

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

CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023 AND
INDEPENDENT AUDITOR'S REPORT

(CONVENIENCE TRANSLATION OF THE
REPORT AND THE CONSOLIDATED
FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)

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ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

(All amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

		Current Period	Prior Period
		31 December	31 December
	Notes	2023	2022
ASSETS			
Current Assets		1,149,504,455	3,037,901,681
Cash and Cash Equivalents	28	269,848,077	492,449,249
Financial Investments	24-b	-	440,904,526
Trade Receivables	5	679,226,779	1,329,269,081
Trade Receivables from Third Parties		679,226,779	1,329,269,081
Other Receivables	6	551,814	609,461,350
Other Receivables from Related Parties	4	-	608,312,347
Other Receivables from Third Parties		551,814	1,149,003
Derivative Instruments	24	19,005,776	14,803,054
Inventories	7	47,087,025	10,198,763
Prepaid Expenses	8	97,142,430	48,501,828
Assets Related to Current Period Tax	22	14,363,440	5,865,997
Other Current Assets	15	22,279,114	86,447,833
Non-Current Assets		12,303,985,726	10,458,770,931
Financial Investments	24-b	2,019,298,686	-
Other Receivables	6	492,079	5,472,301
Other Receivables from Third Parties		492,079	5,472,301
Derivative Instruments	24-a	59,405,159	49,243,268
Investment Properties	9	679,808,499	701,932,633
Property, Plant and Equipment	10	9,544,275,765	9,699,518,369
Intangible Assets	11	656,520	275,110
Prepaid Expenses	8	49,018	1,516
Diğer Duran Varlıklar	15	-	2,327,734
TOTAL ASSETS		13,453,490,181	13,496,672,612

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

ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

(All amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

	Notes	Current Period 31 December 2023	Prior Period 31 December 2022
LIABILITIES			
Current Liabilities		1,453,170,477	1,630,739,586
Short-Term Borrowings	24-c	185,507,806	166,570,674
Short-Term Portions of Long-Term Borrowings	24-c	760,811,661	581,225,912
Other Financial Liabilities	24-c	112,726	146,046
Trade Payables	5	442,531,582	788,046,619
Trade payables to related parties	4	-	9,495,361
Trade Payables to Third Parties		442,531,582	778,551,258
Payables Related to Employee Benefits	14	4,825,561	2,319,301
Other Payables	6	6,782,940	4,921,915
Other Payables to Third Parties		6,782,940	4,921,915
Derivative Instruments	24-a	2,438,188	-
Deferred Income	8	39,617,746	82,863,665
Short-Term Provisions		1,252,376	799,481
Short-Term Provisions Related to Employee Benefits	14	1,252,376	799,481
Other Current Liabilities	15	9,289,891	3,845,973
Non-Current Liabilities		3,181,174,421	3,343,041,605
Long-Term Borrowings	24-c	1,924,802,159	1,768,966,264
Long-Term Provisions		1,733,538	640,436
Long-term Provisions for Employee Benefits	14	1,733,538	640,436
Deferred Tax Liability	22	1,254,638,724	1,573,434,905
EQUITY		8,819,145,283	8,522,891,421
Equity holders of the parent		6,679,550,900	6,490,938,802
Share Capital	16	260,000,000	64,000,000
Capital Adjustment Differences	16	614,945,974	196,531,692
Treasury Shares (-)		(50,419,729)	(2,153,269)
Share Premiums/Discounts		1,958,638,799	2,525,596,379
Accumulated Other Comprehensive Income (Expenses)			
to be Reclassified to Profit or Loss		(948,764,629)	(755,380,341)
- Gains/Losses on Cash Flow Hedges		(948,764,629)	(755,380,341)
Accumulated Other Comprehensive Income (Expenses)			
not to be Reclassified to Profit or Loss		273,852,769	17,079,168
- Gain / Loss on Remeasurement of Defined Benefit Plans	16	(807,816)	(38,229)
- Revaluation and Reclassification Gain/Loss	16	274,660,585	17,117,397
Restricted Reserves Appropriated from Profit	16	17,719,950	10,951,666
Prior Years' Profit/Losses		4,322,133,272	5,182,004,243
Net Profit/Loss for the Period		231,444,494	(747,690,736)
Non-controlling interests		2,139,594,383	2,031,952,619
TOTAL LIABILITIES AND EQUITY		13,453,490,181	13,496,672,612

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

ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2023

(All amounts are expressed in Turkish Lira (“TL”) unless otherwise stated.)

	Notes	Current Period 1 January- 31 December 2023	Prior Period 1 January- 31 December 2022
PROFIT OR LOSS			
Revenue	17	926,193,105	1,795,941,481
Cost of Sales (-)	17	(761,622,686)	(1,200,887,919)
Gross Profit (Loss) from Trading Activities		164,570,419	595,053,562
		164,570,419	595,053,562
General Administrative Expenses (-)	18	(71,612,631)	(115,878,765)
Other Income from Operating Activities	19	381,338,985	347,552,784
Other Expenses from Operating Activities (-)	19	(192,530,813)	(414,950,770)
		281,765,960	411,776,811
OPERATING PROFIT/LOSS			
Income from Investing Activities	20	458,719,915	396,586,273
Expenses from Investing Activities (-)	20	(380,726,892)	(2,394,304,303)
		359,758,983	(1,585,941,219)
OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSES			
Monetary Gain / (Loss)		208,763,686	423,547,630
Finance Income (+)	21	193,849,206	593,458,434
Finance Expenses (-)	21	(589,325,943)	(832,876,004)
		173,045,932	(1,401,811,159)
PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS			
Tax Expense/Income from Continuing Operations		134,213,726	354,204,764
Deferred Tax Expense/Income	22	134,213,726	354,204,764
		307,259,658	(1,047,606,395)
PROFIT/LOSS FOR THE PERIOD			
Distribution of Profit/Loss for the Period			
Non-controlling Interests		75,815,164	(299,915,659)
Equity Holders of the Parent		231,444,494	(747,690,736)
		307,259,658	(1,047,606,395)
Earnings per share	23	1.19	(4.03)
		307,259,658	(1,047,606,395)
PROFIT/LOSS FOR THE PERIOD			
OTHER COMPREHENSIVE INCOME:			
Items not to be Reclassified To Profit or Loss			
Revaluation Increase/Decrease in Property, Plant and Equipment		339,636,923	22,521,716
Remeasurement Gains/Losses of Defined Benefit Plans	14	333,625,965	25,065,013
		(1,421,731)	(47,786)
Taxes on Other Comprehensive Income that will not be Reclassified to Profit or Loss			
Deferred Tax Expense/Income		7,432,689	(2,495,511)
		7,432,689	(2,495,511)
Items to be Reclassified To Profit or Loss			
Other Comprehensive Income (Expense) Related to Cash Flow Hedges		(259,506,881)	(97,059,632)
		(436,656,647)	(134,133,804)
Taxes on Other Comprehensive Income that will be Reclassified to Profit or Loss			
Deferred Tax Expense/Income		177,149,766	37,074,172
		177,149,766	37,074,172
		80,130,042	(74,537,916)
OTHER COMPREHENSIVE INCOME			
		387,389,700	(1,122,144,311)
TOTAL COMPREHENSIVE INCOME			
		387,389,700	(1,122,144,311)
Attributable to:			
Non-controlling interests		95,374,543	(317,892,592)
Equity holders of the parent		292,015,157	(804,251,719)

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

ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2023

(All amounts are expressed in Turkish Lira (“TL”) unless otherwise stated.)

	Paid-in Capital	Capital Adjustment	Share Repurchases	Share Premiums/ Discounts	Accumulated Other Comprehensive Income and Expenses not to be Reclassified to Profit or Loss	Accumulated Other Comprehensive Income and Expenses to be Reclassified to Profit or Loss	Retained Earnings			Parent's Equity	Non-Controlling Interests	Total Equity	
					Remeasurement Gain / Losses	Remeasurement and Defined Gains/Losses of Benefit Plans	Cash Flow Hedge Gains (Losses)	Restricted Reserves Appropriated from Profit	Profit/(loss) for the period				
													Revaluation
Balances as of 1 January 2022 (Beginning of the Period)	64,000,000	196,531,692	-	2,463,699,071	-	-	(679,167,751)	86,220	5,319,767,035	-	7,364,916,267	2,312,576,460	9,677,492,727
Transfers	-	-	-	55,521,041	-	-	-	10,865,446	(66,386,487)	-	-	-	-
Total Comprehensive Income / (Expense)	-	-	-	-	17,117,397	(38,229)	(73,640,151)	-	-	(747,690,736)	(804,251,719)	(317,892,592)	(1,122,144,311)
Increase/Decrease Due to Share Buyback Transactions	-	-	(2,153,269)	-	-	-	-	-	-	-	(2,153,269)	-	(2,153,269)
Transactions with non-controlling shareholders	-	-	-	6,376,267	-	-	(2,572,439)	-	(6,754,142)	-	(2,950,314)	71,818,965	68,868,651
Dividend Payment	-	-	-	-	-	-	-	-	(64,622,163)	-	(64,622,163)	(34,550,214)	(99,172,377)
Balances as of 31 December 2022	64,000,000	196,531,692	(2,153,269)	2,525,596,379	17,117,397	(38,229)	(755,380,341)	10,951,666	5,182,004,243	(747,690,736)	6,490,938,802	2,031,952,619	8,522,891,421
Balances as of 1 January 2023 (Beginning of the Period)	64,000,000	196,531,692	(2,153,269)	2,525,596,379	17,117,397	(38,229)	(755,380,341)	10,951,666	5,182,004,243	(747,690,736)	6,490,938,802	2,031,952,619	8,522,891,421
Transfers	196,000,000	418,414,282	-	(566,957,580)	-	-	-	6,768,284	(801,915,722)	747,690,736	-	-	-
Total Comprehensive Income / (Expense)	-	-	-	-	258,523,992	(769,587)	(197,183,742)	-	-	231,444,494	292,015,157	95,374,543	387,389,700
Increase/Decrease due to Share Repurchase Transactions	-	-	(48,266,460)	-	-	-	-	-	-	-	(48,266,460)	(7,010,660)	(55,277,120)
Transactions with non-controlling shareholders	-	-	-	-	(980,804)	-	3,799,454	-	(43,629,882)	-	(40,811,232)	13,972,533	(26,838,699)
Dividend Payment	-	-	-	-	-	-	-	-	(14,325,367)	-	(14,325,367)	(3,488,403)	(17,813,770)
Balances as of 31 December 2023 (End of the Period)	260,000,000	614,945,974	(50,419,729)	1,958,638,799	274,660,585	(807,816)	(948,764,629)	17,719,950	4,322,133,272	231,444,494	6,679,550,900	2,139,594,383	8,819,145,283

