenance related to the power plants. useful lives different from the useful life of the power plants have been determined. Therefore. the maintenances are recorded as separate parts of the power plants.

Depreciation methods and useful lives are reviewed as of each reporting date and adjusted when necessary.

The useful life of solar power plants of the Group has been corrected as 50 years as of 01.01.2020.

Land is not depreciated as it is deemed to have an indefinite useful life.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amounts and are included in income/expense from investing activities. Repair and maintenance expenses are charged to the statement of profit or loss as they are incurred. Repair and maintenance expenditures are capitalized if they result in an enlargement or substantial improvement ofthe respective asset.

NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2.3 Summary of Significant Accounting Policies (cont'd)

Intangible assets

Intangible assets comprise computer software, rights, leasehold improvements and development costs.

Intangible assets are carried at cost less accumulated amortization. Amortization is calculated using thestraight-line method over a period depending on the project's lifetime.

Impairment of long-lived assets

All assets are reviewed for impairment losses including property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use.

Impairment losses are recognized in the statement of profit or loss. Impairment losses are recognized in the statement of profit or loss. Impairment losses on assets can be reversed, to the extent of previously recorded impairment losses, in cases where increases in the recoverable value of the asset can be associatedwith events that occur subsequent to the period when the impairment loss was recorded.

Classification and Measurement

The Group classified its financial assets in three categories; financial assets carried at amortized cost, financial assets carried at fair value though other comprehensive income, financial assets carried at fair value though profit of loss, Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Managementperforms the classification of financial assets at the acquisition date.

"Financial assets carried at amortized cost", assets that are held for collection of contractual cash flowswhere those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measuredat amortized cost.

The Company's financial assets carried at amortized cost comprise "trade receivables" and "cash and cash equivalents" in the statement of financial position. The aforementioned assets are initially measuredat fair values and measured at amortized cost using the effective interest rate method in subsequent reporting Gains and losses resulting from the valuation of non-derivative financial assets measured at amortized cost are recognized in the income statement.

"Financial assets carried at fair value through profit or loss", they consist of financial assets that are measured at amortized cost and whose fair value changes are reflected in other comprehensive income. Gains and losses arising from the valuation of such assets are recognized in the income statement.

NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2.3 Summary of Significant Accounting Policies (cont'd)

Classification and Measurement (cont'd)

"Financial assets carried at fair value through other comprehensive income", are the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows andthe contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses on the related financial assets are recognized in other comprehensive income, except for impairment losses or gains orlosses. If the assets whose fair value difference is recognised under consolidated other comprehensive income statement are sold, valuation differences classified under consolidated other comprehensive income statement are classified under "Retained Earnings/(Losses)"

The group, at initial recognition, an entity may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument. If an entity makes the election, it shall recognize in profit or loss dividends from that investment.

Share premium

Share premium represents differences resulting from the sale of the Company's subsidiaries and associates' shares at a price exceeding the face values of those shares or differences between the face values and the fair value of shares issued for acquired companies.

Share capital and dividends

Ordinary shares are classified as equity. Dividends on ordinary shares are recognized in equity in the period in which they are declared. Dividends payable is recognized as an appropriation of profit in the period in which they are declared.

Taxes on income

The tax liability on profit or loss for the period includes current tax and deferred tax.

Current period income tax

Current year tax liability consists of tax liability on the taxable income calculated according to currentlyenacted tax rates and to the effective tax legislation as of statement of financial position date.

Deferred tax

Deferred income tax is provided, using the liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Tax bases of assets and liabilities comprise of the amounts that will affect the future period tax charges based on the tax legislation. Currently enacted tax rates, which are expected to be effective during the periods when the deferred tax assets will be utilized or deferred tax liabilities will be settled, are used to determine deferred income tax.

NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2.3 Summary of Significant Accounting Policies (cont'd)

Taxes on income (cont'd)

Deferred tax

Deferred tax liability is calculated on all taxable temporary differences whereas deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporarily differences can be utilized. Carrying values of deferred tax assets are decreased to the extent necessary if future taxable profits are not expected to be available to utilize deferred tax assets partially or fully.

Deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

Current and deferred taxes except those which are either related to the items directly recognized in the equity as receivable or payable (which, in such cases, the deferred tax regarding the related items is also recognized directly in the equity) or those which result from the initial recognition of an enterprise merger are recognized as income or loss in the income statement.

Revenue recognition

The Group adopted which proposes a five-step model framework mentioned below for recognizing the revenue.

- Identification of customer contracts,
- Determination of performance obligations in contracts,
- Determination of transaction price in the contract
- Allocating the transaction price to the performance obligations in the contracts,
- Recognition of revenue when the performance obligations are fulfilled

NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2.3 Summary of Significant Accounting Policies (cont'd)

Revenue recognition (cont'd)

The Company recognized revenue from its customers only when all of the following criteria are met:

- The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
- Group can define the rights of each party regarding the goods or services to be transferred,
- Group can identify the payment terms for the goods or services to be transferred,
- The contract has commercial substance,
- It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Goods & services sales

Revenue comprises the invoiced value for the sale of goods and services. Revenues are recognized on an accrual basis at the fair values incurred or to be incurred when the goods are delivered, the risks and rewards of ownership of the goods are transferred, when the amount of revenue can be reliably measured, and it is probable that the future economic benefits associated with the transaction will flow to the entity.

Net sales represent the invoiced value of goods shipped less sales returns. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized as interest income on an accrual basis.

When another party is involved in providing goods or services to a customer, the group determines whether the nature of its promise is a performance obligation to provide the specified goods or servicesitself or to arrange for the other party to provide those goods or services. The Group is a principal if it controls a promised good or service before the Group transfers the good or service to a customer. When a Group that is a principal satisfies a performance obligation, it recognizes as revenue the gross amountof consideration which it expects to be entitled to in exchange for those goods or services. The Group isan agent if its performance obligation is to arrange for the provision of goods or services by another party.

The Group is an agent if the performance obligation is to act as an intermediary for the provision of goods or services by other parties and does not reflect the revenue for the performance obligation to thefinancial statements.

NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2.3 Summary of Significant Accounting Policies (cont'd)

Foreign currency transactions and balances

Transactions in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TRY at the Central Bank of Turkey exchange rates prevailing at the statement of the financial position dates. Foreign currency exchange gains or losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities are recognized under the other operating income/expenses and financial income/expense in the statement of profit or loss

Fair value of financial instruments

The Company measures derivatives and financial assets whose fair value changes reflected into other comprehensive income at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

-In the principal market for the asset or liability or

-In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Financial assets

Foreign currency balances are translated into TRY at the exchange rates prevailing at the balance sheet date. These balances are estimated to be close to the book value. Certain financial assets, including cash and cash equivalents, are carried at cost and are considered to approximate their respective carrying values due to their short-term nature. The carrying values of trade receivables along with the related allowances for uncollectibility are estimated to be their fair values.

NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2.3 Summary of Significant Accounting Policies (cont'd)

Financial liabilities

Bank borrowings are recorded over their fair value of which the transaction costs are discounted. In the following periods, they are evaluated and recognized with their discounted costs by using the effective rate of interest method. The fair values of other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Cash flow hedge accounting

Derivative instruments are initially recognized at the transaction cost reflecting the fair value at the date of the contract is entered into and are subsequently measured at fair value. Derivative financial instruments are recognized as assets if the fair value is positive and as liabilities when the fair value is negative. The fair value differences of the Company are reflected in derivative financial instruments and consist of forward foreign currency purchase and sale contracts. Fair value is determined using valuation methods based on observable market data.

Provision for employee benefits

a) Defined benefit plan

Provision for employee benefits represent the present value of the estimated total reserve of the future probable obligation of the Company arising from the retirement of the employees or reasons except for resignation and behaviours stated in labour law, calculated in accordance with the Turkish Labour Law. According to the amendments on TAS 19 "Employee Benefits", the actuarial (gain)/loss of employee benefits are recognized under other comprehensive income.

b) Defined contribution plan

The Company is obliged to pay social insurance contributions to the Social Security Institution. No other obligation exists as long as the Company pays these premiums. These premiums are reflected to the personnel expenses when they are accrued.

c) Other employee benefit

Long- term provisions for employee benefits" are composed of the unused vacation days accrued in the period incurred and if the impact is material, it is also discounted.

NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2.3 Summary of Significant Accounting Policies (cont'd)

Provision for employee benefits (cont'd)

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. If the provision amount decreases, in the case of an event occurring after the provision is accounted for, the related amount is classified as other income in the current period.

Related parties

Parties are considered related to the company (reporting entity) if;

(a) A person or close member of thats 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 thereporting entity.

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

- (i) The entity and the reporting entity are members of the same group (which means that eachparent, 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 ventureof 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 thirdentity.,
- (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 thekey management personnel of the entity (or of a parent of the entity).

Related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONT’D)

2.3 Summary of Significant Accounting Policies (cont’d)

Earnings per share

Earnings per share disclosed in the statement of profit or loss are determined by dividing net earnings by the weighted average number of shares that have been outstanding during the related year concerned. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and the revaluation surplus. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and for each earlier year.

Reporting of cash flows

In the statement of cash flows, cash flows during the period are classified under operating, investing or financing activities.

The cash flows raised from operating activities indicate cash flows due to the Company’s operations.

The cash flows due to investing activities indicate the Group cash flows that are used for and obtained from investments (investments in property, plant and equipment and financial investments).

The cash flows due to financing activities indicate the cash obtained from financial arrangements and used in their repayment. Cash and cash equivalents include cash and bank deposits and the investments that are readily convertible into cash and highly liquid assets with less than three months to maturity.

Contingent assets and liabilities

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are not included in the financial statements and treated as contingent assets or liabilities.

Subsequent events

Subsequent events and announcements related to net profit or even declared after other selective financial information has been publicly announced; include all events that take place between the statement of financial position date and the date when the statement of financial position is authorized for issue. In the case that events requiring an adjustment to the financial statements occur subsequent to the statement of financial position date, the Company makes the necessary corrections on the financial statements.

NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2.3 Summary of Significant Accounting Policies (cont'd)

Offsetting

Financial assets and liabilities are offset when there is a legal basis, intention to disclose net amount of related assets and liabilities or obtaining an asset that follows the settlement its liability.

Government grants and incentives

Government grants and incentives are recognized at fair value when there is assurance that these grants and incentives will be received and the Company has met all conditions required. Government grants and incentives regarding the capitalized projects, costs are recognized by netting from costs of property, plant and equipment and intangible assets. Incentives which are not subject to assets are shown as other income in the income statement.

Leases

Group- As Lessor

If the Group transfers substantially all the risks and rewards of ownership of an underlying asset, it is classified as a finance lease. Whether a lease is a finance lease depends on the substance of the transaction rather than the form of the contract. At the commencement date of the lease, the Group recognizes a receivable equal to the net lease investment in the statement of financial position instead of the assets granted as finance leases. The implicit interest rate on the lease is used to measure the net lease investment. The Group recognizes financing income over the lease term on a basis that reflects a constant periodic rate of return on the net lease investment.

Group- As a Lessee

At inception of a contract, the Company shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2.3 Summary of Significant Accounting Policies (cont'd)

Leases (cont'd)

Group- As a Lessee (cont'd)

To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group shall assess whether, throughout the period of use, the customer has both of the following:

-The contract includes an identified asset (identification of an asset in a clear or implicitly specified form in the contract),
-A capacity portion of an asset is an identified asset if it is physically distinct and represents substantially all of the capacity of the asset (the asset is not an identified asset if the vendor has a fundamental right to substitute the asset for the duration of its use and obtain an economic benefit from it),
-The Company has the right to obtain almost all of the economic benefits that will be derived from the use of the identified asset.
-The right to direct the use of the identified asset. The Company has the right to direct the use of an identified asset throughout the period of use only if either:

a) The Company has the right to direct how and for what purpose the asset is used throughout the period of use
b) The relevant decisions about how and for what purpose the asset is used are predetermined and:
i. The Company has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the supplier having the right to change those operating instructions or
ii. The Company designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use

The Group recognizes right of use asset and lease liability at the start date of lease after evaluation of aforementioned criterias.

NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2.3 Summary of Significant Accounting Policies (cont'd)

Leases (cont'd)

Group- As a Lessee (cont'd)

Right of use asset

At the commencement date, the Group shall measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

a) The amount of the initial measurement of the lease liability
b) Any lease payments made at or before the commencement date, less any lease incentives received
c) Any initial direct costs incurred by the Group,
d) An estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

To apply a cost model, the Group shall measure the right-of-use asset at cost:

a) Less any accumulated depreciation and any accumulated impairment losses and
b) Adjusted for any remeasurement of the lease liability.

The Group shall apply the depreciation requirements in TAS 16 Property, Plant and Equipment in depreciating the right-of-use asset.

The Group shall apply TAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease liability

At the commencement date, the Group shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined incremental borrowing interest rate shall be used for discounting.

NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2.3 Summary of Significant Accounting Policies (cont'd)

Leases (cont'd)

Group- As a Lessee (cont'd)

Lease liability (cont'd)

At the commencement date, Group's the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

a) Fixed payments, less any lease incentives receivable;
b) Variable lease payments that depend on an index or a rate, initially measured using the index or Rate as at the commencement date,
c) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group shall measure the lease liability by:

a) Increasing the carrying amount to reflect interest on the lease liability,
b) Reducing the carrying amount to reflect the lease payments made and
c) Remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments. The Group reflects the remeasurement amount of the lease liability as an adjustment to the right-of-use asset in its consolidated financial statements.

Extension and early termination options

The lease liability is determined by considering the extension and early termination options in the contracts. Most of the extension and early termination options included in the contracts are composed of the options that are jointly applicable by the Group and the lessor.

The Group determines the lease term by the extension of the lease, if such extension and early termination options are at the Group's discretion and the use of the options is reasonably certain. If there is a significant change in the circumstances, the evaluation is reviewed by the Group

Variable lease payments

Lease payments arising from some of the Company's lease agreements consist of variable rent payments. These variable lease payments, which are not included in TFRS 16, are recorded as rent expense in the related period in the income statement.

NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2.3 Summary of Significant Accounting Policies (cont'd)

Leases (cont'd)

Group- As a Lessee (cont'd)

Practical expedient

Contracts for short-term lease agreements with a rental period of less than 12 months and information technology equipment leases (mainly printers, laptops, mobile telephones, etc.), which are determined as low value by the Company, have been evaluated under the exception of the TFRS 16 Leases Standard and these payments are recognized as an expense in the period in which they are incurred.

Business combinations and goodwill

A business combination is an event or transaction in which the acquirer gains control of one or more businesses. Business combinations realized by the Group are accounted for using the purchase method within the scope of TFRS 3 "Business Combinations" standard. In this method, the acquisition cost includes the fair value of the assets given at the acquisition date, the equity instruments issued, the liabilities assumed or incurred at the date of the exchange, and the additional costs attributable to the acquisition. If the business combination agreement includes provisions that the cost can be adjusted depending on future events; If the adjustment is probable and its value can be determined, it is included in the merger cost at the acquisition date. The difference between the acquisition cost of a business and the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired business is accounted for as goodwill in the consolidated financial statements. Goodwill arising in a business combination is not amortized, but is instead tested for impairment annually (as of 31 December) or more frequently when circumstances indicate impairment. Impairment losses calculated on goodwill are not associated with the profit or loss statement in the following periods, even if the said impairment disappears.

Goodwill is associated with cash-generating units during impairment testing. If the acquirer's share in the fair value of the acquired identifiable assets, liabilities and contingent liabilities exceeds the business combination cost, the difference is associated with the consolidated statement of profit or loss.

Segment Reporting

The segment's revenue and spending in business activities that the group can do the activity and decisions about resources to be allocated to the Section be made of the results of the department in order to evaluate the performance of the group's activities are reviewed on a regular basis by the competent authority to take decision regarding which separate financial information is available about where a portion.

NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2.3 Summary of Significant Accounting Policies (cont'd)

Capital

Common stocks

Common stocks are classified as paid-in capital. Additional costs directly attributable to the issuance of common stocks are recognized as a decrease in equity after deducting any tax effect, if any.

2.4 Critical Accounting Judgements, Estimates and Assumptions

While preparing the consolidated financial statements, the Group management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the amounts of reported assets, liabilities, income and expenses. Actual amounts may vary from estimated amounts. Estimates and related assumptions are constantly reviewed. Changes to estimates are accounted prospectively.

