

**ESENBOĐA ELEKTRİK ÜRETİM
ANONİM ŐİRKETİ
AND ITS SUBSIDIARIES**

CONSOLIDATED FINANCIAL
STATEMENTS FOR 31 MARCH 2023

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ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

		Current Period	Prior Period
ASSETS	Notes	31 March 2023	Audited 31 December 2022
Cash and cash equivalents		490,973,678	668,047,641
Financial Investment	4	151,479,899	271,790,090
Trade receivables			
- <i>Trade receivables from third parties</i>		798,041,196	806,727,885
Other receivables			
- <i>Other receivables from third parties</i>		1,062,482	697,325
Derivative financial instruments			
<i>Derivative financial assets held for cash flow hedges</i>		10,837,403	8,983,912
Inventories		6,531,426	3,671,144
Prepaid expenses		26,837,961	23,545,895
Assets related to current tax		3,273,715	3,560,049
Other current assets	10	60,512,428	52,464,831
Total current assets		1,549,550,188	1,839,488,772
Other receivables			
- <i>Other receivables from third parties</i>		3,578,744	3,321,117
Financial Investment	4	1,677,773,463	-
Derivative financial instruments			
<i>Derivative financial assets held for cash flow hedges</i>		34,194,728	29,885,535
Investment properties		457,000,000	426,000,000
Tangible assets	6	6,019,899,610	5,866,711,552
Intangible assets	7	175,104	181,384
Prepaid expenses		218,125	920
Other non-current assets	10	3,676,740	1,412,692
Total non-current assets		8,196,516,514	6,327,513,200
TOTAL ASSETS		9,746,066,702	8,167,001,972

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

ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

LIABILITIES	Notes	Current Period	Prior Period
		31 March 2023	31 December 2022 Audited
Short-term borrowings	5	164,762,668	101,091,050
Short-term portions of long-term borrowings	5	339,330,706	352,743,592
Other financial liabilities	5	93,221	88,635
Trade payables			
- Trade payables to third parties		448,848,149	478,262,220
Other payables			
- Other payables to related parties			24,196
- Other payables to third parties		754,286,383	2,962,894
Payables related to employee benefits		2,269,308	1,407,574
Deferred income		39,619,000	37,124,939
Short-term provisions			
- Short-term provisions for employee benefits		784,069	485,202
Derivative financial instruments			
- Derivative financial instruments		3,397,982	
Period income tax provision		6,154,457	
Other current liabilities	10	7,783,192	2,334,106
Current liabilities		1,767,329,135	976,524,408
Long-term borrowings	5	1,082,148,435	1,073,578,279
Long-term provisions			
- Long-term provisions for employee benefits		927,525	388,678
Deferred tax liabilities	16	218,333,333	88,019,401
Non-current liabilities		1,301,409,293	1,161,986,358
Paid-in capital	11	64,000,000	64,000,000
Redeemed Shares	11	(38,245,888)	(1,120,665)
Premiums/ discounts related to shares	11	725,793,112	725,793,112
Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss			
- Accumulated Gain on Revaluation of Non-Current Assets	11	3,222,155,177	3,105,250,118
- Accumulated gain on remeasurement of defined benefit plans	11	67,592	57,197
Other Comprehensive Income or Expenses that may be Reclassified Subsequently to Profit or Loss			
- (Losses) on cash flow hedges	11	(513,134,344)	(481,850,019)
- Hedge fund	11	27,238,948	23,511,276
Reserves on retained earnings	11	4,838,231	4,838,231
Prior years' profit		949,518,867	615,062,885
Net profit for the period		429,360,505	533,514,924
Equity attributable to owners of the company		4,871,592,200	4,589,057,059
Non-Controlling Interests		1,805,736,074	1,439,434,147
Total equity		6,677,328,274	6,028,491,206
TOTAL LIABILITIES		9,746,066,702	8,167,001,972

ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS AT 31 MARCH 2023

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

	Notes	Current Period 1 January - 31 March 2023	Prior Period 1 January - 31 March 2022
Revenue	3	153,112,651	109,582,626
Cost of Sales (-)	3	(122,254,580)	(76,542,727)
Gross profit		30,858,071	33,039,899
General and administrative expenses (-)	12	(16,852,930)	(6,841,260)
Other income from operating activities	13	87,001,730	170,110,266
Other expenses from operating activities (-)	13	(48,753,649)	(31,428,464)
Operating profit		52,253,222	164,880,441
Income from investing activities	14	708,648,463	79,775
Expenses from investing activities (-)	14	(1,727,271)	(14,941)
Operating profit before finance expense		759,174,414	164,945,275
Financial income	15	11,304,216	116,509,533
Financial expenses (-)	15	(56,947,073)	(190,142,603)
Profit before taxation		713,531,557	91,312,205
Deferred tax income/ (expense)	16	(143,537,060)	(1,772,061)
Profit/ (Loss) for the period		569,994,497	89,540,144
Owners of the company		429,360,505	66,471,626
non-controlling interests		140,633,992	23,068,518
OTHER COMPREHENSIVE INCOME		118,189,253	(73,536,241)
Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss			
Accumulated Gain on Revaluation of Non-Current Assets		162,754,069	-
Deferred tax (expense)		(8,137,701)	(25,498)
Accumulated Gain on remeasurement of defined benefit plans		23,475	127,489
Deferred tax (expense)		(4,695)	(25,498)
Other Comprehensive Income or Expenses that may be Reclassified Subsequently to Profit or Loss			
Other comprehensive income related with cash flow hedge		(45,557,369)	(95,634,068)
Deferred tax (expense)		9,111,474	21,995,836
TOTAL COMPREHENSIVE INCOME		688,183,750	16,003,903
Distribution of total comprehensive income			
- Non-controlling interests		169,456,058	(650,085)
- Parent company shares		518,727,692	16,653,988
Earnings per share / (loss) (TL)	17	6.71	1.04

ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2023

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

					Accumulated Other Comprehensive Income or (Expenses) that will be Reclassified to Profit or (Loss)			Accumulated Other Comprehensive Income or (Expenses) that will not be Reclassified to Profit or (Loss)				
	Paid-in capital	Other reserve	Premiums/ discounts related to shares	Effect of mergers involving undertaking or enterprises subject to common control	Gain/ loses on hedge	Accumulated gain/ (loss) on remeasurement of defined benefit plans	Accumulated gain on revaluation of noncurrent assets	Prior year's profit	Profit for the period	Equity attributable to owners of the company	Non- controlling interests	Total equity
1 January 2022	64,000,000	725,793,112	24,684	-	(272,267,543)	80,398	2,088,208,649	(183,348,845)	980,556,198	3,403,046,653	847,841,080	4,250,887,733
Transfers	-	-	-	-	-	-	-	980,556,198	(980,556,198)	-	-	-
Total comprehensive income	-	-	-	-	(49,883,965)	64,900	-	-	-	(49,819,065)	-	(49,819,065)
Transactions with non- controlling shareholders	-	-	-	-	(23,754,268)	35,665	-	(201,992,283)	-	(225,710,886)	201,342,198	(24,368,688)
Profit for the period	-	-	-	-	-	-	-	-	66,471,626	66,471,626	-	66,471,626
31 March 2022	64,000,000	725,793,112	24,684	-	(345,905,776)	180,963	2,088,208,649	595,215,070	66,471,626	3,193,988,328	1,049,183,278	4,243,171,606
1 January 2023	64,000,000	725,793,112	4,838,231	(1,120,665)	(458,338,743)	57,197	3,105,250,118	615,062,885	533,514,924	4,589,057,059	1,439,434,147	6,028,491,206
Transfers	-	-	-	-	-	-	-	533,514,924	(533,514,924)	-	-	-
Total comprehensive income	-	-	-	-	(27,556,653)	10,395	116,905,059	-	-	89,358,801	28,822,066	118,180,867
Transactions with non- controlling shareholders	-	-	-	-	-	-	-	(199,058,942)	-	(199,058,942)	196,845,869	(2,213,073)
Increase (Decrease) Due to Share Buyback Transactions	-	-	-	(37,125,223)	-	-	-	-	-	(37,125,223)	-	(37,125,223)
Profit for the period	-	-	-	-	-	-	-	-	429,360,505	429,360,505	140,633,992	569,994,497
31 March 2023	64,000,000	725,793,112	4,838,231	(38,245,888)	(485,895,396)	67,592	3,222,155,177	949,518,867	429,360,505	4,871,592,200	1,805,736,074	6,677,328,274

(*) As of 31 March 2023, the amount for business combination described in Note 1 of the Group.

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

ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS AS AT 31 MARCH 2023

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

		Current Period	Prior Period
	Notes	1 January – 31 March 2023	1 January - 31 March 2022
A, CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the Period		429,360,505	66,471,626
Adjustments related to reconciliation of net profit for the period			
Adjustments related to depreciation and amortization expenses	6,7	43,479,470	27,775,498
Adjustments related to (gain)/loss on disposal of non-current assets		-	(64,834)
Adjustments related to changes in unrealised foreign exchange differences		91,784,915	
Adjustments related to impairment of financial assets		(677,648,463)	(73,638,233)
Adjustments related to provision for unused vacations		298,867	93,734
Adjustments related to interest income		(4,923,250)	(218,964)
Adjustments related to retirement pay provision expenses		609,476	197,584
Cash outflows due to payments of financial liabilities		3,397,983	-
Adjustments related to fair value		(41,128,964)	(56,087,724)
Adjustments related to fair value		(27,602,018)	-
Adjustments related to tax expense		120,939,000	(26,860,524)
Movements in working capital		(61,432,479)	(62,331,837)
Adjustments related to increase/decrease in trade receivables		5,031,079	(55,653,949)
Adjustments related to increase/decrease in inventories		(2,860,282)	72,259
Adjustments related to increase/decrease in other receivables		(366,416)	(267,912)
Adjustments related to increase/decrease in prepaid expenses		(3,509,271)	(6,457,078)
Adjustments related to increase/decrease in other assets		(10,311,645)	(5,862,041)
Adjustments related to increase/decrease in trade payables		(29,414,071)	50,240,737
Adjustments related to increase/decrease in other payables		751,323,486	161,809
Adjustments related to increase/decrease in deferred income		2,494,061	(22,137,736)
Adjustments related to increase/decrease in other liabilities		5,449,086	(1,250,547)
Adjustments related to increase/decrease in employee benefits		861,734	136,152
Interest received		2,582,611	218,964
Retirement pay paid		(47,154)	
Income taxes paid		6,440,791	
Income taxes paid		(34,876)	(1,651,680)
Cash generated from operations		666,206,654	(104,782,859)
B, CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Used in Capital Increase of Subsidiaries, Investment in Associates		(1,000,125,000)	-
Cash outflows from Derivative Instruments		120,063,112	(638,640,149)
Payments for property, plant and equipment and intangible assets	6,7	(34,271,961)	(64,115,478)
Proceeds from sale of property, plant and equipment and intangible assets	6,7	399,660	321,278
Other cash flows/(outflows)		-	(598,909)
Cash flows from investing activities		(913,934,189)	(703,064,286)
C, CASH FLOWS FROM FINANCING ACTIVITIES			
Cash obtained from/used for other receivables from related parties/other payables to related parties		(22,937)	(44,614,546)
Effect of mergers involving undertaking or enterprises subject to common control		140,633,992	-
Cash obtained from/used for financial borrowings- net		179,192,654	218,247,887
Cash outflows due to payments of financial liabilities		(186,009,112)	
Repurchased shares		(39,346,681)	
Interest Paid	16	(23,794,344)	(17,931,043)
Other cash flows/(outflows)		-	(35,665)
Cash flows from financing activities		70,653,572	155,666,633
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		(177,073,963)	(652,180,512)
D, CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		668,047,641	797,696,001
Balance at the end of the period		490,973,678	145,515,489

ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2023

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Esenboğa Elektrik Üretim Anonim Şirketi (“Esenboğa”):

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

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

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

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

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

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

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

As of 31 March 2023, the average number of employees in the Group is 84 (2022: 85 employees).

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

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

ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2023

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP (Cont'd)

Esenboğa Elektrik Üretim Anonim Şirketi ("Esenboğa") (Cont'd):

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

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of Presentation

Preparation of Financial Statements

The accompanying consolidated financial statements are subject to Public Surveillance in accordance with the provisions of the Capital Markets Board's ("CMB") Communiqué No. II-14.1 on the "Principles Regarding Financial Reporting in the Capital Markets" ("Communiqué") published in the Official Gazette dated 13 September 2013 and numbered 28676. Accounting and Auditing Standards Board ("UPS") that have been put into force by Turkey Financial Reporting Standards ("IFRS") as appropriate. TFRSs; UPS RT by Turkey Accounting Standard ("IAS"), Turkey Financial Reporting Standards comprise standards and interpretations published by TAS Reviews and TFRIC names.

Consolidated financial statements are presented in accordance with the TFRS Taxonomy developed on the basis of the financial statement samples specified in the Financial Statement Examples and User Guide published in the Official Gazette dated September 7, 2019 and numbered 30794 by Public Oversight Authority ("POA").

ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2023

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.1. Basis of Presentation (Cont'd)

Adjustment of Financial Statements in Hyperinflation Periods

In accordance with the CMB's decision dated 17 March 2005 and 11/367, it found to be effective for companies operating in Turkey and preparing financial statements in accordance with TFRS that inflation accounting application put an end. Accordingly, as of January 1, 2005, Standard No.29 "Financial Reporting in High Inflation Economies" ("TAS 29") has not been applied.

Basis of Measurement

The consolidated financial statements have been prepared on the basis of historical cost free from inflation effects that ended on December 31, 2004, excluding the items measured at fair value stated below:

- derivative financial instruments,
- financial investments,
- Lands and parcels, underground and above ground landscapes, buildings and plant machinery and equipments within tangible assets.

Fair value measurement principles are explained in Note 2.6 (iii).

Functional and Reporting Currency

Group and its subsidiaries are registered in Turkey; keeps and prepares its legal books and statutory financial statements in accordance with the accounting principles set forth by Turkish Commercial Code ("TCC") tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. Subsidiaries operating in foreign countries prepare their accounting records and legal financial statements in the currencies of the countries they operate in and in accordance with the legislation of those countries.

The Group's valid currency is Turkish Lira ("TL"). The accompanying consolidated financial statements are presented in TL, which is the functional currency of the Group. All financial information presented in TL has been rounded to the nearest TL unless otherwise stated.

ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2023

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.1. Basis of Presentation (Cont'd)

Basis of Consolidation

(i) Business combinations

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

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

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

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

Esenboğa Elektrik Üretim A.Ş., signed a sales contract with Özyer Group (Hasan Özyer and Ömer Özyer) to buy developed and established under the roof of unlicensed electricity generation regulation 11 solar power plants, and bought Güneş 5 Enerji A.Ş., Maral Enerji A.Ş.'yi and its with subsidiaries (Hanel Global A.Ş., Kural Enerji A.Ş. ve Soral Enerji A.Ş.) on 30.12.2020. The purchase price is determined by deducting loans and other debts from the value determined by the valuation report. In the valuation report, the company values of us \$ 26,400,000 were determined and the purchase price of us \$ 13,625,000 was reached by deducting the loans and other debts of us \$ 12,775,000.

ii) Acquisitions from jointly controlled business interests

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

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

ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2023

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.1. Basis of Presentation (Cont'd)

Basis of Consolidation (Cont'd)

ii) Acquisitions from jointly controlled business interests (Cont'd)

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

(iii) Subsidiaries

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

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

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

(iv) Lose of Control

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

(v) Transactions eliminated on consolidation

During the preparation of the consolidated financial statements, intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealized losses from intercompany transactions, in the absence of evidence of impairment, have been eliminated by the method used to eliminate unrealized profits. The registered values of the shares owned by the Group and the dividends resulting from them have been eliminated from the relevant equity and profit or loss statement accounts.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2023

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.1. Basis of Presentation (Cont'd)

Transactions in foreign currency

Foreign currency transactions are converted into the functional currencies of the Group companies at the exchange rate on the date of the transaction. Monetary assets and monetary liabilities in foreign currencies are converted into the functional currencies by using exchange rates at the reporting date. Foreign currency translation gain or loss related to monetary items represents the difference between the amount redeemed in the functional currency at the beginning of the period with the effective interest rate and the amortized amount in foreign currency at the end of the period converted from the period end rate.