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

ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2023

(All amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

	Notes	Current Period 1 January- 31 December 2023	Prior Period 1 January- 31 December 2022
A. Cash Flows from Operating Activities			
Profit/Loss for the Period		307,259,658	(1,047,606,395)
Adjustments Related to Reconciliation of Net Profit/Loss for the Period			
- Adjustments Related to Depreciation and Amortization Expenses	10-11	210,085,179	270,395,909
- Adjustments Related to Provisions	14	452,895	626,656
- Adjustments Related to Interest Income and Expenses		146,188,513	152,704,964
- Adjustments Related to Fair Value Losses (Gains) on Derivative Financial Instruments	24-a	(11,926,425)	(64,046,322)
- Adjustments Related to Unrealised Foreign Currency Translation Differences		405,667,461	1,056,948,359
- Adjustments Related to Share Based Payments			
- Adjustments Related to Fair Value Losses/Gains		320,714,653	2,041,706,153
- Fair Value Losses (Gains) of Financial Assets	24-b	(367,682,133)	-
- Adjustments Related to Employment Termination Benefits	14	249,788	632,298
- Adjustments Related to Tax Expense / Income	22	(134,213,726)	(354,204,764)
- Gains/losses on Disposal of Non-Current Assets		(17,781,964)	(6,645,269)
Changes in working capital		859,013,899	2,050,511,589
- Adjustments Related to Increase / Decrease in Inventories		(36,888,262)	(202,702)
- Adjustments Related to Increase / Decrease in Trade Receivables		640,546,941	(929,138,491)
- Adjustments Related to Increase / Decrease in Other Payables from Operations		1,861,025	(117,298,944)
- Adjustments Related to Increase / Decrease in Other Receivables from Operations		597,189	1,963,612
- Adjustments Related to Decrease (Increase) in Other Assets		66,496,453	(36,812,215)
- Adjustments Related to Increase/Decrease in Trade Payables		(336,019,675)	203,492,762
- Adjustments Related to Increase/Decrease in Prepaid Expenses		(48,688,104)	(39,088,639)
- Adjustments Related to Increase / Decrease in Employee Benefits	14	3,724,017	811,478
- Adjustments Related to Increase (Decrease) in Other Liabilities	15	5,443,918	(1,023,406)
- Increase (Decrease) in Deferred Income (Excluding Liabilities arising from Customer Contracts)		(43,245,919)	9,214,545
- Monetary Loss/Gain		(1,367,454,739)	(1,714,459,952)
- Employment Termination Benefit Paid	14	(374,443)	(207,383)
- Tax Payments/Refunds	22	(8,497,443)	(2,952,060)
		(263,485,143)	(575,189,806)
B. Cash Flows Generated from Investing Activities			
Cash Outflows arising from Share Acquisition or Capital Increase of Associates and/or Joint Ventures	24-b	(1,123,581,672)	-
Cash Inflows from Sales of Property, Plant and Equipment and Intangible Assets	10-11	19,744,573	246,004
Cash Outflows from Purchase of Property, Plant and Equipment and Intangible Assets	10-11	(39,933,113)	(164,451,766)
Interest received		106,827,583	7,932,608
Change in financial assets	24-b	427,485,219	(440,904,526)
Repurchased Shares		(48,266,460)	(2,153,269)
		(657,723,870)	(599,330,949)
C. Cash Flows from Financing Activities			
Cash Inflows/Outflows arising from Other Receivables and Other Payables from Related Parties		608,312,347	9,495,360
Cash Inflows from Borrowings	24-c	1,175,353,696	284,023,456
Cash Outflows Related to Debt Repayments	24-c	(814,228,336)	(525,877,069)
Interest Paid	21	(253,016,096)	(160,637,572)
Dividends Paid		(17,813,770)	(99,172,377)
		698,607,841	(492,168,202)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES (A+B+C)		(222,601,172)	(1,666,688,957)
NAKİT VE NAKİT BENZERLERİNDEKİ NET ARTIŞ/ AZALIŞ (A+B+C+D)		(222,601,172)	(1,666,688,957)
D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		492,449,249	2,159,138,206
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)		269,848,077	492,449,249

ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(All amounts are expressed in Turkish Lira (“TL”) unless otherwise stated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Esenboğa Elektrik Üretim Anonim Şirketi (“Company” or “Esenboğa”):

The Company's subsidiaries, their main fields of activity and capital shares are as follows:

Subsidiaries	est/controlling interest (%)	Main Activity
Bosphorus Yenilenebilir Enerji A.Ş.	75,61%/75,61%	Energy production
Ağah Enerji Üretim Sanayi ve Ticaret A.Ş.	75,61%/75,61%	Energy production
Angora Elektrik Üretim A.Ş.	75,61%/75,61%	Energy production/ Repair and maintenance services
Anatolia Yenilenebilir Enerji A.Ş.	75,61%/75,61%	Energy production
Troya Yenilenebilir Enerji Ticaret A.Ş.	75,61%/75,61%	Energy production
Soleil Yenilenebilir Enerji Ticaret A.Ş.	75,61%/75,61%	Energy production
Enerji Teknoloji Yazılım A.Ş.	75,61%/75,61%	Software
Esenboğa Batarya Sistemleri ve Enerji Yatırımları A.Ş.	100%/100%	Energy production

The Group's installed capacity (kWp) for energy generation is listed below;

Province	District	Installed Power (kWp)	Production Power (kWe)
Ankara	Akyurt/ Kahramankazan/ Kızılıçhamam/ 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

ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(All amounts are expressed in Turkish Lira (“TL”) unless otherwise stated.)

2, BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2,1 Basis of Presentation

Statement of Compliance to TFRS

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board (“CMB”) Communiqué Serial II, No: 14,1 “Basis of Financial Reporting in Capital Markets”, which was published in the Official Gazette No:28676 on 13 June 2013, The accompanying financial statements are prepared based on the Turkish Financial Reporting Standards (“TFRS”) that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority (“POA”) under Article 5 of the Communiqué,

In addition, the consolidated financial statements have been prepared in accordance with the formats of “TFRS Taxonomy Announcement” published by POA and Financial Statement Examples and Guidelines for Use published by CMB, on 4 October 2022,

The financial statements have been prepared on the historical cost basis except for revaluation of certain property, plant and equipment and financial instruments, In determining the historical cost, the fair value of the amount paid for the assets is generally taken as the basis,

Currency Used

The individual financial statements of each Group entity are presented in the currency (functional currency) of the primary economic environment in which the entity operates, The results and financial position of each entity are expressed in TL, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements,

Restatement of financial statements during periods of high inflation

In accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards are required to apply inflation accounting by applying the provisions of TAS 29 to their annual financial statements for the accounting periods ending on 31 December 2023,

POA made an announcement on 23 November 2023 regarding the scope and application of TAS 29, It stated that the financial statements of the entities applying Turkish Financial Reporting Standards for the annual reporting period ending on or after 31 December 2023 should be presented in accordance with the related accounting principles in TAS 29, adjusted for the effects of inflation,

In this framework, while preparing the consolidated financial statements dated 31 December 2023, inflation adjustment has been made in accordance with TAS 29,

ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(All amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

2, BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2,1 Basis of Presentation (cont'd)

Restatement of financial statements during periods of high inflation (cont'd)

TAS 29 applies to the financial statements, including the consolidated financial statements, of each entity whose functional currency is the currency of a hyperinflationary economy, If an economy is subject to hyperinflation, TAS 29 requires an entity whose functional currency is the currency of a hyperinflationary economy to present its financial statements in terms of the measuring unit current at the end of the reporting period,

As at the reporting date, entities operating in Türkiye are required to apply TAS 29 "Financial Reporting in Hyperinflationary Economies" for the reporting periods ending on or after 31 December 2023, as the cumulative change in the general purchasing power of the last three years based on the Consumer Price Index ("CPI") is more than 100%,

The table below shows the inflation rates for the relevant years calculated by taking into account the Consumer Price Indices published by the Turkish Statistical Institute (TURKSTAT):

Date	Index	Adjustment coefficient	Three-year cumulative inflation rates
31,12,2023	1,859,38	1,000	268%
31,12,2022	1,128,45	1,647	156%
31,12,2021	686,95	2,706	74%

Comparative Information and Restatement of Prior Periods' Consolidated Financial Statements

The consolidated financial statements of the Group are prepared in comparison with the prior period in order to allow the determination of financial position and performance trends, In order to comply with the presentation of the current period consolidated financial statements, comparative information is reclassified when necessary and significant differences are disclosed, In the current period, the Group has not made any changes in its prior period financial statements,

Going Concern

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

ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(All amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

2, BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2,1 Basis of Presentation (cont'd)

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries, Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns,

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above,

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally, The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings,

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary, Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary,

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests, Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance,

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies,

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation,

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2, BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2,1 Basis of Presentation (cont'd)

Basis of Consolidation (cont'd)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions, The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Group,

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests, All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e, reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable TFRS), The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TFRS 9 Financial Instruments, when applicable, the cost on initial recognition of an investment in an associate or a joint venture,

2,2 Changes in the Accounting Policies and Errors

The accounting policy changes arising from the first-time application of a new standard are applied retrospectively or prospectively in accordance with the transitional provisions, if any, The changes that take place of any transitional provision, significant changes made optional in accounting policies or determined accounting errors are applied retrospectively by restating prior period financial statements, If changes in accounting estimates are related to only one period, they are applied both in the current period when the amendment is made and for the future periods, both in the current period and in the future,

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2, BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.3 New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2023

Amendments to TAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to TAS 8	<i>Definition of Accounting Estimates</i>
Amendments to TAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to TAS 12	<i>International Tax Reform — Pillar Two Model Rules</i>

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,

Amendments to TAS 12 *International Tax Reform — Pillar Two Model Rules*

The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes, Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023,

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

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

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2, BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2,3 New and Amended Turkish Financial Reporting Standards (cont’d)

b) New and amended TFRSs in issue but not yet effective (cont’d)

TFRS 17	<i>Insurance Contracts</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to TAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to TAS 7 and TFRS 7	<i>Supplier Finance Arrangements</i>
TSRS 1	<i>General Requirements for Disclosure of Sustainability-related Financial Information</i>
TSRS 2	<i>Climate-related Disclosures</i>

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 has been deferred for insurance, reinsurance and pension companies for a further year and will replace TFRS 4 *Insurance Contracts* on 1 January 2025,

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 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 2024 and earlier application is permitted,

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2, BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

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

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,

Amendments to TAS 7 and TFRS 7 *Supplier Finance Arrangements*

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements that ask entities to provide qualitative and quantitative information about supplier finance arrangements, Amendments are effective from annual reporting periods beginning on or after 1 January 2024,

TSRS 1 *General Requirements for Disclosure of Sustainability-related Financial Information*