(i) Assumptions and Estimates

Regarding the amounts recorded in the consolidated financial statements, the important evaluations regarding the application of accounting policies that have a significant impact and the uncertainties regarding the estimates and assumptions that may require significant corrections in the following periods are explained in the related footnotes.

(ii) Measurement of fair values

Various accounting policies and explanations of the Group require the determination of the fair values of both financial and non-financial assets and liabilities. If third-party information, such as tape prices or pricing services, is used to measure fair value, the group will consider the requirements of IFRS, including the level at which fair valuations should be classified in the fair valuation hierarchy. reviews compliance to support its result. In measuring the fair value of an asset or liability, the Group uses market-observable information. Fair valuations are classified into different levels in the fair valuation hierarchy based on the information used in the valuation techniques stated below.

• Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
• Level 2: Data excluding quoted prices in Level 1 and that can be observed directly (through prices) or indirectly (derived from prices) in terms of assets or liabilities;

NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONT’D)

2.4 Critical Accounting Judgements, Estimates and Assumptions (cont’d)

(ii) Measurement of fair values (cont’d)

If the information used to measure the fair value of an asset or liability can be classified to a different level of the fair valuation hierarchy, this fair valuation is classified to the same level of the fair valuation hierarchy that includes the smallest information that is important to the whole measurement.
The Group recognized the transfers between levels in the fair valuation hierarchy at the end of the reporting period in which the change occurred

(iii) Determination of fair value

Fair values are determined by the following methods for measurement and / or explanation purposes. If applicable, additional information about the assumptions used in determining fair values is presented in footnotes specific to the asset or liability.

Trade Receivables and other receivables

The fair values of trade and other receivables are estimated as the value to be found by discounting future cash flows with market interest rates at the measurement date. Short-term receivables without a certain interest rate are valued over the original invoice amount in case the discount effect is insignificant. These fair values are determined at initial recognition and at the end of each reporting period for disclosure purposes.

The fair values of trade and other receivables are estimated as the value to be found by discounting future cash flows with market interest rates at the measurement date. Short-term receivables without a certain interest rate are valued over the original invoice amount in case the discount effect is insignificant. These fair values are determined at initial recognition and at the end of each reporting period for disclosure purposes.

Derivative Financial Instruments

The fair values of derivative financial instruments are determined over their prices traded in active markets or, where appropriate, by using the discounted cash flow method. Discount factors are calculated by including an additional margin reflecting the characteristics of the financial instrument in the swap yield curves.

Property, plant and equipment

The land and parcels, plant, machine and equipment and vehicles included in property,plant and equipment are indicated at their valued amounts in the financial statements, and the important assumptions used in the fair value calculation are specified in note 10. Valuation of the related property,plant and equipment was made by Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş. that is an independent valuation company, as of 31 June 2021.

NOTE 3 – BUSINESS COMBINATIONS

The Segment of sales as of 31 December 2022 and 31 December 2021 is as follows;

1 January- 31 December 2022	**Power Generation**	**EPC**	**Elimination**	**Total**
Revenue	427,547,110	543,526,869	(6,883,075)	964,190,904
Cost of Sales (-)	(256,202,252)	(373,566,339)	6,883,075	(622,885,516)
Gross profit from commercial activities	**171,344,858**	**169,960,530**	**-**	**341,305,388**
Gross profit	**171,344,858**	**169,960,530**	**-**	**341,305,388**
General and administrative expenses (-)	(57,286,118)	(3,923,127)	-	(61,209,245)
Other income from operating activities	492,846,364	40,025,847	(110,218,319)	422,653,892
Other expenses from operating activities (-)	(182,595,829)	(64,746,345)	110,218,319	(137,123,855)
Operating profit	**424,309,275**	**141,316,905**	**-**	**565,626,180**
Income from investment activities	**208,646,575**	**101,327,718**	**-**	**309,974,293**
(Other)Financial income	319,195,514	14,013,857	(5,303,481)	327,905,890
(Other)Financial expenses (-)	(481,161,625)	(15,266,925)	5,303,481	(491,125,069)
Profit/ (Loss) for the period	**470,989,739**	**241,391,555**	**-**	**712,381,294**

1 January-31 December 2021	**Power Generation**	**EPC**	**Elimination**	**Total**
Revenue	225,644,272	335,487,046	(5,901,485)	555,229,833
Cost of Sales (-)	(151,661,337)	(222,708,901)	5,901,485	(368,468,753)
Gross profit from commercial activities	**73,982,935**	**112,778,145**	-	**186,761,080**
Gross profit	**73,982,935**	**112,778,145**	**-**	**186,761,080**
General and administrative expenses (-)	(28,845,883)	-	-	(28,845,883)
Other income from operating activities	459,510,918	-	-	459,510,918
Other expenses from operating activities (-)	(98,025,514)	-	-	(98,025,514)
Operating profit	**406,622,456**	**112,778,145**	**-**	**519,400,601**
Income from investment activities	662,560,150			662,560,150
Expense from investment activities	(13,791,062)			(13,791,062)
(Other)Financial income	413,009,978	12,704,209	(18,624,978)	407,089,209
(Other)Financial expenses (-)	(551,108,505)	(12,228,023)	18,624,978	(544,711,550)
Profit/ (Loss) for the period	**917,293,017**	**113,254,331**	**-**	**1,030,547,348**

NOTE 4- CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash on hand	3,330	15,597
Cheques received	369,182,237	4,010,728
Cash at banks:		
- Time deposits		
TL	36,040,450	19,563
USD	112,005,142	354,323,292
Euro	-	37,901,732
- Demand deposits		
TL	6,505,692	3,672,772
Euro	1,358,406	6,805,951
USD	142,925,369	390,946,366
Other	27,015	-
Total	**668,047,641**	**797,696,001**

(*) As of 31 December 2022 the Company has no blocked deposits on cash and cash equivalents (31 December 2021: none).

NOTE 5- FINANCIAL INVESTMENT

As of 31 December 2022 and 31 December 2021, the details of the Group's financial investments are as follows;

Short-term financial investments

As of 31 December 2022, the details of the Group's financial investments are as follows:

	31 December 2022	31 December 2021
Currency Protected Deposit Account (KKMH)	189,517,445	-
Stocks	82,272,645	-
Total	**271,790,090**	-

As of 31 December 2022, the annual average interest rate for currency protected deposits is 16,40%.

31 December 2022

	Nominal value	Interest Accrual	Currency differences	Fair Value
KKMH	185,356,082	4,161,363	-	189,517,445
Total	**185,356,082**	**4,161,363**	**-**	**189,517,445**

NOTE 6 - TRADE RECEIVABLES AND PAYABLES

a) Trade receivables

Current trade receivables

	31 December 2022	31 December 2021
Trade receivables	127,369,879	39,537,434
Discount of notes receivables	10,000,000	21,146,559
Income accurals (*)	669,358,006	311,886,367
Total	**806,727,885**	**372,570,360**

As of 31 December 2022 The Group has no receivables that cannot be collected (31 December 2021 : None).

(*) The energy income of the Group at the end of the period consists of income accruals and income accruals made within the scope of TFRS 15 Revenue from Contracts with Customers Standard.

b) Trade payables

Current trade payables

	31 December 2022	31 December 2021
Trade payables	22,464,629	2,662,659
Notes payables	1,045,008	202,011
Expense accurals (*)	454,752,583	209,554,328
Other trade payables	-	37,000
Total	**478,262,220**	**212,455,998**

(*) Consists of the Group's expense accrual within the scope of TFRS 15 Revenue from Contracts with Customers.

