

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

**ESENBOĞA ELEKTRİK ÜRETİM
ANONİM ŞİRKETİ
AND ITS SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX-MONTHS PERIOD ENDED
30 JUNE 2023 AND THE REVIEW REPORT**

CONVENIENCE TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN TURKISH

ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTHS INTERIM PERIOD ENDED 30 JUNE 2023
(Amounts expressed in Turkish Lira (“TL”))

NOTE 18 - TAX ASSETS AND LIABILITIES(cont’d)

Deferred tax income

Tax income/ (expense)	1 January- 30 June 2023	1 January- 30 June 2022
Current corporation tax liabilities	-	-
Deffered tax income/ (expense)	(76,093,194)	6,812,147
	(76,093,194)	6,812,147

Corporate Tax

The Turkish entities within the Group are subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group’s results for the year. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

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 other discounts (previous year losses, if any, and investment discounts if preferred).

The effective rate of tax in Turkey in 2023 is 20% (2022: 23%).

Deferred tax

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

For calculation of deferred tax asset and liabilities, the rate of 20% (2022: 23%) is used for companies domiciled in Turkey,

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FOR THE SIX-MONTHS INTERIM PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TL").)

NOTE 18 - TAX ASSETS AND LIABILITIES (cont'd)

As of 30 June 2023 and 31 December 2022, the cumulative temporary differences and the deferred tax assets/ (liabilities) prepares using the applicable tax rates are as follows:

Vergi gideri/(geliri)	1 January- 30 June 2023	1 January- 31 December 2022
Adjustments to fair value of financial investments	(124,168,159)	-
Write off expense	1,320	(541,716)
Tangible and intangible fixed asset depreciation adjustment	16,784,345	9,886,386
Tangible and intangible fixed asset adjustment	42,645,105	37,808,154
Unused vacation provision	154,900	97,041
Subsidiaries adjustment	(3,891,284)	(3,891,284)
Revaluation of tangible assets	(356,627,710)	(230,069,428)
IFRS 15 adjustment	(10,733,535)	(38,795,875)
Severance pay provision	202,345	77,736
Expenses accruals	3,615,541	(1,207,068)
Financial harm	54,713,466	54,713,466
Cash flow hedges	216,106,003	116,252,646
Valuation of investment property	(36,988,233)	(27,894,918)
Adjustments related to fair value	-	(4,454,541)
Others	(918,041)	-
	(199,103,937)	(88,019,401)

NOTE 19 - 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- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2023	1 April- 30 June 2022
Net profit/ (loss)	447,286,842	181,696,771	17,926,337	115,225,144
Number of shares	64,000,000	64,000,000	64,000,000	64,000,000
Earnings/(loss) per share (TL)	6,99	2,84	0,28	1,80

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NOTE 20 - THE NATURE AND LEVEL RISKS ARISING FROM FINANCIAL INSTRUMENTS

Foreign currency risk management

30 June 2023	USD	Euro	GBP	TL Equivalent
1, Trade receivables	449,868	142	-	11,620,984
2a, Monetary financial assets, (cash and banks account included)	1,451,360	11,939	-	37,814,745
2b, Non monetary financial assets	-	-	-	-
3, Other	19,949,931	297,440	1,476	523,591,613
4, Current assets (1+2+3)	21,851,159	309,521	1,476	573,027,342
5, Trade receivables	-	-	-	-
6a, Monetary financial assets	842,300	9,462	-	22,017,190
6b, Non monetary financial assets	-	-	-	-
7, Other	-	-	-	-
8, Non-current assets (5+6+7)	842,300	9,462	-	22,017,190
9, Total assets (4+8)	22,693,459	318,983	1,476	595,044,533
10, Trade payables	150,872	154,331	-	8,241,018
11, Financial liabilities	8,517,510	12,860,217	-	583,064,425
12a, Other monetary liabilities	10,127,542	1,124,518	-	293,184,198
12b, Other non monetary liabilities	-	-	-	-
13, Current liabilities (10+11+12)	18,795,924	14,139,066	-	883,440,278
14, Trade payables	-	-	-	-
15, Financial liabilities	21,134,269	42,820,462	-	1,754,477,652
16a, Other monetary liabilities	-	-	-	-
16b, Other non monetary liabilities	-	-	-	-
17, Non-current liabilities (14+15+16)	21,134,269	42,820,462	-	1,751,319,629
18, Total liabilities (13+17)	39,930,193	56,959,528	-	2,634,759,907
19, Net assets of off balance sheet derivative items (liability) position (19a - 19b)	-	-	-	-
19a, Total amount of assets hedged	-	-	-	-
19b, Total amount of liabilities hedged	-	-	-	-
20, Net foreign assets / (liability) position (9-18+19)	(17,236,734)	(56,640,545)	1,476	(2,039,715,374)
21, Net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(18,768,282)	(56,937,985)	1,476	(2,087,687,241)