Non-monetary assets and liabilities denominated in foreign currency and measured with their fair values are converted into the functional currency at the exchange rate on the date the fair value is determined. Non-monetary assets and liabilities denominated in foreign currency measured at date cost are translated using the exchange rate on the date of the transaction. Except for the exchange differences arising from recycling, differences arising from cash flow hedging instruments recorded in other comprehensive income; recorded in profit or loss.

Periodic changes in Euro / TL, US Dollar / TL and TL / US Dollar exchange rates as of the end of the reporting periods are as follows:

	31 March 2023	31 December 2022	31 March 2022
USD/TL	19.1532	18.6983	14.6458
EURO/TL	20.8450	19.9349	16.3086

2.2. Declaration of Conformity to TFRS

The accompanying consolidated financial statements have been prepared in accordance with the TFRSs put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”) in accordance with the provisions of the Communiqué. TFRSs include standards and interpretations of Turkey Accounting Standards (“TAS”) and Turkey Financial Reporting Standards published by POA.

ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS AS AT 31 MARCH 2023

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.3.Changes in Accounting Policies

The accompanying consolidated 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 were published in the Official Gazette No:28676 on 13 June 2013. The accompanying consolidated financial statements are prepared based on the Turkish Accounting Standards/Turkish Financial Reporting Standards and Interpretations (“TAS/TFRS”) that have been put into effect by the POA under Article 5 of the Communiqué.

Group continued to apply the exact policies and accounting estimates stated as in the consolidated financial statements on December 31, 2020.

Group applied TFRS 16 Leases standard as of January 1, 2019 for the first time. In addition, some other standard changes have come into effect as of January 1, 2019. However, these changes do not have a significant impact on the Group’s consolidated financial statements.

2.4.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 TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)</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.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.4. New and Amended Turkish Financial Reporting Standards (Cont'd)

a) Amendments that are mandatorily effective from 2023 (cont'd)

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 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.

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

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

TFRS 17	<i>Insurance Contracts</i>
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</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>

TFRS 17 *Insurance Contracts*

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 *Insurance Contracts* as of 1 January 2024 for insurance and reinsurance and pension companies.

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

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 *Insurance Contracts* from applying TFRS 9, so that insurance and reinsurance and pension companies would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2024 with the deferral of the effective date of TFRS 17.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.4. New and Amended Turkish Financial Reporting Standards (Cont'd)

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

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.

Amendments to TFRS 16 Lease Liability in a Sale and Leaseback

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

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

Amendments to TAS 1 Non-current Liabilities with Covenants

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

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

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

2.5. Summary of Significant Accounting Policies

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

Revenue

General model for revenue recognition

The Group recognizes the revenue in the consolidated financial statements as it fulfills its performance obligation by transferring a promised good or service to its customer. When control of an asset passes to the customer, the asset is transferred.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of Significant Accounting Policies (Cont'd)

Revenue (Cont'd)

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

- (a) Identifying the contract with customers
- (b) Identifying the performance obligations
- (c) Determining the transaction price
- (d) Allocating the transaction price to performance obligations
- (e) Revenue recognition

A contract is only within the scope TFRS 15 if all of the following is fulfilled; if the contract can be legally enforced, if it's revenue can be collected, if the rights and terms of payment of the goods and services can be defined, if the contract has a commercial content, if it is approved by the contracting parties and if the liabilities are promised to be fulfilled by the parties.

At the beginning of the contract, the Group evaluates the goods or services promised in the contract with the customer and defines each commitment made to transfer it to the customer as a separate performance obligation. The group also determines whether it fulfills each performance obligation over time or at a certain point in time at the inception of the contract.

General model for revenue recognition (Cont'd)

In order to determine the transaction price, the Group assesses how much consideration it expects to be entitled to by fulfilling the contract. In arriving at the assessment, the Group considers variable elements of consideration, as well as the existence of a significant financing component.

In accordance with TFRS 15 "Revenue from contracts with customers" standard, the performance obligations of the Group consist of wholesale electricity sales and ancillary services related to electricity sales. The electricity sold is transmitted to the customer over transmission lines and the customer simultaneously consumes the benefit obtained from the performance of the Group. Revenue from electricity sales and ancillary services related to electricity sales is recognized at the time of delivery.

Financial instruments

i) Recognition and initial measurement

The Group recognizes its trade receivables and debt instruments on the day its occurred. All other financial assets and liabilities are recognized on the transaction date that the relevant financial instrument if the group is a part to the contractual terms. In the initial measurement of financial assets (except trade receivables that do not have a significant financing component) and financial liabilities other than those whose fair value changes are reflected in profit or loss, transaction costs that can be directly attributed to their acquisition or issuance are measured by adding to the fair value. Trade receivables that do not have a significant financing component are measured at the initial recognition over the transaction price.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2023

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of Significant Accounting Policies (Cont'd)

Financial instruments (Cont'd)

ii) Classification and subsequent measurement

According to TFRS 9, for the first time during a financial asset to be included in the financial statements; are measured at amortized cost; fair value ("FV") reflected in other comprehensive income measured using the difference – investments in debt instruments; the difference is reflected in other comprehensive income measured using GUD – gud reflected in profit or loss or are classified as investments in equity instruments measured using.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets that are not measured at the amortized cost specified above or by reflecting the GUD difference in other comprehensive income are measured by reflecting the GUD difference in profit or loss. These also include all derivative financial assets. For the first time during the financial assets included in the financial statements, and the related gains or losses from the measurement of financial assets in different ways in different ways to eliminate or significantly reduce an accounting mismatch that will arise from the receipt of the financial statements in order to profit or loss a financial asset measured using the fair value change is reflected in a catastrophic manner can be defined as.