NOTE 7 - FINANCIAL LIABILITIES

As of 31 December 2022 and 31 December 2021, the details of the Group's short and long term financial liabilities as below;

	31 December 2022	31 December 2021
Short-term bank borrowing	101,091,050	-
Short-term portions of long-term borrowings	352,743,592	262,199,425
Other financial liabilities	88,635	251,344
Short term financial liabilities	**453,923,277**	**262,450,769**
Long term bank loans	1,073,578,279	956,345,116
Long term financial liabilities	**1,073,578,279**	**956,345,116**
Total financial liabilities	**1,527,501,556**	**1,218,795,885**

As of 31 December 2022, the detail of short and long term fianancial liabilities is as follows:

Currency	Effective interest rate	Original amount	TL amount
Short term bank borrowings			
TL	20,15%	114,726,714	114,886,016
USD	6,81%	3,174,018	59,348,749
EURO	4,92%	14,025,647	279,599,877
Long term bank borrowings			
TL	16,01%	31,111,111	31,111,111
USD	6,81%	6,349,242	118,733,502
EURO	4,92%	46,337,512	923,733,666
Total			**1,527,412,921**

NOTE 7 - FINANCIAL LIABILITIES (CONT'D)

As of 31 December 2021, the detail of short and long term fianancial liabilities is as follows:

Currency	Effective interest rate	Original amount	TL amount
Short term bank borrowings			
USD	6.81%	2,700,325	35,992,629
EURO	4.92%	14,993,789	226,206,796
Long term bank borrowings			
USD	6.81%	7,022,513	93,603,077
EURO	4.92%	57,185,603	862,742,039
Total			**1,218,544,541**

The repayment schedule of the financial liabilities are as follows;

	31 December 2022	31 December 2021
Within 1 year	453,834,642	262,199,425
Between 1-2 years	316,688,242	232,822,967
Between 2-3 years	285,060,196	208,246,766
Between 4-5 years	211,845,783	185,942,079
More than 5 years	259,984,058	329,333,304
Total financial liabilities	**1,527,412,921**	**1,218,544,541**

As of 31 December 2022 and 31 December 2021 movements of financial liabilities is as follows;

Financial Liabilities	31 December 2022	31 December 2021
Openning - 1 January	1,218,544,541	390,811,491
New financial liabilities received	172,372,656	563,050,884
Payments	(319,152,609)	(254,759,336)
Currency differences	452,155,641	524,028,734
Effect of TFRS 9	(497,530)	(7,794,632)
Change in interest accrued	3,990,222	3,207,400
Closing balance	**1,527,412,921**	**1,218,544,541**

NOTE 8- OTHER RECEIVABLES AND PAYABLES

a) Other receivables

As of 31 December 2022 and 31 December 2021, the details of Company's other receivables are as follows:

Current other receivables

	31 December 2022	31 December 2021
Receivables from tax authority	578,322	1,075,096
Deposits and guarantees given	51,312	69,352
Other receivables	67,691	5,511
Total	**697,325**	**1,149,959**

Non-current other receivables

	31 December 2022	31 December 2021
Deposits and guarantees given	3,321,117	586,479
Total	**3,321,117**	**586,479**

b) Other payables

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

Current other payables

	31 December 2022	31 December 2021
Other payables to related parties	-	44,614,546
Other payables	2,987,090	540,086
Total	**2,987,090**	**45,154,632**

NOTE 9 - INVENTORIES

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

	31 December 2022	31 December 2021
Raw materials	-	37,724
Trade goods (*)	2,822,662	2,478,357
Other inventories	848,482	883,017
Total	**3,671,144**	**3,399,098**

(*) Solar panels and connectors purchased for EPC Projects, etc. it consists of materials.

(**) As of 31 December 2022, no stock impairment has been determined (31 December 2021: None).

NOTE 10- PREPAID EXPENSES AND DEFERRED INCOME

As of 31 December 2022 and 31 December 2021, the details of the Group's prepaid expenses are as follows:

Current prepaid expenses

	31 December 2022	31 December 2021
Advances given	16,114,951	-
Prepaid expenses	2,966,101	213,815
Business advance	4,464,843	2,649,958
Total	**23,545,895**	**2,863,773**

Non-current prepaid expenses

	31 December 2022	31 December 2021
Advances given for purchases	-	614,500
Prepaid expense	920	-
Total	**920**	**614,500**

NOTE 10 - PREPAID EXPENSES AND DEFERRED INCOME (CONT'D)

As of 31 December 2022 and 31 December 2021, the details of the Group's deffered income are as follows:

Current deferred income

	31 December 2022	31 December 2021
Advances received (*)	37,124,939	27,209,749
Total	**37,124,939**	**27,209,749**

(*) It consists of advances received for EPC jobs abroad and domestic.

NOTE 11 – INVESTMENT PROPERTIES

The following is the table of movement of investment properties as of 31 December 2022 and 31 December 2021:

	1 January 2022	Addition	Transfers(**)	Revaluation	31 December 2022
Cost					
Lands			9,300,000	10,700,000	20,000,000
Buildings	-	61,781,087	71,640,829	272,578,084	406,000,000
Net Book Value					**426,000,000**

	1 January 2021	Addition	Transfers(**)	Revaluation	31 December 2021
Cost					
Land	1,600,000	-	(1,600,000)	-	-
Net Book Value	**1,600,000**				**-**

(*) Investment properties are accounted for with fair value. The fair value is the estimated market value that is expected to occur on the date of valuation as a result of the change of hands between a knowledgeable and willing buyer and seller in the market conditions of such asset.
All investment properties of the Group, valuation process was carried out by Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş. which has been granted a valuation license by the Capital Market Board, and "Comparison and Harmonization of Precedents" was used for facility, lands value determination and the attrition share was deducted. The value difference of the aforementioned lands in accordance with the previous year's materials, TL 175,000 were reflected in the attached financial statements.

(**) Energes 1 A.Ş.'s Berrak Ges A.Ş. and Energes 9 A.Ş. The land leased to , has been transferred to the property, plant and equipment account due to the merger effect

NOTE 12 – TANGIBLE ASSETS

	1 January 2022	Additions	Disposals	Business combination effect	Revaluation	Consolidation addition effect	Consolidation disposal effect	31 December 2022
Cost								
Land	195,096,467	-	-	(20,000,000)	137,624,533	-	-	312,721,000
Buildings	65,280,000	6,360,829	-	(71,640,829)	-	-	-	-
Machinery and equipment	5,172,400,295	2,008,512	-	-	1,527,171,370	-	-	6,701,580,177
Vehicles	9,199,841	27,296,669	(9,199,841)	-	-	-	-	27,296,669
Fixtures and fittings	1,432,055	1,859,547	(109,429)	-	-	-	-	3,182,173
Special costs	4,084	-	-	-	-	-	-	4,084
	5,443,412,742							**7,044,784,03**
Accumulated depreciation								
Buildings	1,280,000	1,372,770	-	(2,652,770)				-
Machinery and equipment	835,051,852	106,355,613	-		233,238,712			1,174,646,177
Vehicles	200,931	3,822,101	(996,651)		-			3,026,381
Fixtures and fittings	41,999	358,176	(7,894)		-			392,281
Special costs	502	7,211	-		-			7,713
	836,575,284							**1,178,072,551**
Net Book Value	**4,606,837,458**							**5,866,711,552**

(*) Acquired assets and existing facilities Net Corporate Real Estate Valuation and Consulting A,Sh, the company's financial statements were disclosed at fair value in the valuation report dated December 30, 2022,
(**) As of December 31, 2022, there are 2,645,612,361 TL movable pledges and 2,209,445,330 TL mortgages on tangible assets,

NOTE 12 – TANGIBLE ASSETS (CONT'D)

	1 January 2021	Additions	Disposals	Business combination effect	Revaluation	Consolidation addition effect	Consolidation disposal effect	31 December 2021
Cost								
Land	54,613,840	67,349,545	-	33,863,057	59,381,537	848,053	(20,959,565)	195,096,467
Buildings	-	35,581,417	-	-	29,698,583	-	-	65,280,000
Machinery and equipment	931,183,900	19,465	-	961,005,530	3,863,824,218	262,603,471	(846,236,289)	5,172,400,295
Vehicles	-	9,199,841	-	-	-	-	-	9,199,841
Fixtures and fittings	1,186,310	146,417	-	1,186,310	-	99,328	(1,186,310)	1,432,055
Special costs	-	4,084	-	-	-	-	-	4,084
	986,984,050							**5,443,412,742**
Accumulated depreciation								
Buildings	-	711,628	-	-	568,372	-	-	1,280,000
Machinery and equipment	19,469,801	85,158,820	-	-	747,156,519	-	(16,733,288)	835,051,852
Vehicles	-	200,931	-	-	-	-	-	200,931
Fixtures and fittings	412,232	42,000	-	-	-	-	(412,233)	41,999
Special costs	-	502	-	-	-	-	-	502
	19,882,033							**836,575,284**
Net Book Value	**967,102,017**							**4,606,837,458**

(*) Acquired assets and existing facilities Net Corporate Real Estate Valuation and Consulting A,Sh, the company's financial statements were disclosed at fair value in the valuation report dated December 18, 2021,
(**) As of December 31, 2021, there are 955,644,298 TL movable pledges and 1,784,865,390 TL mortgages on tangible assets,