TSRS 1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity, The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria, Other entities may voluntarily report in accordance with TSRS,

TSRS 2 *Climate-related Disclosures*

TSRS 2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity, The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria, Other entities may voluntarily report in accordance with TSRS,

ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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2, BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2,4 Summary of Significant Accounting Policies

Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the 'reporting entity'),

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

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged,

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2, BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2,4 Summary of Significant Accounting Policies (cont'd)

Revenue

When a performance obligation is satisfied by transferring promised goods or services to a customer, the Group recognises the revenue as the amount of the transaction price that is allocated to that performance obligation, The goods or services are transferred when the control of the goods or services is delivered to the customers, Returns, discounts and provisions are reduced from the related amount,

Group recognises revenue based on the following five principles:

- (a) Identification of customer contracts,
- (b) Identification of performance obligations,
- (c) Determination of the transaction price in the contracts,
- (d) Allocation of transaction price to the performance obligations,
- (e) Recognition of revenue when the performance obligations are satisfied,

Group recognises revenue from its customer when all of the following criteria are met:

- (a) The parties have approved the contract (written or orally or in accordance with other customer business practices) and are committed to perform their respective obligations,
- (b) Group can identify the right of parties related to goods and services,
- (c) Group can identify the payment terms of goods and services to be transferred,
- (d) The contract has commercial substance,
- (e) It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods and services that will be transferred to the customer, In evaluating whether collectability of a consideration is probable, the entity shall consider only the customer's ability and intention to pay the consideration when it is due,

Income from electricity sales

Revenue is recognized on the billed amount, on accrual basis, upon the delivery of electricity,

Inventories

Inventories are valued at the lower of cost or net realizable value and the weighted average cost method, Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale, When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of profit or loss in the period the write-down or loss occurred, When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed, The reversal amount is limited to the amount of the original write-down,

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2, BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2,4 Summary of Significant Accounting Policies (cont'd)

Property, Plant and Equipment

Revaluation Method

Land and plant, machinery and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses, Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period,

Any revaluation increase arising on the revaluation of such land is recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed, A decrease in the carrying amount arising on the revaluation of such land is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset,

Properties in the course of construction for administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss, Cost includes professional fees and, for qualifying assets, borrowing costs are capitalized in accordance with the Group's accounting policy, Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use, Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use,

Depreciation on revalued plant, machinery and equipment is charged to profit or loss, On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings, There is no transfer from the revaluation fund to retained earnings unless the asset is derecognized,

Freehold land is not depreciated, Plant, machinery and equipment are stated at cost less accumulated depreciation and accumulated impairment losses,

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their estimated useful lives, using the straight-line method, The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis,

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset, Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss,

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2, BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2,4 Summary of Significant Accounting Policies (cont'd)

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software, These costs are amortized over their estimated useful lives,

Costs associated with developing or maintaining computer software programmes are recognized as an expense as incurred, Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets, Costs include the software development employee costs and an appropriate portion of relevant overheads,

Computer software development costs recognized as non-current assets are amortized over their estimated useful lives,

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal, Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized,

Impairment of Property, Plant and Equipment and Intangible Assets Other Than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any), When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs, When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified,

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired, Recoverable amount is the higher of fair value less costs to sell and value in use, In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted,

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2, BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2,4 Summary of Significant Accounting Policies (cont'd)

Intangible Assets (cont'd)

Impairment of Property, Plant and Equipment and Intangible Assets Other Than Goodwill (cont'd)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount, An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease,

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

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale,

All other borrowing costs are recognized in the statement of profit or loss in the period in which they are incurred,

Financial Instruments

Financial assets and financial liabilities are recognized in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument, Financial assets and financial liabilities are initially measured at fair value, Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition, Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss,

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2, BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2,4 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis,

The Group classifies its financial assets as (a) Business model used for managing financial assets, (b) financial assets subsequently measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss based on the characteristics of contractual cash flows, The Company reclassifies all financial assets effected from the change in the business model it uses for the management of financial assets, The reclassification of financial assets is applied prospectively from the reclassification date, In such cases, no adjustment is made to gains, losses (including any gains or losses of impairment) or interest previously recognized in the consolidated financial statements,

Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the 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,

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the 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,

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL),

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset; the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met,

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2, BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2,4 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets (cont'd)

Classification of financial assets (cont'd)

(i) Amortised cost and effective interest method

Interest income on financial assets carried at amortized cost is calculated using the effective interest method, The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period, This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

(a) Credit-impaired financial assets when purchased or generated, For such financial assets, the Company applies the effective interest rate on the amortized cost of a financial asset based on the loan from the date of the recognition in the consolidated financial statements,

(b) Non-financial assets that are impaired at the time of acquisition or generation but subsequently become a financial asset that has been impaired, For such financial assets, the Company applies the effective interest rate to the amortized cost of the asset in the subsequent reporting periods,

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI,

Interest income is recognized in profit or loss and is shown under the item "finance income - interest income" (Note: 21),

(ii) Financial assets at FVTOCI

The corporate bonds held by the Group are classified as at FVTOCI, The corporate bonds are initially measured at fair value plus transaction costs,

(iii) Equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI,

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2, BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2,4 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets (cont'd)

(iii) Equity instruments at FVTOCI (cont'd)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument),

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not to be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings,

Dividends on these investments in equity instruments are recognized in profit or loss in accordance with TFRS 9 unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'income from investing activities' line item in profit or loss (Note 20),

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of TFRS 9,

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL,

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy),

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2, BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2,4 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets (cont'd)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period, Specifically,

- for financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss, Other exchange differences are recognized in other comprehensive income;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income,

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on borrowing instruments, lease receivables, trade receivables, assets arising from contracts with customers and expected credit losses from investments to financial guaranty contract that are measured at amortized cost or at FVTOCI, The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument,

The Group utilizes a simplified approach for trade receivables, contract assets and *lease receivables* that does not have significant financing component and calculates the allowance for impairment against the lifetime ECL of the related financial assets,

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition, However, if on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL,

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2, BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2,4 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets (cont'd)

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date,

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows (all cash-deficiencies) that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate (or credit-based adjusted effective interest rate for financial assets with credit-value impairment when purchased or incurred),

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity,

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings,

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2, BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2,4 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial liabilities

Financial liabilities are classified as at FVTPL on initial recognition, On initial recognition of liabilities other than those that are recognized at FVTPL, transaction costs directly attributable to the acquisition or issuance thereof are also recognized in the fair value,

A financial liability is subsequently classified at amortized cost except:

(a) Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value,

(b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Group continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognized in the financial statements, The transferred asset and the related liability are measured to reflect the rights and liabilities that the Group continues to hold, The transferred liability is measured in the same manner as the net book value of the transferred asset,

(c) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where TFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL,

The entity does not reclassify any financial liability,

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired, The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss,

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2, BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2,4 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Derivative financial instruments

In order to keep the risks associated with foreign exchange and interest rates under control, the Group uses various derivative financial instruments, including foreign exchange forward contracts, options and interest rate swap contracts, Further details of derivative financial instruments are disclosed in Note 24,

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date, The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship,

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability, Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset, A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months, Other derivatives are presented as current assets or current liabilities,

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations as appropriate, Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges,

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions, Furthermore, at the inception of the hedge and on an ongoing basis, the Group makes the following evaluations regarding the effectiveness of the relevant instrument:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item,

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e., rebalances the hedge) so that it meets the qualifying criteria again, The Group designates the full change in the fair value of a forward contract (i.e., including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts,

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2, BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2,4 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Hedge accounting (cont'd)

Note 13 sets out details of the fair values of the derivative instruments used for hedging purposes,

Business Combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method, The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree, Acquisition-related costs are generally recognized in profit or loss as incurred,

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with TAS 12 *Income Taxes* and TAS 19 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with TFRS 2 *Share-based Payment* at the acquisition date and
- Assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard,

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed, If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, the excess is recognized immediately in profit/loss as a bargain purchase gain,

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2, BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2,4 Summary of Significant Accounting Policies (cont'd)

Business Combinations (cont'd)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another TFRS,

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination,

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date,

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is measured to fair value at subsequent reporting dates with changes in fair value recognized in profit or loss,

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e., the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of,

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date,

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination,

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2, BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2,4 Summary of Significant Accounting Policies (cont'd)

Goodwill (cont'd)

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit, Any impairment loss for goodwill is recognized directly in profit or loss in the statement of profit or loss, An impairment loss recognized for goodwill is not reversed in subsequent periods,

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal,

The Group's policy for goodwill arising on the acquisition of an associate is described under Investments in associates heading,

Effects of Changes in Exchange Rate

Foreign Currency Transactions and Balances

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency), For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements,

In preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions,

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date, Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined, Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated,

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered in order to hedge certain foreign currency risks (see below for hedging accounting policies),
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment,

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2, BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2,4 Summary of Significant Accounting Policies (cont'd)

Earnings Per Share

Earnings per share stated in the consolidated statement of profit or loss are calculated by dividing net profit by the weighted average number of shares outstanding during the year, Companies in Türkiye can increase their capital through "bonus shares" that they distribute to their shareholders from retained earnings, Such "bonus shares" distributions are treated as issued shares in earnings per share calculations, Accordingly, the weighted average number of shares used in these calculations has been calculated by taking into account the retrospective effects of the aforementioned share distributions,

Events After the Reporting Period

Events after the reporting period include all events that take place between the reporting date and the date of authorization for the release of the statement of financial position, although the events occurred after the announcements related to the profit or even after the public disclosure of other selected financial information,

In the case that events requiring an adjustment occur, the Group adjusts the amounts recognized in its financial statements to reflect the adjustments after the reporting date,

Provisions, Contingent Asset and Liabilities

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation,

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation, When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows,

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably,

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2, BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2,4 Summary of Significant Accounting Policies (cont'd)

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation and are initially recognized at cost plus transaction costs, After initial recognition, investment properties are measured at fair value, which reflects market conditions at the balance sheet date, Gains or losses arising from changes in the fair value of investment properties are recognized in the statement of profit or loss in the period in which they arise,

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal, Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognized,

Transfers are made to or from investment property only when there is a change in use, For a transfer from investment property that is measured at fair value to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use, If owner occupied property becomes an investment property that is measured at fair value, the Group accounts for such property in accordance with the policy stated under "Property, Plant and Equipment" up to the date of change in use,

Taxation

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

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

Current tax

The tax currently payable is based on taxable profit for the year, Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and it excludes items that are never taxable or deductible, The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period,

Deferred tax

Deferred tax liability or asset is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit, Deferred tax liabilities are generally recognized for all taxable temporary differences, Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized, Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit,