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity
- how the performance of the portfolio is evaluated and reported to the Group's management;

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of Significant Accounting Policies (Cont'd)

Financial instruments (Cont'd)

ii) Classification and subsequent measurement (Cont'd)

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument.

Whether the financial asset contains a contractual clause that could change the timing or amount of contractual cash flows to a degree that would prevent it from meeting this definition is included in the assessment. In making these assessments, the Group takes into account the following:

- Contingent events that could change the timing or amount of cash flows,
- Terms that could change the contractual coupon rate (including variable rate features),
- Early payment and extension options, and
- Conditions that may restrict the Group's ability to claim cash flows on a particular asset (eg non-recoverable features).

The prepayment feature is consistent with the principal and interest payments criterion only on the principal and principal balance, if the prepaid amounts, which include a reasonable consideration, largely reflect the unpaid amount of the principal and interest on the principal balance when the contract is terminated before its maturity.

In addition, for a financial asset purchased at a premium or discount over the contractual nominal value, prepayments, which largely reflect the contractual nominal value and accrued (but not paid) interest (prepaid amounts may include a reasonable consideration since the contract is terminated before maturity). A contractual requirement that permits or necessitates is accounted for in accordance with the criterion of "principal and interest payments only" if the fair value of the prepayment feature is insignificant at initial recording.

Since the principal is the present value of the expected cash flows, trade receivables and other receivables pass the "principal and interest payments only" test. These receivables are managed in accordance with the business model based on collection. The following accounting policies are valid for the subsequent measurements of financial assets:

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of Significant Accounting Policies (Cont'd)

Financial instruments (Cont'd)

ii) Classification and subsequent measurement (Cont'd)

Financial Assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. Refer to section (v) below for the derivatives which are defined as hedge instruments for financial risk.

Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial Assets at Amortized Cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial Liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. The Group does not have any financial liabilities at FVTPL. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Non-derivative financial liabilities are first recognized on the transaction date when the Group becomes a party to the contractual terms of the relevant financial instrument.

The non-derivative financial liabilities of the Group include borrowings, other financial liabilities, commercial debts and other debts.

Such financial liabilities are initially measured by deducting transaction costs directly attributable from their fair values. Following their initial recognizing, financial liabilities are valued over their amortized costs using the effective interest method.

iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of Significant Accounting Policies (Cont'd)

Financial instruments (Cont'd)

iii) Derecognition (Cont'd)

Financial assets (Cont'd)

The Group continues to recognize the financial asset in the statement of financial position if it retains substantially all the risks and benefits arising from the ownership of a financial asset.

Financial instruments (Cont'd)

Financial assets (Cont'd)

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(v) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments for the purpose of hedging foreign currency and interest risk rate. Embedded derivative instruments are separated from the main contract and recognized separately when the underlying contract is not a financial asset and meets certain criteria. Derivatives are initially recognized at fair value. Subsequent to initial recognition of derivative instruments, changes in fair value are recognized in profit or loss.

The Group defines certain derivatives as hedging tools to protect the variability in cash flows associated with highly probable forecast transactions resulting from changes in exchange rates and interest rates.

At the beginning of the hedging relationship, the Group documents the hedging relationship and the risk management objective and strategy that led to the entity's hedging transaction.

The Group also documents whether the changes in the cash flows of the hedged item and the hedging instrument are expected to offset each other and the economic relationship between the hedged item and the hedging instrument in this way.

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(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of Significant Accounting Policies (Cont'd)

Financial instruments (Cont'd)

Cash Flow Hedge

If a derivative instrument is designed as a cash flow hedging instrument, the effective part of the change in the fair value of the derivative instrument is recognized in other comprehensive income and shown in the hedging reserve under equity. The ineffective part of the change in the fair value of the derivative is recognized directly in profit or loss. The effective part of the change in the fair value of the derivative instrument determined on the present value basis from the inception of the hedging relationship recognized in other comprehensive income is limited to the cumulative effect of the change in the fair value of the hedging instrument.

The Group defines only the value change in the spot element of the forward contract as a hedging tool in the cash flow hedging relationship.

The change in the fair value of the forward value of the forward foreign exchange purchase and sale contracts ("forward element") is accounted as a hedge fund as a separate component in equity as hedging cost.

A protected forecast transaction; in case a non-financial asset or liability is subsequently included in the financial statements, the amount accumulated in the hedge fund and the hedging cost are directly included in the initial cost of the non-financial asset or liability.

For all other hedged forecast transactions, the amount accumulated in the hedge fund and the hedging cost are classified from the hedge fund to profit or loss in the periods or periods when the hedged estimated future cash flows affect profit or loss.

Hedge accounting is terminated prospectively when the hedge relationship (or part of it) no longer meets the required criteria, the hedging instrument expires or is sold, terminated or used. If cash flow hedge accounting is discontinued, the amount accumulated in the hedge fund continues to be classified in equity until the recognition of a hedged forecast transaction non-financial item, the hedging cost is directly included in the initial cost of the non-financial item, or the financial risk for other cash flow hedges. hedging cost is classified into profit or loss in the period or periods in which the hedged estimated future cash flows affect profit or loss.