NOTE 13– INTANGIBLE ASSETS

	1 January 2022	Additon	Disposal	31 December 2022
Cost				
Other intangible assets	183,510	78,539		262,049
	183,510			**262,049**
Accumulated depreciation (-)				
Other intangible assets	49,628	31,037		80,665
	49,628			**80,665**
Net Book Value	**133,882**			**181,384**

	1 January 2021	Additon	Disposal	31 December 2021
Cost				
Other intangible assets	182,210	1,300	-	183,510
Goodwill	79,243	-	(79,243)	-
	261,453			**183,510**
Accumulated depreciation (-)				
Other intangible assets	24,041	25,587	-	49,628
	24,041			**49,628**
Net Book Value	**237,412**			**133,882**

Distribution of tangible and intangible assets depreciation is as follows;

	1 January – 31 December 2022	1 January – 31 December 2021
Cost of sales	99,281,693	83,311,163
General administrative expenses	12,665,216	2,828,303
Total	**111,946,908**	**86,139,466**

NOTE 14– COMMITMENTS AND CONTINGENCIES

Guarantees-Pledge-Mortgage ("GPM")

As of 31 December 2022 and 31 December 2021 the tables of the Group's collateral / pledge / mortgage ('GPM') position is as follows:

	31 December 2022	31 December 2021
A, Total amount of GPM given on behalf of the own legal entity		-
Guarantees given	120,832,463	2,305,768
B, Total amount of GPM given on behalf of the subsidiaries included in full consolidation		
Guarantees given	93,836,181	90,739,231
Pledge	2,645,612,361	955,644,298
Mortgage	2,209,445,330	1,784,865,390
C, Total amount of GPM given on bealf of third parties due to normal course of business		-
D, Total amount of other GPM given		-
i, Total amount of guarantees given in favor of main shareholder		-
ii, Total amount of guarantees given in favor of group companies nor covered by B and C clauses		-
iii, Total amount of mollaterals given in favor third parties not covered by clause C		-
Total	**5,069,726,335**	**2,833,554,687**

NOTE 15 – HIGH PROBABILITY FORECAST FOR EXCHANGE RATE RISK CASH FLOW HEDGE

The Group provides foreign exchange risk protection on the balance sheet by borrowing in the same currency against foreign exchange risks arising from foreign currency sales amounts that are highly likely to be realized at future dates within the scope of the agreements it has concluded and the corporate budget,

In this context, repayments of foreign currency borrowings that are subject to hedging accounting and are determined as hedging instruments are made with foreign currency sales cash flows that will be realized at close dates and determined as hedging items within the scope of hedging accounting,

The group determined exchange rate risk management strategy as part of a high probability of risk realization estimated transaction hedging exchange rate risk cash flow hedge accounting hedging instrument for the purpose of being applied and formed on components, effectiveness has been proven mathematically and in accordance TFRS 9, which isn't yet realized exchange rate fluctuations in the income statement the income statement Comprehensive Income Statement of pulling from the park aims at the presentation and healthier,

As of 31 December 2022 the hedging ratio has been calculated as 104%, and the hedging efficiency as 77%,

USD	**31 December 2022**
Hedged item present value (current)	8,534,144
Hedged item present value (non current)	59,426,856
Hedging instrument present value (current)	14,506,430
Hedging instrument present value (non current)	53,427,084

EUR	**31 December 2022**
Hedged item present value (current)	14,219,410
Hedged item present value (non current)	199,199,294
Hedging instrument present value (current)	30,349,695
Hedging instrument present value (non current)	204,855,762

TRY	**31 December 2022**
Cumulative exchange rate difference on the hedged item (current)	28,466,664
Cumulative exchange rate difference on the hedged item (non current)	318,020,493
Cumulative exchange rate difference on the hedged instrument (current)	(55,361,278)
Cumulative exchange rate difference on the hedged instrument (non current)	(309,874,104)
Rate of hedging effectiveness	**91%**
Inactive portion left in income statement	**(17,298,083)**

NOTE 16 – PAYABLES FOR EMPLOYEE BENEFITS

Payables for employee benefits

	31 December 2022	31 December 2021
Due to personnel	694,573	353,917
Social security premium payable	713,001	139,940
Total	**1,407,574**	**493,857**

NOTE 17– PROVISIONS FOR EMPLOYEE BENEFITS

Current provisions for employee benefits

	31 December 2022	31 December 2021
Provision for unused vacations	485,202	104,887
Total	**485,202**	**104,887**

The movement of the provisions for unused vacations are as follow;

	1 January - 31 December 2022	1 January - 31 December 2021
Openning balance	104,887	19,118
Provisions during the year	380,315	85,769
Closing balance	**485,202**	**104,887**

Non-current provisions for employee benefits

Provisions for retirement pay liability

	31 December 2022	31 December 2021
Provisions for retirement pay liability	388,678	101,798
Total	**388,678**	**101,798**

NOTE 17 – PROVISIONS FOR EMPLOYEE BENEFITS (CONT'D)

Non-current provisions for employee benefits (cont'd)

Provisions for retirement pay liability (cont'd)

Under Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed certain years of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service achieves and reaches the retirement age (58 for women and 60 for men), The amount payable consists of one month's salary limited to a maximum of TL 17,904,62 (31 December 2021: 10,848,59 TL),

Retirement pay liability is not subject to any kind of funding legally, Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees, TAS 19 Employee Benefits stipulates the development of Company's liabilities by using actuarial valuation methods under defined benefit plans, In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation, Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation, Consequently, in the accompanying financial statements as at 31 December 2022, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees, The provisions at the relevant reporting dates, annual inflation of 20,01 %, and 22,41 % interest rate assumptions, using the real discount rate obtained as approximately 2 %,

The movement of the provisions for retirement pay liabilities are as follow;

	1 January - 31 December 2022	**1 January - 31 December 2021**
Opening balance	101,798	43,474
Interest cost	302,117	171,943
Service cost	81,622	18,955
Annual payments (-)	(125,860)	-
Actuarial gain/ loss	29,001	(132,574)
Closing balance	**388,678**	**101,798**

NOTE 18 - OTHER CURRENT ASSETS, SHORT TERM TERM LIABILITIES

Other current assets

	31 December 2022	31 December 2021
Deferred VAT	52,410,728	19,017,155
Employee advance	54,103	180,763
Total	**52,464,831**	**19,197,918**

Other current liabilities

	31 December 2022	31 December 2021
Taxes and funds payable	2,321,705	1,790,906
Other liabilities	12,401	8,092
Total	**2,334,106**	**1,798,998**

Other non-current assets

	31 December 2022	31 December 2021
Prepaid taxes and funds	1,412,692	-
Total	**1,412,692**	**-**

NOTE 19 - SHAREHOLDER'S EQUITY

a) Capital

	31 December 2022		31 December 2021	
	Share (%)	Share amount (TL)	Share (%)	Share amount (TL)
Naturel Yenilenebilir Enerji Tic, A,Ş,	69,70%	44,610,978	62,50%	40,000,000
Public Offering	30,30%	19,389,022	37,50%	24,000,000
Paid in capital	**100%**	**64,000,000**	**100%**	**64,000,000**

b) Reserves on retained earnings

	31 December 2022	31 December 2021
Reserves on retained earnings	4,838,231	24,684
Total	**4,838,231**	**24,684**

NOTE 19 - SHAREHOLDER'S EQUITY (CONT'D)

c) Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss:

	31 December 2022	31 December 2021
Accumulated Gain on Revaluation of Non-Current Assets	3,105,250,118	2,088,208,649
Total	**3,105,250,118**	**2,088,208,649**

d) Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss:

	31 December 2022	31 December 2021
Accumulated loss on remeasurement of defined benefit plans	57,197	80,398
Actuarial Loss	**57,197**	**80,398**

e) Other Comprehensive Income or Expenses that may be Reclassified Subsequently to Profit or Loss:

	31 December 2022	31 December 2021
Cash flow hedge	(481,850,019)	(272,267,543)
Total	**(481,850,019)**	**(272,267,543)**

f) Premiums/ discounts related to shares:

	31 December 2022	31 December 2021
Premiums/ discounts related to shares	725,793,112	725,793,112
Total	**725,793,112**	**725,793,112**