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2, BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2,4 Summary of Significant Accounting Policies (cont'd)

Taxation (cont'd)

Deferred tax (cont'd)

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities,

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis,

Current and deferred tax for the period

Tax is included in the statement of profit or loss, unless it is related to a transaction recognized directly in equity, Otherwise, the tax is recognized in equity together with the related transaction,

Employee Benefits

Termination benefits:

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group, Such payments are considered as being part of defined retirement benefit plan as per TMS 19 *Employee Benefits* ("TMS 19"),

The retirement benefit obligation recognized in the consolidated statement of financial position represents the present value of the defined benefit obligation, The actuarial gains and losses are recognized in other comprehensive income,

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2, BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2,4 Summary of Significant Accounting Policies (cont'd)

Statement of Cash Flows

In the statement of cash flows, cash flows are classified according to operating, investment and financing activities,

Capital and Dividends

Ordinary shares are classified as equity, Dividends on ordinary shares are recognized in equity in the period in which the dividend is decided,

2,5 Significant Accounting Judgments, Estimates and Assumptions

Critical decisions and assumptions made by the Group in applying accounting policies

Deferred Tax

The Group recognizes deferred tax on the temporary timing differences between the carrying amounts of assets and liabilities in the financial statements prepared in accordance with TFRS and statutory financial statements which is used in the computation of taxable profit, There are deferred tax assets consisting of investment incentives that the Group will benefit from in the future, The partially or wholly recoverable amount of deferred tax assets has been estimated under current conditions, During the evaluation, future profit projections, losses in current periods, expiry dates of unused losses and other tax assets, and tax planning strategies that can be used when necessary are taken into consideration,

Fair values of derivative instruments

The Group evaluates derivative financial instruments based on estimated market value estimates as of the reporting date calculated based on exchange rate and interest estimates at the date of realization,

Fair value measurement of property, plant and equipment

As of 31 December 2023, land, plant, machinery and equipment have been revalued, The fair values of land have been estimated based on the market values of land similar to the Group's assets, The fair values of plant, machinery and equipment are estimated by calculating the net present value of discounted cash flows, The key assumptions applied in determining fair value are weighted average cost of equity and final growth rates,

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2, BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2,5 Significant Accounting Judgments, Estimates and Assumptions (cont'd)

Critical decisions and assumptions made by the Group in applying accounting policies (cont'd)

Fair value measurement of property, plant and equipment (cont'd)

As of 31 December 2018, the Group has chosen the revaluation method instead of the historical cost model as the accounting policy among the application methods specified in TAS 16 for the plant, machinery and equipment of SPPs, The methods considered for the significant judgments, estimates and assumptions used in the independent valuations of these values have been applied consistently with the methods considered for the judgments, estimates and assumptions used in the fair value determinations as at 31 December 2023 and 31 December 2022, Due to the complexity of the inputs and calculations, as well as the use of long-term price expectations, electricity production expectations, discount rate ("Weighted Average Cost of Equity" and/or "WACC") and capacity utilization rate estimates, which are sensitive to industry and economic variables, an independent valuation firm was engaged for the revaluation, As at 31 December 2023 and 31 December 2022, the fair value determined by an independent valuation company licensed by CMB is used for plant, machinery and equipment, Discounted cash flow analysis has been applied in the valuation and impairment studies,

The calculation of the net present value of future cash flows is based on estimates of the long-term growth rate and weighted average cost of equity, The results of the sensitivity calculation are disclosed for a possible 10 percent decrease in the estimated long-term growth rates for the companies and a 10 percent decrease in the discount rates,

	Turkish Lira
As of 31 December 2023 Value of Machinery and Equipment	8,152,485,030
Total Value at Reduction Rate with -10%	7,283,797,579
Default Rate of Change	(12,5%)
Total Value at Reduction Rate +10%	9,681,207,525
Default Rate of Change	16,3%

For major maintenance related to power plants, useful lives different from the useful life of the power plants have been determined, Therefore, maintenance is recognized as separate components of power plants, Depreciation methods and useful lives are reviewed at each reporting date and adjusted if necessary, As of 1 January 2020, the useful life of the Group's solar power plants has been adjusted as 50 years,

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3, SEGMENT REPORTING

Province	31 December 2023		31 December 2022	
	Production amount (KWh)	Sales amount / TL	Production amount (KWh)	Sales amount / TL
Adana	16,844,939	67,053,135	16,808,205	71,686,579
Muğla	34,659,550	142,621,580	32,799,477	187,040,399
Bilecik	2,895,626	11,730,393	3,070,504	13,168,275
Afyon	23,792,140	95,924,816	24,638,815	105,551,761
Nevşehir	16,370,556	66,159,281	15,679,285	67,439,917
Ankara	35,753,030	144,067,983	37,014,130	158,742,931
Yozgat	10,024,473	40,499,042	9,798,545	42,112,756
Antalya	6,109,161	24,495,000	6,212,919	26,538,863
Eskişehir	5,142,034	20,666,937	5,308,503	22,662,433
Konya	31,209,775	125,870,861	30,512,036	130,933,307
Total	182,801,284	739,089,028	181,842,420	825,877,221

	Electricity	Construction	Related Party	Elimination	31 December 2023
	Production	Contracting			
Domestic sales	739,089,028	138,290,505	55,037,448	(6,223,876)	926,193,105
Cost of sales (-)	(537,814,153)	(177,177,781)	(52,854,628)	6,223,876	(761,622,686)
Gross Profit (Loss)	201,274,875	(38,887,276)	2,182,820	-	164,570,419

	Electricity	Construction	Related Party	Elimination	31 December 2022
	Production	Contracting			
Domestic sales	825,877,221	981,951,580	-	(11,887,320)	1,795,941,481
Cost of sales (-)	(533,685,445)	(679,089,794)	-	11,887,320	(1,200,887,919)
Gross Profit (Loss)	292,191,776	302,861,786	-	-	595,053,562

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4, RELATED PARTY DISCLOSURES

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated during consolidation process and are not disclosed in this note,

Other receivables	31 December 2023	31 December 2022
Naturel Holding A.Ş. (*)	-	608,312,347
	-	608,312,347

(*)The Group's other receivables from the parties provided in 2022 are of sufficient quality and are subject to market conditions has borrowing amounts.

Trade Payable	31 December 2023	31 December 2022
Hermes Uluslararası Ticaret ve Lojistik A.Ş	-	9,495,361
	-	9,495,361

Interest income	31 December 2023	31 December 2022
Naturel Holding A.Ş.	34,007,676	-
Naturel Yenilenebilir Enerji Ticaret A.Ş.	14,835,251	8,863,804
Hermes Uluslararası Ticaret ve Lojistik A.Ş	-	214,859
	48,842,927	9,078,663

Interest expenses	31 December 2023	31 December 2022
	9,652,959	-
Naturel Holding A.Ş.	10,003,470	7,973
Naturel Yenilenebilir Enerji Ticaret A.Ş.	483,821	18,642
	20,140,250	26,616

As of December 31, 2023, the benefits provided to the Group's key management personnel amount to 6,488,384 TL (December 31, 2022: 3,273,364 TL).

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5, TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

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

<u>Short-term trade receivables</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
Income accruals (*)	632,447,371	1,102,920,722
Trade receivables	46,779,408	209,871,067
Notes receivable	-	16,477,292
	<u>679,226,779</u>	<u>1,329,269,081</u>

As of 31 December 2023, the Group has no uncollectible receivables (31 December 2022: None),

(*) The Group's energy revenues at the end of the period consist of income accruals and the Group's construction contract assets in progress,

b) Trade Payables:

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

<u>Short-term trade payables</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
Trade payables	32,302,786	27,520,264
Trade payables - related parties	-	9,495,361
Notes payable	-	1,721,890
Expense accruals	410,228,796	749,309,104
	<u>442,531,582</u>	<u>788,046,619</u>

Explanations regarding the nature and level of risks in other receivables are given in Note 25,

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6, OTHER RECEIVABLES AND PAYABLES

a) Other Receivables

	31 December 2023	31 December 2022
<u>Short-Term Other Receivables</u>		
Deposits and guarantees given	35,159	84,548
Discount on other receivables - related parties	-	608,312,347
Other miscellaneous receivables	309,888	111,537
Receivables from the tax office	206,767	952,918
	<u>551,814</u>	<u>609,461,350</u>

	31 December 2023	31 December 2022
<u>Long-Term Other Receivables</u>		
Deposits and guarantees given	492,079	5,472,301
	<u>492,079</u>	<u>5,472,301</u>

b) Other Payables

	31 December 2023	31 December 2022
<u>Short-Term Other Payables</u>		
Deposits and guarantees received	6,782,940	4,921,915
	<u>6,782,940</u>	<u>4,921,915</u>

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7, INVENTORIES

	31 December 2023	31 December 2022
Trade goods (*)	46,238,543	8,800,695
Other inventories	848,482	1,398,068
	<u>47,087,025</u>	<u>10,198,763</u>

(*) It consists of materials such as solar panels and connectors purchased for EPC Projects,

8, PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2023	31 December 2022
<u>Short-Term Prepaid Expenses</u>		
Order advances given	59,417,188	31,244,791
Prepaid expenses	5,954,440	9,900,184
Business advances	31,770,802	7,356,853
	<u>97,142,430</u>	<u>48,501,828</u>
	31 December	31 December
<u>Long-Term Prepaid Expenses</u>	<u>2023</u>	<u>2022</u>
Prepaid expenses	49,018	1,516
	<u>49,018</u>	<u>1,516</u>
	31 December	31 December
<u>Short-Term Deferred Income</u>	<u>2023</u>	<u>2022</u>
Order advances received	39,617,746	82,863,665
	<u>39,617,746</u>	<u>82,863,665</u>

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9, INVESTMENT PROPERTIES

<u>Cost Value</u>	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Opening balance as of 1 January 2023	32,954,583	668,978,050	701,932,633
Monetary Gain / Loss	(8,146,084)	(13,978,050)	(22,124,134)
Closing balance as of 31 December 2023	<u>24,808,499</u>	<u>655,000,000</u>	<u>679,808,499</u>

<u>Cost Value</u>	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Opening balance as of 1 January 2022	-	-	-
Additions	-	54,145,542	54,145,542
Transfers	25,172,478	270,016,462	295,188,940
Revaluation	7,782,105	344,816,046	352,598,151
Closing balance as of 31 December 2022	<u>32,954,583</u>	<u>668,978,050</u>	<u>701,932,633</u>

There are no mortgages on the investment properties owned by the Group,

Fair value measurements of the Group's investment properties

As of 31 December 2023 and 31 December 2022, the fair values of the Group's investment properties have been determined by Net Kurumsal Değerleme ve Danışmanlık A.Ş., a valuation company independent from the Group and authorized by the CMB, The fair value of land and buildings owned is determined using the market comparative approach, which reflects current transaction prices for similar properties,