If the estimated future cash flows under protection are no longer expected to occur, the amount accumulated in the hedge fund and the cost of this fund are immediately classified to profit or loss.

(vi) Non-derivative financial assets

The Group recognises loss allowances for expected credit losses (ECL) on:

- financial assets measured at amortized cost

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2023

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of Significant Accounting Policies (Cont'd)

Financial instruments (Cont'd)

Cash Flow Hedge (Cont'd)

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Bank balances where credit risk (i.e. default risk arising over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group has chosen lifetime ECL's to measure the impairment of trade receivables and contract assets.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

Measurement of ECLs

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive).

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization or
- the disappearance of an active market for a security because of financial difficulties

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of Significant Accounting Policies (Cont'd)

Financial instruments (Cont'd)

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. Write-off is a reason for derecognition.

The Group has a policy of writing off the gross carrying amount when the financial asset is 2 years past due based on historical experience of recoveries of similar assets. For corporate customers, the Group makes an assessment of the timing and the amount to be deducted, based on the individual's expectation for a reasonable recovery. The Group expects no significant recovery from the amount written off.

However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-Financial Assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and is fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

If an asset or CGU's recoverable amount is lower than its book value, the carrying value of that asset or CGU is reduced to its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of Significant Accounting Policies (Cont'd)

Inventories

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

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

The related party is the person or business associated with the reporting business. The entity reporting is the entity that prepares the consolidated financial statements.

a) Related Parties are considered related to the Company if a person or a close member of that person's family is related to a reporting entity;

if that person:

Has control or joint control over the reporting entity;

Has significant influence over the reporting entity; or

Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity

b) The entity and the reporting entity are members of the same group.

i) The entity and the company are members of the same group.

ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

iii) Both entities are joint ventures of the same third party. One entity is a joint venture of a third entity and the other entity is an associate of the third entity. 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. The entity is controlled or jointly controlled by a person identified in (a). 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).

(viii) In the event that the business or another member of the group of which it is a part provides key management personnel services to the reporting enterprise or the parent company of the reporting enterprise.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of Significant Accounting Policies (Cont'd)

Recognition and measurement

Property, plant and equipment are measured by deducting accumulated depreciation and depreciation provision, if any, from their cost values, except for land and parcels, underground and overland plants, buildings and plant, machinery and equipment.

Cost refers to the expenses directly related to the purchase of the relevant asset. The Group stopped using the cost method for lands and parcels, underground and overland plants, buildings and plants, machinery and equipment included in property, plant and equipment and chose the revaluation model as its accounting policy in accordance with TAS 16 Property, Plant and Equipment. The revalued amount is the value found by deducting the subsequent accumulated depreciation and subsequent accumulated impairment losses from its fair value at the date of revaluation. The increase arising from the revaluation of the mentioned lands, underground and overland plants, buildings and plant machinery and equipment is recorded after netting of the deferred tax effect on the revaluation reserve in equity. Decreases arising from the valuation made over the recorded amounts of the re-evaluated lands and parcels, underground overland plants, buildings and facility machinery and devices are also reflected as expense, if any, exceeding the amount of revaluation reserve arising from the previous valuation.

If the parts comprising the tangible fixed assets have different useful lives, they are accounted as separate parts (important parts) of the property, plant and equipment.

Gains or losses arising from the disposal of a tangible asset are determined by comparing the amount of disposal with the registered value of the asset and are accounted for under "income from investment activities" or "expenses from investment activities" in profit or loss.

(i) Subsequent costs

Costs arising from replacing any part of tangible fixed assets are capitalized if it is likely to increase the future economic benefit of the fixed asset and if its cost can be measured reliably. The registered values of the changed parts are excluded from the financial status table. The daily maintenance costs of property, plant and equipment are recorded in profit or loss on the date they occur.

(ii) Depreciation

Property, plant and equipment items are depreciated on the day they are already available or for assets built by the Group, on the day these assets are completed and are ready for use. Depreciation is calculated by straight-line method over their estimated useful life. Depreciation is usually recognized in profit or loss unless it is included in the book value of another asset. Leased assets are depreciated over the shorter of the lease term and the useful life of the leased asset, unless the Group will take ownership of the leased asset with reasonable certainty at the end of the lease. Land and parcels are not depreciated.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of Significant Accounting Policies (Cont'd)

Recognition and measurement (Cont'd)

(ii) Depreciation (Cont'd)

Depreciation expense of revalued lands, underground and overland plants, buildings and plant machinery and equipment for the period is recognized in profit or loss. When the re-evaluated lands and parcels, underground and overland plants, buildings and facility machinery and equipment are sold or withdrawn from service, the remaining balance in the revaluation reserve is directly transferred to previous years losses. On the other hand, some of the increase in value is transferred to previous year's profit / loss as the asset is used by the enterprise.

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

Property, plants and equipments

Machinery and equipment	45-50 years
Fixtures and fittings	3-15 years
Vehicles	5 years

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

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

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

Intangible fixed assets

(i) Recognition and measurement

-

Other intangible fixed assets that have been purchased by the Group and have a certain useful life are measured by subtracting the accumulated amortization and, if any, accumulated impairment losses from their costs. In case of impairment, the registered value of intangible fixed assets is reduced to the recoverable amount.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of Significant Accounting Policies (Cont'd)

Intangible fixed assets (Cont'd)

(ii) Subsequent costs

Subsequent costs are capitalized only if they have an increasing effect on the future economic benefits of the intangible assets they are related to. All other expenses are recognized in profit or loss on the date they occur.