NOTE 20 - REVENUE AND COST OF SALES

	1 January- 31 December 2022	1 January- 31 December 2021
Sales	964,190,904	555,229,833
Revenue	**964,190,904**	**555,229,833**
Cost of goods sold (-)	(625,538,286)	(368,468,753)
Cost of sales (-)	**(625,538,286)**	**(368,468,753)**
Gross profit	**338,652,618**	**186,761,080**

NOTE 21 - EXPENSE BY NATURE

a) *General administrative expenses*

	1 January- 31 December 2022	1 January- 31 December 2021
Personnel expense	(18,033,993)	(7,471,340)
Depreciation expenses	(12,665,216)	(2,828,303)
Outsourced benefits and services	(10,494,316)	(7,594,547)
Taxes, duties and charges expenses	(7,264,638)	(1,611,947)
Consultancy and audit expenses	(3,711,687)	(4,788,430)
Donation and iad expense	(2,220,046)	(913,567)
Insurance expenses	(576,861)	-
Office expense	(506,222)	(911,058)
Travel expenses	(492,949)	-
Maintenance and repair expenses	(173,994)	-
Entertainment expenses	(151,697)	-
Announcement and advertisement expense	(174,637)	(202,218)
Communication expense	(113,914)	(97,018)
Notary and board of trade expenses	(76,815)	(155,229)
Electricity expenses	(19,967)	(993,304)
Rent expenses	-	(241,007)
Service expense	-	(169,492)
Tender expense	-	(24,000)
Other expenses	(4,532,293)	(844,423)
Total	**(61,209,245)**	**(28,845,883)**

NOTE 22 - INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Income from operating activities

	1 January- 31 December 2022	1 January- 31 December 2021
Foreign exchange gain on balance sheet items other than financial borrowings (*)	419,749,609	457,643,193
Interest for late payment income	632,242	-
Salary promotion income	1,152,542	-
Tax income	248,117	867,996
Rent income	98,035	-
Commission income	-	491,109
Discount income	-	78,135
Income and profits of the previous period	88,033	59
Other incomes	685,313	430,426
Total	**422,653,892**	**459,510,918**

(*) Consists of commercial transactions and exchange rate difference revenues applied within the scope of TFRS 9 cash flow hedging,

Expenses from operating activities

	1 January- 31 December 2022	1 January- 31 December 2021
Foreign exchange gain on balance sheet items	(134,050,015)	(97,011,192)
Previous period expenses and losses	(460,053)	(31,137)
Doubtful receivables provision expenses	(6,461)	-
Discount expenses	-	(7,818)
Other expenses	(2,607,326)	(975,367)
Total	**(137,123,855)**	**(98,025,514)**

NOTE 23 – INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from investing activities

	1 January- 31 December 2022	1 January- 31 December 2021
Capital gain of ınvestment property	283,278,084	-
Financial investments presented at fair value	22,272,705	-
Property, plant and equipment sales profits	4,032,986	-
Revaluation (*)	390,517	648,769,088
Total	**309,974,291**	**648,769,088**

(*) In the period of 31 December 2021, the net identifiable assets of Margün Enerji's 7 companies after the acquisition were determined as TL 1.082.674.690 and the difference between the transfer price of the related companies, TL 429.154.900, was recorded as profit in negative goodwill differences of TL 653.519.790. It signed a sales contract with Kinesis Group to purchase companies with 7 solar power plants and Ats A.Ş., Ekonova A.Ş., Zelkova A.Ş., Elmalı A.Ş., Çayören A.Ş, Göksu 7 A. .Ş., Ergün A.Ş.'s sales process has been completed.

NOTE 24- INCOME AND EXPENSES FROM FINANCING ACTIVITIES

Income from financing activities

	1 January- 31 December 2022	1 January- 31 December 2021
Interest income on KKMH	238,751,313	-
Foreign exchange incomes from financial borrowings	76,205,700	374,667,410
Interest income from related parties	5,016,269	1,539,616
Time deposits interest income	3,771,245	23,087,551
KKMH	4,161,363	-
Reduced interest expense	-	7,794,632
Total	**327,905,890**	**407,089,209**

Expense from financing activities

	1 January- 31 December 2022	1 January- 31 December 2021
Foreign Exchange Losses from Bank Loans	(386,837,309)	(441,367,009)
Loan interest expense	(94,723,750)	(86,269,655)
Bank commission expense	(6,963,362)	(1,270,284)
Interest expense from related parties	(1,294,328)	(15,352,185)
Guarantee letter commission expense	(1,224,698)	(433,462)
Other financial expense	(81,622)	(18,955)
Total	**(491,125,069)**	**(544,711,550)**

NOTE 25 - TAX ASSETS AND LIABILITIES

Current tax liabilities

	31 December 2022	31 December 2021
Balance Sheet		
Current corporation tax liabilities	-	-
Less: Prepaid taxes and fund (-)	(3,560,049)	(1,076,557)
Tax provision in the balance sheet	**(3,560,049)**	**(1,076,557)**

Deferred tax income

Tax income/ (expense)	1 January- 31 December 2022	1 January- 31 December 2021
Current corporation tax liabilities	-	-
Deffered tax income/ (expense)	(24,203,151)	(5,595,427)
	(24,203,151)	**(5,595,427)**

Corporate Tax

The Turkish entities within the Group are subject to Turkish corporate taxes, Foreign entities are subject to taxation in accordance with the tax procedures and tax legislations effective in the countries in which they operate, Provision is made in the accompanying combined financial statements for the estimated charge based on the Group's results for the period,

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized,

The effective rate of tax in Turkey in 31 December 2022 is 20%, (2021: 23)

Deferred tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements, These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and they are given below,

Companies calculate a temporary tax of 20% (25% for the tax period of 2021 and 23% for the tax period of 2022) on their quarterly financial profits and declare it until the 17th day of the second month after that period and pay it until the evening of the seventeenth day, But since the increase in the corporate tax rate made by law 7316 enters into force starting from July 1, 2021, the declarations that must be issued from 2021 1, the temporary tax rate will be based on 20% for earnings received during the temporary taxation period, The temporary tax paid during the year belongs to that year and is deducted from the corporate tax that will be calculated on the corporate tax return that will be issued in the following year, If the temporary tax amount paid despite the deduction remains, this amount can be refunded in cash or deducted,

NOTE 25 - TAX ASSETS AND LIABILITIES (CONT'D)

For calculation of deferred tax asset and liabilities, the rate of 20% (2021: 22%) is used for companies domiciled in Turkey,

As of 31 December 2022 and 31 December 2021, the cumulative temporary differences and the deferred tax assets/ (liabilities) prepares using the applicable tax rates are as follows:

	Cumulative Temporary Difference		Deferred Tax Asset/ (Liability)	
	2022/4	**2021/4**	**2022/4**	**2021/4**
Negative goodwill	-	654,213,050	-	(31,075,120)
Subsidiaries adjustment	110,050,900	(194.343.049)	(3,891,284)	3,154,653
Company combinations goodwill adjustment	-	(116,264,989)	-	22,090,348
Write off expense	2,708,579	(281,459)	(541,716)	53,478
Tangible and intangible fixed asset depreciation adjustment	(49,431,179)	3,627,848	9,886,386	(834,381)
Tangible and intangible fixed asset adjustment	(188,049,878)	(174,785,448)	37,808,154	33,237,735
Unused vacation provision	(485,202)	(104,887)	97,041	20,977
Revaluation of tangible assets	5,214,743,932	3,284,087,219	(230.069.428)	(154,268,220)
Adjustment within IFRS 15	187,649,580	82,626,904	(38,795,875)	(17,791,340)
Severance pay provision	(388,678)	(101,798)	77,736	23,413
Expenses accruals	6,035,340	(204,067)	(1,207,068)	41,764
Financial harm	(279,963,790)	(127,929,308)	54,713,466	24,306,569
Cash flow hedges	(722,442,597)	(414,824,887)	116,252,646	54,729,104
Currency adjustments	-	(1,174,738)	-	281,817
Currency Protected deposit tax exemption adjustment	-	67,482,547	-	16,906,755
Adjustments related to fair value	22,272,705	-	(4,454,541)	-
Valuation of investment property	283,278,084	-	(27,894,918)	-
Deffered tax (liabilities) -net			**(88.019.401)**	**(49,122,448)**