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10, PROPERTY, PLANT AND EQUIPMENT

	Land	Leasehold improvements	Propety, plant and equipment	Vehicles	Furniture and fittings	Construction in progress	Total
<u>Cost</u>							
Opening balance as of 1 January 2023	515,279,519	11,036	9,106,890,462	76,323,053	8,396,503	-	9,706,900,573
Additions	-	-	-	28,039,913	4,870,978	6,423,765	39,334,656
Transfers	461,869,008	-	(655,814,912)	(14,476,622)	-	-	(208,422,526)
Revaluation fund	333,625,965	-	(298,590,519)	-	-	-	35,035,446
Disposals	-	-	-	(24,290,449)	-	-	(24,290,449)
31 Aralık 2023 itibarıyla kapanış bakiyesi	<u>1,310,774,492</u>	<u>11,036</u>	<u>8,152,485,031</u>	<u>65,595,895</u>	<u>13,267,481</u>	<u>6,423,765</u>	<u>9,548,557,700</u>
<u>Accumulated Depreciation</u>							
Opening balance as of 1 January 2023	-	3,202	-	5,165,640	2,213,362	-	7,382,204
Yabancı para çevrim farkları	-	3,201	193,945,903	13,856,858	2,062,170	-	209,868,132
Charge for the period	-	-	(193,945,903)	(14,476,622)	-	-	(208,422,525)
Transfer	-	-	-	(4,545,876)	-	-	(4,545,876)
Closing balance as of 31 December 2023	<u>-</u>	<u>6,403</u>	<u>-</u>	<u>-</u>	<u>4,275,532</u>	<u>-</u>	<u>4,281,935</u>
Carrying value as of 31 December 2023	<u>1,310,774,492</u>	<u>4,633</u>	<u>8,152,485,031</u>	<u>65,595,895</u>	<u>8,991,949</u>	<u>6,423,765</u>	<u>9,544,275,765</u>

(*) As of 31 December 2023, there are pledges on property, plant and equipment amounting to TL 4,428,715,928 and mortgages amounting to TL 6,207,879,630,

(*) Acquired SEPPs and existing plant, machinery and equipment have been transferred to the financial statements at fair value with the valuation report dated 30 December 2022 by Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş.,

ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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(All amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

10, PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Land	Leasehold improvements	Propety, plant and equipment	Vehicles	Furniture and fittings	Construction in progress	Total
<u>Cost</u>							
Opening balance as of 1 January 2022	528,071,139	11,036	173,229,958	11,739,979,544	24,901,376	5,085,620	12,471,278,673
Additions	-	-	101,730,060	4,871,856	54,119,330	3,568,438	164,289,684
Transfer	(25,172,478)	-	(274,960,018)	(256,340,789)	-	-	(556,473,285)
Increase in value	25,065,012	-	-	-	-	-	25,065,012
Impairment	(12,684,154)	-	-	(2,381,620,149)	-	-	(2,394,304,303)
Disposals	-	-	-	-	-	(257,555)	(257,555)
Closing balance as of 31 December 2022	515,279,519	11,036	-	9,106,890,462	79,020,706	8,396,503	9,709,598,226
<u>Accumulated Depreciation</u>							
Opening balance as of 1 January 2023	-	856	-	-	207,511	1,060,204	1,268,571
Charge for the period	-	2,346	4,943,556	256,340,789	7,655,782	1,164,709	270,107,182
Transfer	-	-	(4,943,556)	(256,340,789)	-	-	(261,284,345)
Disposals	-	-	-	-	-	(11,551)	(11,551)
Closing balance as of 31 December 2022	-	3,202	-	-	7,863,293	2,213,362	10,079,857
Carrying value as of 31 December 2022	515,279,519	7,834	-	9,106,890,462	71,157,413	6,183,141	9,699,518,369

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10, PROPERTY, PLANT AND EQUIPMENT (cont'd)

The net carrying values of the plant, machinery and equipment owned by the Group, if valued on the historical cost basis, are given below:

	31 December 2023	31 December 2022
Cost	5.115.665.231	840.354.865
Accumulated Depreciation	(3.082.228.728)	(335.563.838)
Net book value	<u>2.033.436.503</u>	<u>504.791.027</u>

	31 December 2022	31 December 2021
Cost of Investment Property and Land and Land Improvements	572,119,804	432,111,198
Accumulated Depreciation of Investment Properties	(3,557,745)	(3,006,894)
Net book value	<u>568,562,059</u>	<u>429,104,304</u>

Depreciation periods for property, plant and equipment are as follows:

	<u>Useful Life</u>
Buildings	50 years
Plant, machinery and equipment	45-50 years
Vehicles	5 years
Furniture and fixtures	3-15 years
Leasehold improvements	5 years

11, INTANGIBLE ASSETS

ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023**

(All amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

	<u>Cost Value</u>	<u>Rights</u>	<u>Other Intangible Assets</u>	<u>Total</u>
Opening balance as of 1 January 2023		117,506	929,854	1,047,360
Additions		598,457	-	598,457
Closing balance as of 31 December 2023		<u>715,963</u>	<u>929,854</u>	<u>1,645,817</u>
<u>Accumulated Amortisation</u>				
Opening balance as of 1 January 2023		108,407	663,843	772,250
Charge for the period		96,430	120,617	217,047
Closing balance as of 31 December 2023		<u>204,837</u>	<u>784,460</u>	<u>989,297</u>
Carrying value as of 31 December 2023		<u>511,126</u>	<u>145,394</u>	<u>656,520</u>

ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(All amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

11, INTANGIBLE ASSETS (cont'd)

	Cost Value	Rights	Other Intangible Assets	Total
Opening balance as of 1 January 2022		110,441	774,837	885,278
Additions		7,065	155,017	162,082
Closing balance as of 31 December 2022		117,506	929,854	1,047,360
<u>Accumulated Amortisation</u>				
Opening balance as of 1 January 2022		50,256	433,267	483,523
Charge for the period		58,150	230,577	288,727
Closing balance as of 31 December 2022		108,406	663,844	772,250
Carrying value as of 31 December 2022		9,100	266,010	275,110

The amortization periods used for intangible assets are as follows:

	Useful Life
Rights	3 years
Other intangible assets	3-15 years

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12, COMMITMENTS

Collaterals-Pledge-Mortgage (“CPM”)

The Company’s collaterals/pledge/mortgage position as of 31 December 2023 and 2022 is as follows:

31 December 2023		TL equivalent	TL	USD	EUR
A. Total Amount of CPM Given for Its Own Legal Entity					
	-Collateral	94,018,029	89,132,012	165,975	-
	-Pledge	-	-	-	-
	-Mortgage	-	-	-	-
B. Total Amount of CPM Given on Behalf of the Fully Consolidated Entities					
	-Collateral	99,034,181	99,034,181	-	-
	-Pledge	6,353,715,928	1,975,000,000	95,000,000	48,569,159
	-Mortgage	6,207,879,630	571,415,000	90,000,000	91,700,000
C. Total Amount of CPM Given on Behalf of Third Parties Debts for Continuation of Their Economic Activities		-	-	-	-
D. Total Other CPM Given		-	-	-	-
i. Total CPM Given on Behalf of the Parent Company		-	-	-	-
ii. Total CPM Given on Behalf of Other Group Companies which are not included in the Scope of Items B and C		-	-	-	-
iii. Total CPM Given on Behalf of Third Parties which are not included in the Scope of Items C		-	-	-	-
Total		12,754,647,768	2,734,581,193	185,165,975	140,269,159

The ratio of other CPMs given by the Company/Group to the equity of the Company/Group is 124% as of 31 December 2023,

As of 31 December 2023, there are sureties given on behalf of Group companies amounting to TL 6,856,600,000 USD126,840,000 EUR 316,274,000 and sureties given on their own behalf amounting to TL 1,150,000,000, USD 25,500,000 and EUR 108,000,000,

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12, COMMITMENTS (cont'd)

Collaterals-Pledge-Mortgage ("CPM") (cont'd)

31 December 2022	TL equivalent	TL	USD	EUR
A. Total Amount of CPM Given for Its Own Legal Entity				
-Letters of guarantee given	199,095,648	199,095,648	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
B. Total Amount of CPM Given on Behalf of the Fully Consolidated Entities				
-Letters of guarantee given	4,359,175,487	4,359,175,487	-	-
-Pledge	3,640,503,070	628,457,496	-	151,094,090
-Mortgage	2,645,612,361	-	-	-
C. Total Amount of CPM Given on Behalf of Third Parties Debts for Continuation of Their Economic Activities	-	-	-	-
D. Total Other CPM Given	-	-	-	-
i. Total CPM Given on Behalf of the Parent Company	-	-	-	-
ii. Total CPM Given on Behalf of Other Group Companies which are not included in the Scope of Items B and C	-	-	-	-
iii. Total CPM Given on Behalf of Third Parties which are not included in the Scope of Items C	-	-	-	-
Total	10,844,386,566	5,186,728,630	-	151,094,090

The ratio of other CPMs given by the Company/Group to the equity of the Company/Group is 127% as of 31 December 2022,

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13, CASH FLOW HEDGE ACCOUNTING FOR HIGH-PROBABILITY FORECAST TRANSACTION CURRENCY RISK

The Group hedges the foreign currency risk on the balance sheet by borrowing in the same currency against the foreign currency risks arising from the foreign currency sales amounts that are highly probable to be realized in the future, considering the agreements made and the corporate budget,

Repayments of foreign currency borrowings, that are subject to hedge accounting and determined as hedging instrument, are made with foreign currency sales cash flows that will be realized on close dates and determined as hedged item,

Within the scope of the currency risk management strategy it has determined, the Group applies hedge accounting for the purpose of hedging the currency risk component of the highly probable estimated transaction cash flow risk, and the foreign exchange rate that has occurred on the hedging instrument, whose effectiveness has been mathematically proven in accordance with TFRS 9 and has not yet been realized, It pulls the fluctuations from the income statement and parks it in the comprehensive income statement and aims to present a healthier income statement,

As of 31 December 2023, the hedging ratio is 93% and hedge effectiveness is 96%,

USD	31 December 2023
Present value of the hedged item (current portion)	6,161,891
Present value of the hedged item (non-current portion)	21,940,413
Present value of the hedging instrument (current portion)	8,546,262
Present value of the hedging instrument (non-current portion)	20,152,695
EUR	31 December 2023
Present value of the hedged item (current portion)	4,543,335
Present value of the hedged item (non-current portion)	26,713,732
Present value of the hedging instrument (current portion)	7,625,184
Present value of the hedging instrument (non-current portion)	21,240,896
TL	31 December 2023
Cumulative exchange difference on the hedged item (current portion)	28,801,590
Cumulative exchange difference on the hedged item (non-current portion)	139,887,600
Cumulative exchange difference on the hedging instrument (current portion)	(44,637,196)
Cumulative exchange difference on the hedging instrument (non-current portion)	(116,809,771)
Hedging effectiveness rate	96%
Inactive portion left in the income statement	7,242,223