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**NOTE 20 - THE NATURE AND LEVEL RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Cont'd)**

Foreign currency risk management (cont'd)

31 December 2022	USD	Euro	TL Equivalent
1. Trade receivables	-	-	-
2a. Monetary financial assets, (cash and banks account included)	-	68,142	1,358,404
2b. Non monetary financial assets	-	-	-
3. Other	33,153,312	-	619,910,574
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)	(14,993,789)	(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)	-	-	-
19a. Total amount of assets hedged	4,380,067	13,272,569	346,487,157
19b. Total amount of liabilities hedged	-	-	-
20. Net foreign assets / (liability) position (9-18+19)	4,380,067	13,272,569	346,487,157
21. Net foreign currency asset / (liability) position (1+2a+5+6a-10-11-12a-14-15-16a)	38,144,943	(47,799,511)	(239,632,884)
	-	-	-
	13,493,788	(61,072,081)	(965,154,932)

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**NOTE 20 - THE NATURE AND LEVEL RISKS ARISING FROM FINANCIAL INSTRUMENTS
(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

30 June 2023

	Profit / (Loss)	
	Appreciation of foreign currency	Appreciation of foreign currency
Appreciation of USD against TL by 20%		
1- USD denominated net assets/liabilities	(89,021,179)	89,021,179
2- USD hedged portion (-)	-	-
3- Net effect of USD	(89,021,179)	89,021,179
Appreciation of EUR against TL by 20%		
4- EUR denominated net assets/liabilities	(318,931,581)	318,931,581
5- EUR hedged portion (-)	-	-
6- Net effect of EUR	(318,931,581)	318,931,581
Total	(407,952,760)	407,952,760

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

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NOTE 21 - EVENTS AFTER REPORTING PERIOD

In accordance with the Presidential Decree numbered 7346 published in the Official Gazette dated 07 July 2023, the general VAT rate applied as 18% for taxable general transactions has been increased to 20% and the VAT rate applied for other deliveries and services subject to 8% VAT rate has been increased to 10% to enter into force on 10 July 2023. This matter is considered as an event after the reporting period that does not require an adjustment within the scope of TAS 10 Events after the Reporting Period.

Pursuant to the "Law on the Issuance of Additional Motor Vehicles Tax for the Compensation of Economic Losses Caused by the Earthquakes Occurring on 6/2/2023 and Amendments to Certain Laws and the Decree Law No. 375" published in the Official Gazette dated 15 July 2023; the corporate tax rate of 25% for banks, financial leasing, factoring, financing and savings finance companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies has been increased to 30% and the corporate tax rate of 20% for other companies has been increased to 25%. The tax rate change will be effective for the earnings of the companies in 2023 and the following taxation periods. This matter is considered as an event after the reporting period that does not require an adjustment within the scope of TAS 10 Events after the Reporting Period. The Group continues to evaluate the possible effects of the relevant Law as of the date of issuance of the financial statements.

In accordance of Board of Directors of Esenboğa Elektrik Üretim A.Ş. dated 15.03.2023, TRY 64,000,000 the issued capital of TRY 196,000,000 to be increased to TRY 260,000,000 with an increase of TRY 260,000,000 covered by profit shares and internal resources. Based on the Board of Directors' Resolution in question, an application was made to the Capital Markets Board on April 3, 2023, regarding the approval of the issuance document for the increase of our company's capital from 64,000,000 TL to 260,000,000 TL, and the amendment of Article 6 of our company's Articles of Association. The process of a non-cash capital increase is ongoing.