Tax effects	**1 January-31 December 2022**	**1 January-31 December 2021**
Provision for corporation tax	(63,388,407)	(151,920,105)
Non-deductible expenses	(16,705,338)	(196,240,998)
Tax effect for allowable losses	(38,885,454)	(29,316,408)
Foreign exchange gain exemption	3,223,931	-
Tax effect for emissions premium	-	181,271,168
KVK 14/1-a gain exemption	-	33,064,295
KVK 14/1-b dividend and interest exemption	74,989,032	-
Percentile change effect of tax ratio	2,954,715	143,366,387
Other	(20,817,920)	(2,473,163)
Annulment of goodwill	17,971,084	-
KKMH exemption	16,455,206	16,653,397
Tax provisions expense on profit and loss table	**(24,203,151)**	**(5,595,427)**

NOTE 25- TAX ASSETS AND LIABILITIES (CONT'D)

Tangible items located under corporate tax law 5520 governing exemptions to land 5 of the first paragraph of subparagraph (E) of the institutions with assets shares in subsidiaries for a period of at least two full years with the same amount of time they have, the founder shares, bonus shares and preference of the rights of the earnings from the sale of 75% for the same period with a portion of the gain from the sale of immovable property in assets, 50% of the portion of the corporation is exempt from tax this sale was made in exemption of the profits benefiting from the exemption period will be applied and sales of part of the fifth year following the year the sale was made to be entitled to be kept in a special fund account until the end of the selling price and the sale was made until the second calendar year following the end of the year to be collected is essential for this that are not collected in time corresponding to the sales price of accrued taxes not at the time have suffered losses because of the exception in the case where the same

The exemption to be applied by corporate tax payers on capital gains from the sales of their real estate held for at least two years has been reduced from 75% to 50% by the regulation published in the Official Gazette dated 5 December 2017, Accordingly, the corporate tax and deferred tax calculations calculated for profits from the sale of immovable property will be calculated as 20% of the remaining 50%, A 75% exception was used for Solar Power Plants ("GES") valuations and 25% of the deferred tax account of 20% was applied,

NOTE 26 - EARNINGS PER SHARE

Profit or loss per share disclosed in the Income Statement are determined by dividing net profit / loss by the weighted average number of shares available during the related period,

Companies can increase their share capital by distributing shares in proportion to their accumulated profits to existing shareholders ("bonus shares"), When calculating earnings per share, this bonus share issuance is counted as issued shares, Therefore, the weighted average number of shares used in the calculation of earnings per share is calculated by applying the free-of-charge issuance of shares retrospectively, Earnings per share are calculated by dividing net profit by the weighted average number of ordinary shares issued by the shareholders, The nominal value of a share of the company is TL 1,

	1 January - 31 December 2022	1 January - 31 December 2021
Net profit/ (loss)	533,514,924	1,024,951,921
Number of shares	64,000,000	64,000,000
Earnings/(loss) per share (TL)	**8,34**	**16,01**

NOTE 27 - THE NATURE AND LEVEL RISKS ARISING FROM FINANCIAL INSTRUMENTS

a) Capital Risk Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing flow of resources through the optimization of the debt and equity balance,

The capital structure of the Company consists of debt, which includes the borrowings disclosed in Note 18, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings, The board of directors considers the cost of capital and the risks associated with each class of capital, Based on recommendations of the board, the Company targets to balance its overall capital structure through new debt or the redemption of existing debt, The Company's overall strategy remains unchanged from 2021,

As of 31 December 2022 and 31 December 2021, net liability / total capital ratio of the Group is as follows:

	31 December 2022	31 December 2021
Financial liabilities (Note 6)	1,527,501,556	1,218,795,885
Less: Cash and cash equivalents (Note 4)	(668,047,641)	(797,696,001)
Net financial liabilities	**859,453,915**	**421,099,884**
Total equity	6,028,491,206	4,250,887,733
Capital used	6,887,945,121	4,671,987,617
Net financial liability/ capital ratio	**0,12**	**0,09**

b) Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk, The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance,

Risk management is carried out by a central finance department under policies approved by the board of directors, Company's finance department identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units,

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company, Financial instruments of the Company that will result in concentration of credit risk mainly include cash and cash equivalents and trade receivables, The Company's maximum exposure to credit risk is the same as the amounts recognized in the consolidated financial statements,

NOTE 27 - THE NATURE AND LEVEL RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONT'D)

b) Financial Risk Factors (cont'd)

Credit risk management (cont'd)

As of 31 December 2022 and 31 December 2021, the statement for the loans credited when the type of financial instruments is taken into account is as follows:

	Receivables				
31 December 2022	**Trade receivables**		**Other receivables**		
	Related parties	**Other**	**Related parties**	**Other**	**Bank deposits**
Maximum credit risk exposures as of report date (A+B+C+D+E) (*)	-	**806,727,885**	-	**4,018,442**	**298,835,059**
- Secured part of maximum credit risk exposure via collateral etc,	-	-	-	-	-
A, Net book value of the financial assets that are neither overdue nor impaired	-	806,727,885	-	4,018,442	298,835,059
B, Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impaired	-	-	-	-	-
C, Net book value of financial assets that are overdue but not impaired	-	-	-	-	-
- Secured part via collateral etc,	-	-	-	-	-
D, Net book value of impaired financial assets	-	-	-	-	-
- Overdue (gross carrying amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured part via collateral etc,	-	-	-	-	-
E, Off-balance sheet financial assets exposed to credit risk	-	-	-	-	-

NOTE 27 - THE NATURE AND LEVEL RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONT’D)

b) Financial Risk Factors (cont’d)

Credit risk management (cont’d)

	Receivables				
31 December 2021	**Trade receivables**		**Other receivables**		
	Related parties	**Other**	**Related parties**	**Other**	**Bank deposits**
Maximum credit risk exposures as of report date (A+B+C+D+E) (*)	**-**	**372,570,360**	**-**	**1,736,438**	**793,669,676**
- Secured part of maximum credit risk exposure via collateral etc,					
A, Net book value of the financial assets that are neither overdue nor impaired	-	372,570,360	-	1,736,438	793,669,676
B, Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impaired	-	-	-	-	-
C, Net book value of financial assets that are overdue but not impaired	-	-	-	-	-
- Secured part via collateral etc,	-	-	-	-	-
D, Net book value of impaired financial assets	-	-	-	-	-
- Overdue (gross carrying amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured part via collateral etc,	-	-	-	-	-
E, Off-balance sheet financial assets exposed to credit risk	-	-	-	-	-

NOTE 27 - THE NATURE AND LEVEL RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONT'D)

b) Financial Risk Factors (cont'd)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements,

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by closely monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities,

As of 31 December 2022 and 31 December 20221, the representation of passive items based on their undiscovered cash flows and remaining maturities is presented in the following tables:

31 December 2022

Maturities under contract	**Book value**	**Total cash outflows under contract (I+II)**	**Between 1-12 months (II)**	**Between 1-15 years (II)**
Non-derivative financial liabilities	**2,008,750,866**	**2,164,500,590**	**992,165,321**	**1,172,335,269**
Financial liabilities (Note 7)	1,527,501,556	1,683,251,280	510.916.011	1.172.335.269
Trade payables (Note 6)	478,262,220	478,262,220	478.262.220	-
Other payables (note 8)	2,987,090	2,987,090	2.987.090	-

31 December 2021

Maturities under contract	**Book value**	**Total cash outflows under contract (I+II)**	**Between 1-12 months (II)**	**Between 1-15 years (II)**
Non-derivative financial liabilities	**1,476,406,515**	**1,468,682,200**	**512,337,084**	**956,345,116**
Financial liabilities (note 7)	1,218,795,885	1,211,001,253	254,656,137	956,345,116
Trade payables (note 6)	212,455,998	212,526,315	212,526,315	-
Other payables (note 8)	45,154,632	45,154,632	45,154,632	-

Intetrest rate risk

The Group is not exposed to any significant interest rate risk,

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies and thereby exposes itself to exchange rate fluctuations,

NOTE 27- THE NATURE AND LEVEL RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONT'D)

b) Financial Risk Factors (cont'd)

Foreign currency risk management (cont'd)

The carrying amount of the Group foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	31 December 2022	**31 December 2021**
Foreign currency assets	810,786,425	795,166,008
Foreign currency liabilities	(1,396,906,467)	(1,220,916,488)
Net foreign currency position	**(586,120,042)**	**(425,750,480)**