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14, EMPLOYEE BENEFITS

Payables related to employee benefits

	31 December 2023	31 December 2022
Payables for employees	2,705,999	1,144,468
Social security premiums payable	2,119,562	1,174,833
	<u>4,825,561</u>	<u>2,319,301</u>

Short-term provisions for employee benefits

	31 December 2023	31 December 2022
Provision for unused vacation	1,252,376	799,481
	<u>1,252,376</u>	<u>799,481</u>

Long-term provisions for employee benefits

Provision for employment termination benefits:

	31 December 2023	31 December 2022
Provision for employment termination benefits	1,733,538	640,436
	<u>1,733,538</u>	<u>640,436</u>

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14, EMPLOYEE BENEFITS (cont'd)

Long-term provisions for employee benefits (cont'd)

Provision for employment termination benefits: (cont'd)

According to the articles of Turkish Labor Law in force, the Group have obligation to pay the legal employee termination benefits to each employee whose are 25 years of working life (58 for women and 60 for men) by completing at least one year of service, leaving for military services and deceased,

As of 31 December 2023, the amount payable consists of one month's salary limited to a maximum of TL 23,489.83 (31 December 2022: TL 15,371.40),

Retirement pay liability is not subject to any kind of funding legally, The employee termination benefit has been calculated by estimating the present value of the future probable obligation of the Group arising from the 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 main assumption is that the maximum liability amount for each year of service will increase in line with inflation, Therefore, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation, Therefore, as of 31 December 2023, provisions in the accompanying financial statements are calculated by estimating the present value of the future probable obligation arising from the retirement of the employees, Provisions at the relevant balance sheet dates are calculated using the real discount rate, which is approximately 3,12% (31 December 2022: 2,10%), based on the assumptions of 23,20% annual inflation and 27,05% interest rate, The maximum amount of TL 35,058,58 effective as of 1 January 2024 has been taken into account in the calculation of the severance pay provision of the Company (1 January 2023: TL 19,982,83),

	1 January- 31 December 2023	1 January- 31 December 2022
Provision as of 1 January	640,436	275,538
Service cost	168,166	134,491
Interest cost	81,622	497,807
Employment termination benefits paid	(374,443)	(207,383)
Actuarial loss / gain	1,469,515	47,786
Inflation Effect	(251,758)	(107,803)
Provision as of 31 December	<u>1,733,538</u>	<u>640,436</u>

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15, OTHER ASSETS AND LIABILITIES

	31 December 2023	31 December 2022
<u>Other Current Assets</u>		
VAT carried forward	22,230,995	86,358,686
VAT deductible	162	-
Personnel advances	47,957	89,147
	<u>22,279,114</u>	<u>86,447,833</u>
	31 Aralık 2023	31 Aralık 2022
<u>Other non-current assets</u>		
Prepaid taxes and funds	-	2,327,734
	<u>-</u>	<u>2,327,734</u>
	31 Aralık 2023	31 Aralık 2022
<u>Other Current Liabilities</u>		
Taxes and dues payable	9,237,023	3,825,541
Other payables	52,868	20,432
	<u>9,289,891</u>	<u>3,845,973</u>

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16, SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Share Capital / Treasury Shares Adjustment

The paid-in capital structure of the Company as of 31 December 2023 and 2022 is as follows:

Shareholders	%	31 December 2023	%	31 December 2022
Naturel Holding A.Ş	%62.50	162,500,000	%62.50	40,000,000
Publicly traded	%37.50	97,500,000	%37.50	24,000,000
Nominal capital	%100	260,000,000	%100	64,000,000
Inflation adjustment		614,945,974		196,531,692
Restated capital		874,945,974		260,531,692
Adjusted share capital		874,945,974		260,531,692

Restricted reserves appropriated from profit:

	31 December 2023	31 December 2022
Legal reserves	17,719,950	10,951,666
	17,719,950	10,951,666

Other comprehensive income and expenses not to be reclassified to profit or loss:

	31 December 2023	31 December 2022
Increase in revaluation of non-current assets	274,660,585	17,117,397
	274,660,585	17,117,397

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16, SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (cont'd)

a) Share Capital / Treasury Shares Adjustment (cont'd)

	31 December 2023	31 December 2022
Actuarial gains / losses from pension plans fund	(807,816)	(38,229)
	<u>(807,816)</u>	<u>(38,229)</u>
	31 December 2023	31 December 2022
Share premiums	1,958,638,799	2,525,596,379
	<u>1,958,638,799</u>	<u>2,525,596,379</u>

17, REVENUE AND COST OF SALES

	1 January- 31 December 2023	1 January- 31 December 2022
Domestic Sales	926,193,105	1,795,941,481
Revenue	<u>926,193,105</u>	<u>1,795,941,481</u>
Cost of services sold (-)	(761,622,686)	(1,200,887,919)
Cost of Sales	<u>(761,622,686)</u>	<u>(1,200,887,919)</u>
Gross Profit	<u>164,570,419</u>	<u>595,053,562</u>

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18, GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

	1 January- 31 December 2023	1 January- 31 December 2022
General Administrative Expenses (-)	71,612,631	115,878,765
	<u>71,612,631</u>	<u>115,878,765</u>
	1 January- 31 December 2023	1 January- 31 December 2022
Personnel expenses	20,738,631	31,683,821
Consulting expenses	10,868,538	24,958,447
Depreciation and amortisation expense	16,485,624	30,592,031
Taxes paid	5,765,810	12,763,202
Rental and office expenses	7,513,131	889,379
Donation and aid expenses	5,505,684	3,900,386
Insurance costs	1,324,404	1,013,484
Maintenance and repair expenses	279,463	305,689
Representation and hospitality expenses	268,175	266,516
Advertising expenses	155,357	306,819
Notary and chamber of commerce expenses	144,723	134,956
Communication expenses	78,444	200,135
Other general and administrative expenses	2,484,647	8,863,899
	<u>71,612,631</u>	<u>115,878,765</u>

19, OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from operating activities for the years ended 31 December 2023 and 2022 are as follows:

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	1 January- 31 December 2023	1 January- 31 December 2022
Other Income from Operating Activities		
Foreign exchange gains arising from operating activities	371,761,836	342,005,448
Interest income	5,337,045	1,681,533
Rental income	531,551	187,252
Insurance claim income	508,569	-
Salary promotion income	-	2,201,417
Other income	3,199,984	1,477,134
	<u>381,338,985</u>	<u>347,552,784</u>

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19, OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES (cont'd)

The details of other expenses from operating activities for the years ended 31 December 2023 and 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Other Expenses from Operating Activities		
Foreign exchange losses from operating activities	(177,372,613)	(405,382,202)
Other expenses	(15,158,200)	(9,568,568)
	<u>(192,530,813)</u>	<u>(414,950,770)</u>

20, INCOME AND EXPENSES FROM INVESTING ACTIVITIES

For the years ended 31 December 2023 and 2022, income from investing activities are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Income from Investing Activities		
Increase in value of financial investments presented at fair value	367,682,133	36,699,386
Increase in revaluation of investment property	53,495,365	352,598,150
Dividend Income	3,128,835	-
Repo income	6,188,551	643,468
Gain on sale of property, plant and equipment	28,225,031	6,645,269
	<u>458,719,915</u>	<u>396,586,273</u>

For the years ended 31 December 2023 and 2022, expenses from investing activities are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Expenses from Investing Activities		
Impairment of property, plant and equipment and investment property	(374,210,018)	(2,394,304,303)
Loss on sale of marketable securities	(6,516,874)	-
	<u>(380,726,892)</u>	<u>(2,394,304,303)</u>

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21, FINANCE INCOME AND EXPENSES

The details of expenses from finance activities for the years ended 31 December 2023 and 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Finance income		
Interest income from currency hedged and time deposits	114,099,029	446,459,358
Interest income on receivables	48,842,927	9,078,663
Interest income from derivative instruments	29,745,246	-
Foreign exchange gains on bank borrowings	1,162,004	137,920,413
	<u>193,849,206</u>	<u>593,458,434</u>

The details of income from financing activities for the years ended 31 December 2023 and 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Finance expenses		
Foreign exchange differences arising from bank borrowings	(284,104,479)	(656,019,276)
Interest expenses on loans	(253,016,096)	(160,637,572)
Bank commission expenses	(24,838,367)	(11,808,840)
Interest Expense on Payables	(20,140,250)	(26,616)
Letter of guarantee commission expenses	(2,124,099)	(2,076,908)
Other finance expenses	(5,102,652)	(2,306,792)
	<u>(589,325,943)</u>	<u>(832,876,004)</u>

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22, INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	31 December 2023	31 December 2022
Current corporate tax provision	-	-
Less: Prepaid taxes and funds	(14,363,440)	(5,865,997)
Tax provision in the balance sheet	(14,363,440)	(5,865,997)
<i><u>Tax expense in the statement of profit or loss:</u></i>		
	1 Ocak- 31 Aralık 2023	1 Ocak- 31 Aralık 2022
<i><u>Tax expense / (income) consists of the following:</u></i>		
Current tax expense / (income)	-	-
Deferred tax (income)/expense	354,204,764	-
	<u>354,204,764</u>	<u>-</u>

Corporate Tax

The Group is subject to Turkish corporate taxes, Provision is made in the accompanying financial statements for the estimated charge based on the Group results for the years and periods, 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 non-deductible income and other deductions (prior years' losses, if any, and investment incentives used, if preferred),

The effective tax rate in 2023 is 25% (2022: 23%),

The Law numbered 7061 on "Amendment of Certain Taxes and Laws and Other Acts" was published on the Official Gazette dated 5 December 2017 and numbered 30261, In accordance with (a) clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50%, This regulation has been effective from 5 December 2017,

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22, INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Deferred Tax:

The Group recognizes deferred tax assets and liabilities on the temporary timing differences between the legal books and the financial statements prepared in accordance with TFRS, Such differences generally arise from timing differences of some revenue and expense balances in legal books and financial statements prepared in accordance with TFRS and are explained below,