(iii) Redemption

Redemption is calculated over the cost of intangible fixed asset items over their estimated useful lives on a straight-line method and accounted in profit or loss. The estimated useful lives of licenses are between 2 and 49 years. Amortization methods and useful lives are reviewed as of each reporting date and adjusted when necessary.

Leasing transactions

(i) As a lessee

The Group distributes the lease component to each lease component based on the relative stand-alone price of the lease component and the total stand-alone price of the non-lease components.

The Group chose not to separate the non-lease components from the lease components, but instead account for each lease component and its associated non-lease components as a single lease component.

The Group has reflected the right to use and lease obligation in its consolidated financial statements at the date when the lease actually started. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

In the event that the lease transfers the property of the underlying asset to the lessee at the end of the lease period or if the cost of the right of use asset indicates that the lessee will use a purchase option, the right to use asset is depreciated from the date on which the lease actually begins to end the useful life of the underlying asset. In other cases, the right to use asset is depreciated based on the shorter of the useful life or rental period of the asset, starting from the date the lease actually begins. In addition, the value of the right of use asset is periodically reduced, if any, by deducting impairment losses and corrected in line with the re-measurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that were not paid at that date at the time the lease actually started. Rent payments are discounted using this rate if the implicit interest rate in the lease can be easily determined. In case this rate cannot be determined easily, the Group's alternative borrowing interest rate is used.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of Significant Accounting Policies (Cont'd)

Leasing transactions (Cont'd)

The Group determines the alternative borrowing interest rate by considering interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments (including essentially fixed payments) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and,
- In the event that it is reasonably certain that the purchase option will be used, the penalty for termination of the lease, if the usage price of this option and the duration of the lease indicate that the Group will use an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in amount expected to be payable under a residual value guarantee, the Group considers to changes its assessment of whether it will exercise a purchase, extension or termination option.

In case of reassessment of the lease liability, it is reflected in the consolidated financial statements as a correction in the presence of the right to use according to the newly found debt amount. However, if the carrying amount of the right of use asset is zero and there is a further decrease in the measurement of the lease obligation, the remaining re-measurement amount is reflected in profit or loss.

Short-term leases and low-value leases

The Group prefers not to reflect the right of use assets and lease liabilities to its consolidated financial statements for short-term machine rentals with leases of 12 months or less and for leases of low-value conditions, including IT equipment. The Group has reflected the lease payments associated with these leases in the consolidated financial statements as expenses linear basis during the lease period.

Provisions

In the event that there is an existing legal or implied obligation arising from past events and it is probable that the obligation will be fulfilled and the resources that bring economic benefits will emerge from the business and the amount of the obligations can be estimated reliably, a provision is made for these liabilities in the consolidated financial statements. Provisions are calculated according to the best estimate made by the Group management of the expenses to fulfill the obligation as of the reporting date and discounted to present value if the effect is material.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of Significant Accounting Policies (Cont'd)

Employee Benefits

(i) Short term benefits to employees

Short-term benefit obligations provided to employees are expensed as the relevant service is provided. As a result of the past services of its employees, a liability is recorded for the amounts expected to be paid in cases where the Group is legally or constructively obliged to pay and this liability can be estimated reliably. Of the labor contract according to the current Labor Law in Turkey it is obliged to pay for any reason claimed by the employee if the ending, but unused annual leave belonging fee gross salary at the date when the contract expires and contractual other interests him or rights to their owners over the total. Unused vacation provision is the total undiscounted liability amount corresponding to the leave days that all employees deserve but have not used yet as of the reporting date. Liabilities arising from unused leave rights are accrued in the period in which they are entitled.

(ii) Other long-term employee benefits

As per the existing labor law in Turkey, the Group employees' pension, the military or have completed one year of leaving employment for reasons such as death, employees are obliged to pay certain amounts. Provision for severance pay expresses the present value of the future estimated possible liability of the Group in case of retirement of employees on a 30-day basis. The provision for severance pay has been calculated as if all employees will be subject to such a payment, and it is reflected on an accrual basis in the consolidated financial statements. The provision for severance pay has been calculated according to the severance pay ceiling announced by the Government. As of 30 September 2020, the severance pay ceiling was calculated over 7.117.17 TL. (Ceiling valid as of 01.07.2020). All actuarial gains and losses are accounted for in other comprehensive income.

Contingent liabilities and contingent assets

It is defined as an existing asset or liability that will result in the exit or entry of resources that are arising from past events and that contain economic benefits. Contingent liabilities are disclosed in the notes to the consolidated financial statements, except in cases where the possibility of the outflow of resources embodying economic benefits is remote. If the situation requiring resource transfer is probable, contingent liabilities are reflected in the consolidated financial statements. If it becomes probable that the economic benefit will enter the business, an explanation is made in the footnotes of the consolidated financial statements regarding the contingent asset. If it is certain that the economic benefit will enter the business, the asset and the related income change are included in the consolidated financial statements at the date of their change.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of Significant Accounting Policies (Cont'd)

Income from Investment Activities And Expenses from Investment Activities

Income from investment activities includes profits from sales of subsidiaries, and income from sales of fixed assets and scrap. Expenses from investment activities include fixed assets, expenses and losses from sales of subsidiaries.