31 December 2022	**USD**	**Euro**	**TL Equivalent**
1, Trade receivables	-	-	-
2a, Monetary financial assets, (cash and banks account included)	33,153,312	68,142	621,268,980
2b, Non monetary financial assets	-	-	-
3, Other	-	-	-
4, Current assets (1+2+3)	**33,153,312**	**68,142**	**621,268,980**
5, Trade receivables	-	-	-
6a, Monetary financial assets	10,135,544		189,517,445
6b, Non monetary financial assets	-	-	-
7, Other			-
8, Non-current assets (5+6+7)	**10,135,544**	**-**	**189,517,445**
9, Total assets (4+8)	**43,288,856**	**68,142**	**810,786,425**
10, Trade payables	-	(777,063)	(15,490,680)
11, Financial liabilities	(3,174,018)	(14,025,647)	(338,948,626)
12a, Other monetary liabilities	-	-	-
12b, Other non monetary liabilities	-	-	-
13, Current liabilities (10+11+12)	**(3,174,018)**	**(14,802,711)**	**(354,439,306)**
14, Trade payables	-	-	-
15, Financial liabilities	(6,349,962)	(46,337,512)	(1,042,467,161)
16a, Other monetary liabilities			-
16b, Other non monetary liabilities			-
17, Non-current liabilities (14+15+16)	**(6,349,962)**	**(46,337,512)**	**(1,042,467,161)**
18, Total liabilities (13+17)	**(9,523,980)**	**(61,140,223)**	**(1,396,906,467)**
19, Net assets of off balance sheet derivative items (liability) position (19a - 19b)	4,380,067	13,272,569	346,487,157
19a, Total amount of assets hedged			-
19b, Total amount of liabilities hedged	4,380,067	13,272,569	346,487,157
20, Net foreign assets / (liability) position (9-18+19)	38,144,943	(47,799,511)	(239,632,884)
21, Net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	13,493,788	(61,072,081)	(965,154,932)

NOTE 27 - THE NATURE AND LEVEL RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONT'D)

b) Financial Risk Factors (cont'd)

Foreign currency risk management (cont'd)

31 December 2021	USD	Euro	TL Equivalent
1, Trade receivables	-	-	-
2a, Monetary financial assets, (cash and banks account included)	56,214,295	2,963,384	793,988,023
2b, Non monetary financial assets	-	-	-
3, Other	-	78,081	1,177,985
4, Current assets (1+2+3)	**56,214,295**	**3,041,465**	**795,166,008**
5, Trade receivables	-	-	-
6a, Monetary financial assets			-
6b, Non monetary financial assets	-	-	-
7, Other			-
8, Non-current assets (5+6+7)	**-**	**-**	**-**
9, Total assets (4+8)	**56,214,295**	**3,041,465**	**795,166,008**
10, Trade payables	-	-	-
11, Financial liabilities	(2,700,325)	(14,993,789)	(262,199,425)
12a, Other monetary liabilities	-	(157,221)	(2,371,949)
12b, Other non monetary liabilities	-	-	-
13, Current liabilities (10+11+12)	**(2,700,325)**	**(15,151,010)**	**(264,571,373)**
14, Trade payables	-	-	-
15, Financial liabilities	(7,022,513)	(57,185,603)	(956,345,115)
16a, Other monetary liabilities	-	-	-
16b, Other non monetary liabilities	-	-	-
17, Non-current liabilities (14+15+16)	**(7,022,513)**	**(57,185,603)**	**(956,345,115)**
18, Total liabilities (13+17)	**(9,722,838)**	**(72,336,613)**	**(1,220,916,488)**
19, Net assets of off balance sheet derivative items	-	-	-
(liability) position (19a - 19b)	4,875,508	20,603,460	375,823,874
19a, Total amount of assets hedged	-	-	-
19b, Total amount of liabilities hedged	4,875,508	20,603,460	375,823,874
20, Net foreign assets / (liability) position	-	-	-
(9-18+19)	51,366,966	(48,691,688)	(49,926,606)
21, Net foreign currency asset / (liability) position	-	-	-
(=1+2a+5+6a-10-11-12a-14-15-16a)	51,366,966	(48,691,688)	(49,926,606)

NOTE 27 - THE NATURE AND LEVEL RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONT'D)

b) Financial Risk Factors (cont'd)

Foreign currency risk management (cont'd)

The Company is exposed to foreign exchange risk arising from USD and EUR,

The following table details the Group's sensitivity to a 20% increase and decrease in the TL against USD and EUR, 20% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates, The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 20% change in foreign currency rates, A positive number indicates an increase in profit or loss where the TL strengthens against the relevant currency,

Exchange Rate Sensitivity Analysis Table

31 December 2022	Profit / (Loss)	
	Appreciation of foreign currency	Appreciation of foreign currency
Appreciation of USD against TL by 20%		
1- USD denominated net assets/liabilities	142,649,119	(142,649,119)
2- USD hedged portion (-)	-	-
3- Net effect of USD	142,649,119	(142,649,119)
Appreciation of EUR against TL by 20%		
4- EUR denominated net assets/liabilities	(190,575,696)	190,575,696
5- EUR hedged portion (-)	-	-
6- Net effect of EUR	(190,575,696)	190,575,696
Total	**(47,926,577)**	**47,926,577**

Exchange Rate Sensitivity Analysis Table

31 December 2021	Profit / (Loss)	
	Appreciation of foreign currency	Appreciation of foreign currency
Appreciation of USD against TL by 20%		
1- USD denominated net assets/liabilities	136,934,057	(136,934,057)
2- USD hedged portion (-)	-	-
3- Net effect of USD	136,934,057	(136,934,057)
Appreciation of EUR against TL by 20%	-	-
4- EUR denominated net assets/liabilities	(146,919,378)	146,919,378
5- EUR hedged portion (-)	-	-
6- Net effect of EUR	(146,919,378)	146,919,378
Total	**(9,985,321)**	**9,985,321**

NOTE 28 - DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE TRANSACTIONS

31 December 2022			
	Contract amount	**Asset**	**Liability**
For hedging purposes:			
Cross currency swap transactions	447,451,606	38,869,447	-
	447,451,606	**38,869,447**	**-**
Short-term	-	8,983,912	-
Long-term	-	29,885,535	-
Toplam	**-**	**38,869,447**	**-**

NOTE 29- FEES FOR SERVICES RECEIVED FROM THE INDEPENDENT AUDITOR'S

	2022
	IAC
Fee for independent audit and tax audit on reporting period	634,000
Total	**634,000**

NOTE 30- EVENTS AFTER REPORTING PERIOD

In line with the target of increasing investments in renewable energy and its commitments to public offering, Margün Enerji Üretim Sanayi ve Ticaret A.Ş has signed a share purchase agreement with Investco Holding A.Ş, Verusa Holding A.Ş ve Pamukova Elektrik Üretim A.Ş to buy 30,39% shares of Enda Enerji Holding A.Ş which has total installed capacity 189,63 as including 4 hydros (109,13 MWm), 5 winds (73,00 MWm) and 1 geothermal (7,5 MWm) under the Electricity Market Licensed Regulation.

Regarding the mentioned acquisition, 10% payment in advance, 15% payment via check maturity dated 10/02/2023 and 75% payment via check maturity dated 20/04/2023 will be paid to Investco Holding A.Ş, Verusa Holding A.Ş ve Pamukova Elektrik Üretim A.Ş. The total acquisition price is TRY 1.000.125.000.

NOTE 30- EVENTS AFTER REPORTING PERIOD (CONT'D)

These power plants are in operation in İzmir, Adana, Balıkesir, Aydın and Canakkale provinces and their total installed power capacity is 189,63 MWm.

A total of 145.55 MWm of these power plants have right to sell the produced electricity at a price of 7.3 USDcent/kWh under the government purchase guarantee in accordance with the laws. The remaining power plants sell the electricity they produce in the market clearing price. In 2022, approximately 503,042,000 kWh of generation and 48.77 million USD of sales revenue are expected to obtain from these power plants.

In addition to these power plants with an installed capacity of 189.63 MWm; It is expected that a total of 140.47 MWm additional installed capacity will be created within the scope of additional capacity increase and hybrid investments of existing power plants also solar and wind power plant projects with storage. With the completion of these investments, the total installed capacity is expected to increase to 330 MWm.

As a result of this acquisition, our Company has invested in hydro, wind and geothermal power plants in addition to solar energy in the field of renewable energy.