According to TAS 12 Income taxes Article 48; "Current and deferred tax assets and liabilities are generally measured using enacted tax rates (and tax laws), However, in some cases, government announcements regarding tax rates (and tax laws) may have a significant effect on the enactment of legislation and may be enacted several months after the announcement, In such cases, the tax asset and liability are calculated based on the tax rates (or laws) announced," According to this paragraph, "Currency hedged deposits tax exemption" has been applied for the financial statements as of 31 December 2021, The public offering of the Group was realized as of 28 September 2021, and as announced in the official gazette dated 25 May 2021 and numbered 31491 with the said public offering transaction, the corporate tax rate of Margün Enerji Üretim Sanayi ve Ticaret AŞ, which is one of the institutions with a public offering of at least 20%, has been applied with a 2 percentage point discount on the corporate income to be obtained in the 2021 - 2025 accounting periods and as announced in the official gazette dated 22 January 2022 and numbered 31727, a discount of 2 points in the tax rate has been made due to the industrial registry certificate and actual production activities,

The tax rate used in the calculation of deferred tax assets and liabilities is 25%,

	31 December 2023	31 December 2022
<u>Deferred tax assets/(liabilities):</u>		
Adjustments related to investment property, property, plant and equipment and intangible assets	(1,643,925,631)	(1,845,117,163)
Cash flow hedge losses	438,786,746	261,636,979
Adjustments related to fair value	(223,929,253)	(7,339,877)
Financial losses	169,708,671	90,152,975
Expense accruals	2,294,442	(72,503,137)
Provision for employment termination benefits	433,384	89,396
Provision for unused vacation	313,094	111,596
Other	1,518	(541,716)
	<u>(1,254,638,724)</u>	<u>(1,573,434,905)</u>

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22, INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Deferred Tax: (cont'd)

The expiration dates of unused accumulated losses over which deferred tax assets calculated are as follows:

	31 December 2023	31 December 2022
Expires in 2024	-	15,989,455
Expires in 2025	-	12,485,146
Expires in 2026	7,075,860	16,718,606
Expires in 2027	43,860,919	44,959,768
Expires in 2028	118,771,892	-
	<u>169,708,671</u>	<u>90,152,975</u>

The movement of deferred tax assets / (liabilities) for the year ended 31 December 2023 is given below:

	1 January- 31 December 2023	1 January- 31 December 2022
<u>Movements in deferred tax assets / (liabilities):</u>		
Opening balance as of 1 January	(1,573,434,905)	(1,962,218,330)
Recognised in the income statement	134,213,726	354,204,764
Recognised under equity	184,582,455	34,578,661
Closing balance as of 31 December	<u>(1,254,638,724)</u>	<u>(1,573,434,905)</u>

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22, INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Deferred Tax (cont'd):

The reconciliation of the period tax expense with the profit for the period is as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
<u>Tax effect of</u>		
Profit before tax from operating activities	173,045,932	(1,401,811,159)
Income tax rate	25%	23%
Expected tax expense	(43,261,483)	322,416,567
Tax effect of:		
-Non-deductible expenses	(30,552,495)	(27,525,873)
-Deferred tax assets arising from accumulated losses	79,555,696	30,406,897
-Tax effect of deductible tax losses	(25,981,754)	(94,479,594)
-Foreign exchange difference, dividend and interest exemption within the scope of Provisional Article 14/1-b of the PDPL	39,214,961	106,598,356
-TPL Inflation Index Effect	71,824,354	-
Exemption for currency hedged earnings	-	27,113,723
Effect of % change in tax rate	32,507,985	4,868,571
Other	10,906,462	(15,193,883)
Tax provision expense in the statement of profit or loss	134,213,726	354,204,764

23, EARNINGS PER SHARE

Earnings per share are calculated by dividing net profit by the weighted average number of shares that have been outstanding during the year, Companies can increase their capital by distributing shares ("Bonus Shares") from accumulated profits and reassessment funds to current shareholders based on the number of shareholders' shares, When calculating earnings per share, the issuance of bonus shares is considered to be the same as shares issued, Therefore, the weighted average number of shares, which is used when calculating the earning per share, is gained by retrospectively counting the issuance of bonus shares, Earnings per share are determined by dividing net profit attributable to shareholders by the weighted average number of issued ordinary shares, The nominal value of one share of the Group is TL 1,

	1 January- 31 December 2023	1 January- 31 December 2022
Earnings per share		
Net profit / (loss) for the period	307,259,658	(1,047,606,395)
Number of shares	258,386,884	260,000,000
Earnings per share (TL)	1.19	(4.03)

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24, FINANCIAL INSTRUMENTS

a) Derivative Instruments

31 December 2023	<u>Contract Amount</u>	<u>Asset</u>	<u>Liability</u>
Derivative financial assets			
Presentation of hedging derivative instruments at fair value:			
<i>Derivative instrument</i>	-	-	2,438,188
<i>Cross currency swap transactions</i>	657,984,325	78,410,935	-
	<u>657,984,325</u>	<u>78,410,935</u>	<u>2,438,188</u>
Short-term		19,005,776	2,438,188
Long-term		59,405,159	
31 December 2022	<u>Contract Amount</u>	<u>Asset</u>	<u>Liability</u>
Derivative financial assets			
Presentation of hedging derivative instruments at fair value:			
<i>Cross currency swap transactions</i>	821,153,573	64,046,322	-
	<u>821,153,573</u>	<u>64,046,322</u>	<u>-</u>
Short-term		14,803,054	-
Long-term		49,243,268	-

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24, FINANCIAL INSTRUMENTS (cont'd)

b) Financial Investments

	31 December 2023	31 December 2022
<u>Short-Term Financial Investments</u>		
Exchange Rate Protected Deposit Account	-	305,341,488
Equity Shares	-	135,563,038
	-	440,904,526
<u>31 December 2022</u>	<u>Nominal Value</u>	<u>Fair Value</u>
Exchange Rate Protected Deposit Account	298,484,689	305,341,488
	298,484,689	305,341,488
<u>Long-Term Financial Investments</u>	31 December 2023	31 December 2022
Financial investments at fair value through profit or loss (*)	2,019,298,686	-
	2,019,298,686	-

(*) On 20 January 2023, the Group acquired 30,39% of Enda Enerji Holding A,Ş, for TL 1,123,581,672, The Company is not listed on the stock exchange, The Company classifies as long term financial investment at fair value through profit or loss, Fair value increase amounting to TL 367,682,133 is recognized in income from investing activities,

c) Financial Liabilities

The details of financial liabilities carried at amortized cost are as follows:

	31 December 2023	31 December 2022
<u>Short-Term Financial Borrowings</u>		
Short-term bank loans	185,507,806	166,570,674
Short-term portion of long-term bank borrowings	760,811,661	581,225,912
Other payables	112,726	146,046
	946,432,193	747,942,632

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24, FINANCIAL INSTRUMENTS (cont'd)

c) Financial Liabilities (cont'd)

Long-Term Financial Borrowings	31 December 2023	31 December 2022
Long-term bank loans	1,924,802,159	1,768,966,264
Total debt	1,924,802,159	1,768,966,264

31 December 2023				
Currency	Weighted average effective interest rate	Short-term	Weighted average effective interest rate	Long-term
TL	%40,6	162,004,318	%40,6	26,735,865
USD	%13,34	327,710,668	%13,34	1,093,163,056
EUR	%5,46	456,604,481	%5,46	804,903,238
		946,319,467		1,924,802,159

31 December 2022				
Currency	Weighted average effective interest rate	Short-term	Weighted average effective interest rate	Long-term
TL	%20,15	189,301,042	%16,01	51,262,685
USD	%6,81	97,790,666	%6,81	195,640,657
EUR	%4,92	460,704,878	%4,92	1,522,062,922
		747,796,586		1,768,966,264

The maturities of bank loans are as follows:

	31 December 2023	31 December 2022
Payable in 1 year	946,319,467	747,796,586
Payable in 2 - 3 years	598,022,789	521,816,459
Payable in 3 - 4 years	495,700,849	469,702,005
Payable in 4 - 5 years	421,635,790	349,064,480
5 years and longer	409,442,731	428,383,320
	2,871,121,626	2,516,762,850

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24, FINANCIAL INSTRUMENTS (cont'd)

c) Financial Liabilities (cont'd)

	31 December 2023	31 December 2022
<u>Financial Borrowings</u>		
Beginning of the period - 1 January	2,516,762,850	3,298,256,569
Recent financial borrowings	1,175,353,696	284,023,456
Principal payments	(814,228,336)	(525,877,069)
Change in foreign exchange rate	951,290,753	745,030,046
TFRS 9 Effect	657,251	(819,795)
Change in interest accruals	30,635,340	6,574,805
Inflation impact	(989,349,928)	(1,290,425,162)
Total debt	<u>2,871,121,626</u>	<u>2,516,762,850</u>

25, NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

a) Capital risk management

The Group manages its capital to ensure that the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance,

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 16, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings, Risks associated with each capital class together with the capital cost of the Group are assessed by the board, Based on board evaluations, it is aimed to keep the capital structure balanced through dividend payments as much as it is with the acquisition of new debt or the repayment of existing debt,

As of 31 December 2023 and 31 December 2022, the Group's net debt/total capital ratio is as follows:

	31 December 2023	31 December 2022
Borrowings	2,871,121,626	2,516,762,850
Less: Cash and cash equivalents	(269,848,077)	(492,449,249)
Net Debt	2,601,273,549	2,024,313,601
Total Equity	8,819,145,283	8,522,891,421
Total Capital	<u>11,420,418,832</u>	<u>10,547,205,022</u>
Net Debt/Total Capital Ratio	<u>0.23</u>	<u>0.19</u>

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25, NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial risk factors

The Group'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 Group'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 in line with policies approved by the Board of Directors, With regard to risk policies, financial risk is defined and evaluated by the Group's finance department and tools are used to reduce risk by working with the Group's operating units,

b,1) Credit risk management

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

The Group has cash and cash equivalents at several financial institutions, The Company manages this risk by continuously evaluating the reliability of these financial institutions,

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25, NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial risk factors (cont'd)

b.1) Credit risk management (cont'd)

Credit risks by types of financial instruments

	Receivables		Deposit at Banks	Derivative Instruments	Other		
	Trade Receivables	Other Receivables					
31 December 2023	Related Party	Other	Related Party	Other			
Maximum exposure to credit risk as of reporting date (A+B+C+D)	-	679,226,779	-	1,043,893	268,407,754	78,410,935	-
- The portion of the maximum risk secured by collateral, etc.	-	-	-	-	-	-	-
A. Net book value of financial assets that are not overdue or impaired	-	679,226,779	-	1,043,893	268,407,754	78,410,935	-
B. Net book value of overdue but not impaired assets	-	-	-	-	-	-	-
C. Net book values of impaired assets							
- Past due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured portion of the net book value by collateral, etc.	-	-	-	-	-	-	-
- Not past due (gross amount)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured portion of the net book value by collateral, etc.	-	-	-	-	-	-	-
D. Off-balance sheet items that include credit risk	-	-	-	-	-	-	-

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25, NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial risk factors (cont'd)

b.1) Credit risk management (cont'd)

Credit risks by types of financial instruments

31 December 2022	Receivables						Deposit at Banks	Derivative Instrumen	Other
	Trade Receivables		Other Receivables		Derivative Instrumen	Other			
	Related Party	Other	Related Party	Other					
Maximum exposure to credit risk as of reporting date (A+B+C+D)	-	1,329,269,081	608,312,347	6,621,304	492,449,249	64,046,322	-		
- The portion of the maximum risk secured by collateral, etc.	-	-	-	-	-	-	-		
A. Net book value of financial assets that are not overdue or impaired	-	1,329,269,081	608,312,347	6,621,304	492,449,249	64,046,322	-		
B. Net book value of overdue but not impaired assets	-	-	-	-	-	-	-		
C. Net book values of impaired assets	-	-	-	-	-	-	-		
- Past due (gross book value)	-	-	-	-	-	-	-		
- Impairment (-)	-	-	-	-	-	-	-		
- Secured portion of the net book value by collateral, etc.	-	-	-	-	-	-	-		
- Not past due (gross amount)	-	-	-	-	-	-	-		
- Impairment (-)	-	-	-	-	-	-	-		
- Secured portion of the net book value by collateral, etc.	-	-	-	-	-	-	-		
D. Off-balance sheet items that include credit risk	-	-	-	-	-	-	-		

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25, NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial risk factors (cont'd)

b,2) Liquidity risk management

The Group's operations are primarily exposed to financial risks related to changes in foreign exchange rates and interest rates, as detailed below,

There has been no change in the market risk that the Group is exposed to in the current year, or in the management and measurement methods of the risks it is exposed to, compared to the previous year,

As of 31 December 2023 and 31 December 2022, undiscounted cash flows and remaining maturities of liabilities are presented in the tables below:

31 December 2023

<u>Contractual maturities</u>	<u>Carrying value</u>	<u>Total Contracted Cash Outflows (I+II+III)</u>	<u>Less than 3 months (I)</u>	<u>Between 3-12 months (II)</u>	<u>Between 1-15 years (III)</u>
Non-derivative financial liabilities					
Financial liabilities	2,871,121,626	3,613,802,072	301,434,632	2,875,195,649	437,171,791
Trade payables	442,531,582	442,531,582	-	442,531,582	-
Other payables	6,782,940	6,782,940	-	6,782,940	-
Total liability	3,320,436,148	4,063,116,594	301,434,632	3,324,510,171	437,171,791

31 December 2022

<u>Contractual maturities</u>	<u>Carrying value</u>	<u>Total Contracted Cash Outflows (I+II+III+IV)</u>	<u>Less than 3 months (I)</u>	<u>Between 1-12 months (II)</u>	<u>Between 1-15 years (III)</u>
Non-derivative financial liabilities					
Financial liabilities	2,516,762,850	2,773,542,262	-	841,851,223	1,931,691,039
Trade payables	788,046,619	788,046,619	-	788,046,619	-
Other payables	4,921,915	4,921,915	-	4,921,915	-
Total liability	3,309,731,384	3,566,510,796	-	1,634,819,757	1,931,691,039

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(All amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

25, NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial risk factors (cont'd)

b.3.1) Foreign exchange risk management (cont'd)

Transactions in foreign currency cause exchange rate risk,

The distribution of the Group's monetary assets and liabilities in foreign currency as of the balance sheet date is as follows:

	31 December 2023			
	TL Equivalent (Functional currency)	USD	EUR	GBP
1. Trade Receivables	546,969	18,580	-	-
2a. Monetary Financial Assets	39,756,559	953,236	351,846	6,250
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	70,721,461	2,167,558	212,208	-
4. CURRENT ASSETS	111,024,989	3,139,374	564,054	6,250
5. Trade Receivables	294,382	10,000	-	-
6a. Monetary Financial Assets	102,849,891	3,487,522	5,634	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. NON-CURRENT ASSETS	103,144,273	3,497,522	5,634	-
9. TOTAL ASSETS	214,169,262	6,636,896	569,688	6,250
10. Trade Payables	30,223,019	125,538	812,707	-
11. Financial Liabilities	784,315,148	11,957,407	13,228,356	-
12a. Monetary Other Liabilities	41,213,329	-	1,262,950	-
12b. Non-Monetary Other Liabilities	-	-	-	-
13. CURRENT LIABILITIES	855,751,496	12,082,945	15,304,013	-
14. Trade Payables	-	-	-	-
15. Financial Liabilities	1,898,066,292	22,921,855	37,449,391	-
16a. Monetary Other Liabilities	-	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-
17. NON-CURRENT LIABILITIES	1,898,066,292	22,921,855	37,449,391	-
18. TOTAL LIABILITIES	2,753,817,788	35,004,800	52,753,404	-
19. Net Asset/ (Liability) Position of Off-Balance Sheet Derivative Instruments (19a-19b)	718,598,123	11,008,903	12,111,410	-
19a. Hedged portion of assets amount	-	-	-	-
19b. Hedged portion of liabilities amount	718,598,123	11,008,903	12,111,410	-
20. Net foreign currencies assets / (liability) position	(1,821,050,403)	(17,359,001)	(40,072,306)	6,250
21. Monetary Items Net Foreign Currency Asset/Liability Position (1+2a+5+6a-10-11-12a-14-15- 16a)	(2,610,369,987)	(30,535,462)	(52,395,924)	6,250

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25, NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial risk factors (cont'd)

b.3.1) Foreign exchange risk management (cont'd)

	TL Equivalent (Functional currency)	31 December 2022		
		USD	EUR	GBP
1. Trade Receivables	-	-	-	-
2a. Monetary Financial Assets	2,238,282	-	112,280	-
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	1,021,444,745	54,627,680	-	-
4. CURRENT ASSETS	1,023,683,027	54,627,680	112,280	-
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	312,273,421	16,700,632	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. NON-CURRENT ASSETS	312,273,421	16,700,632	-	-
9. TOTAL ASSETS	1,335,956,448	71,328,311	112,280	-
10. Trade Payables	25,524,434	-	1,280,389	-
11. Financial Liabilities	497,867,182	286,735	24,705,704	-
12a. Monetary Other Liabilities	-	-	-	-
12b. Non-Monetary Other Liabilities	-	-	-	-
13. CURRENT LIABILITIES	523,391,616	286,735	25,986,093	-
14. Trade Payables	-	-	-	-
15. Financial Liabilities	1,717,703,569	10,463,018	76,351,671	-
16a. Monetary Other Liabilities	-	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-
17. NON-CURRENT LIABILITIES	1,717,703,569	10,463,018	76,351,671	-
18. TOTAL LIABILITIES	2,241,095,185	10,749,752	102,337,764	-
19. Net Asset/ (Liability) Position of Off-Balance Sheet Derivative Instruments (19a-19b)	570,916,977	7,217,164	21,869,599	-
19a. Hedged portion of assets amount				
19b. Hedged portion of liabilities amount	570,916,977	7,217,164	21,869,599	-
20. Net foreign currencies assets / (liability) position (9-18+19)	(334,221,760)	67,795,723	(80,355,885)	-
21. Monetary Items Net Foreign Currency Asset/Liability Position (1+2a+5+6a-10-11-12a-14-15- 16a)	(1,926,583,482)	5,950,879	(102,225,484)	-

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(All amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

25, NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial risk factors (cont'd)

b.3.1) Foreign exchange risk management (cont'd)

Foreign currency sensitivity

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar and Euro, The table below shows the Group's sensitivity to 20% increase or decrease in USD and Euro exchange rates, The 10% rate is the rate used when reporting the exchange rate risk within the Group to the senior managers, and this rate represents the possible change expected by the management in the exchange rates, The sensitivity analysis covers only outstanding foreign currency denominated monetary items at year-end and shows the effects of 20% change in foreign currency rates at the end of the year, This analysis includes foreign borrowings, as well as non-functional currency loans of borrowers and borrowers used for foreign operations within the Group, A positive value represents an increase in profit/loss and other equity items,

	31 December 2023	
	Profit / Loss	
	Appreciation of foreign currency	Depreciation foreign currency
In case of a 20% appreciation of US Dollar against TL		
1 - USD net asset/liability	(102,203,549)	102,203,549
2 - Portion hedged against USD risk (-)	-	-
3 - USD net effect (1 +2)	(102,203,549)	102,203,549
In case of a 20% appreciation of EUR against TL		
4 - EUR net asset/liability	(261,062,258)	261,062,258
5 - Portion hedged against EUR risk (-)	-	-
6 - EUR net effect (4+5)	(261,062,258)	261,062,258
In case of appreciation of other foreign exchange rates by 20% against TL		
7- Other foreign currency net assets / liabilities	46,802	(46,802)
8- Other foreign currency hedged portion (-)	-	-
9- Other Foreign Currency Assets net effect	46,802	(46,802)
TOTAL (3 + 6 +9)	(363,219,005)	363,219,005

ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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(All amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

25, NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial risk factors (cont'd)

b,3,1) Foreign exchange risk management (cont'd)

Foreign currency sensitivity (cont'd)

	31 December 2022	
	Profit / Loss	
	Appreciation of foreign currency	Depreciation foreign currency
In case of a 20% appreciation of US Dollar against TL		
1 - USD net asset/liability	253,532,955	(253,532,955)
2 - Portion hedged against USD risk (-)	-	-
3 - USD net effect (1 +2)	253,532,955	(253,532,955)
In case of a 20% appreciation of EUR against TL		
4 - EUR net asset/liability	(320,377,307)	320,377,307
5 - Portion hedged against EUR risk (-)	-	-
6 - EUR net effect (4+5)	(320,377,307)	320,377,307
TOTAL (3 + 6 +9)	(66,844,352)	66,844,352

26, FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDIT FIRM

The fees related to the services received by the Group from the Independent Audit Firm (IAF) for the periods 1 January - 31 December 2023 and 1 January - 31 December 2022 are as follows:

	2023			2022		
	IAF	Other IAF	Total	IAF	Other IAF	Total
Independent audit fee for the reporting period	916,500	-	916,500	634,000	-	634,000
	<u>916,500</u>	<u>-</u>	<u>916,500</u>	<u>634,000</u>	<u>-</u>	<u>634,000</u>

27, EVENTS AFTER THE REPORTING PERIOD

None,

ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(All amounts are expressed in Turkish Lira ("TL") unless otherwise stated.)

28, DISCLOSURES RELATED TO THE STATEMENT OF CASH FLOWS

	31 December 2023	31 December 2022
Cash on hand	1,438,584	5,487
Cash at banks	268,407,754	492,399,249
Demand deposits	43,070,048	248,460,206
Time deposits	225,337,706	243,939,043
Pos account	1,739	44,513
	<u>269,848,077</u>	<u>492,449,249</u>

There are no blocked deposits (31 December 2022: None),