Earning/(Loss) Per Share

Earnings / (loss) per share stated in the consolidated statement of profit or loss and other comprehensive income has been found by dividing the net profit / (loss) or total comprehensive income / (expense) of the parent company by the weighted average number of shares in the market during the relevant period.

Taxation

Tax expense comprises current tax and deferred tax. Tax is recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity or other comprehensive income.

(i) Current tax

Current period tax is the tax liability or receivable calculated on the profit or loss subject to tax in the current year and in accordance with the tax rates valid as of the end of the reporting period and the current tax legislation and includes the correction records related to the tax liabilities in the previous years.

Current tax is calculated by taking into consideration the tax rates that are in force as of the end of the reporting period or close to the effective date

To net off current tax asset or liability can be applied only under some certain conditions. Tax legislation in Turkey does not permit a parent company and its subsidiary consolidated tax return to fill out. Therefore, the tax provision reflected in the consolidated financial statements is calculated separately for companies.

(ii) Deferred tax

Deferred tax is calculated over the temporary differences between the book values of assets and liabilities in the financial statements and the values used in the tax base. Deferred tax is not recognized for temporary differences that occur in the following situations.

- Temporary differences that arise on initial recognition of assets or liabilities resulting from a transaction that is not a business combination and affects neither accounting profit nor taxable profit or loss;

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of Significant Accounting Policies (Cont'd)

Taxation (Cont'd)

(ii) Deferred tax (cont'd)

- Temporary differences related to investments in subsidiaries that are unlikely to reverse in the foreseeable future and the Group can control the reversal time; and
- Taxable temporary differences arising during the initial recognition of goodwill.

For unused past year financial losses, tax advantages and deductible temporary differences, if it is probable that there will be a taxable profit sufficient to offset them in the future, a deferred tax asset is recognized. Taxable profit is determined according to the business plans of each subsidiary in the Group. Deferred tax assets are reviewed at each reporting date and if it is probable that it will gain taxable profit in the future, a deferred tax asset that has not been recognized beforehand is recognized, limited to these amounts.

The Group measures deferred tax liabilities and deferred tax assets consistently with the tax consequences of its expectations at the end of the reporting period regarding how its assets will recover their book values or how they will pay their debts.

The Company and its subsidiaries within the scope of consolidation have reflected their deferred tax assets and liabilities in their financial statements by netting, however, no netting has been made on a consolidated basis. Deferred tax is calculated over the tax rates expected to be valid in the period when assets are created or liabilities are fulfilled.

(iii) Tax Risk

When the amount of period tax expense and deferred tax expense are determined, the Group considers uncertain tax positions and whether there are any additional tax and interest obligations to be paid. In case new information arises that will change the professional opinion of the Group regarding the adequacy of the existing tax liability, this change in the tax liability will affect the tax expense for the period in which this situation is determined.

Segment reporting

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

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.5. Summary of Significant Accounting Policies (Cont'd)

Capital

Common stocks

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

2.6. Critical Accounting Judgements, Estimates and Assumptions

While preparing the consolidated financial statements, the Group management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the amounts of reported assets, liabilities, income and expenses. Actual amounts may vary from estimated amounts.

Estimates and related assumptions are constantly reviewed. Changes to estimates are accounted prospectively.

(i) Assumptions and Estimates

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

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.6.Critical Accounting Judgements, Estimates and Assumptions (Cont'd)

(ii) Measurement of fair values

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

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: Data excluding quoted prices in Level 1 and that can be observed directly (through prices) or indirectly (derived from prices) in terms of assets or liabilities;
- Level 3: Data not based on observable market data for assets or liabilities (non-observable data).

If the information used to measure the fair value of an asset or liability can be classified to a different level of the fair valuation hierarchy, this fair valuation is classified to the same level of the fair valuation hierarchy that includes the smallest information that is important to the whole measurement.

The Group recognized the transfers between levels in the fair valuation hierarchy at the end of the reporting period in which the change occurred.

(iii) Determination of fair value

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

Trade Receivables and other receivables

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

Derivative Financial Instruments

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

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.6.Critical Accounting Judgements, Estimates and Assumptions (Cont'd)

Property, plant and equipment

The land and parcels, plant, machine and equipment and vehicles included in property, plant and equipment are indicated at their valued amounts in the financial statements, and the important assumptions used in the fair value calculation are specified in note 7. Valuation of the related property, plant and equipment was made by Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş. that is an independent valuation company, as of 31 March 2021.

3. BUSINESS COMBINATIONS

Country	31 March 2023		31 March 2022	
	Production amount (KWh)	Sales amount / TL	Production amount (KWh)	Sales amount / TL
Adana	3,739,297	9,400,197	3,320,601	6,390,260
Muğla	6,980,289	22,249,062	6,369,319	12,672,022
Bilecik	459,190	1,155,473	473,404	911,032
Afyon	4,883,460	12,275,894	4,296,676	8,268,647
Nevşehir	3,153,072	7,925,008	2,545,067	4,897,800
Ankara	6,601,866	16,600,447	6,075,857	11,692,554
Yozgat	1,923,567	4,833,557	1,595,777	3,070,958
Antalya	1,388,842	3,491,534	1,227,220	2,361,699
Eskişehir	1,034,562	2,600,835	1,058,105	2,036,249
Konya	6,170,544	15,514,868	5,290,590	10,181,366
Total	36,334,689	96,046,875	32,252,616	62,482,587

	Electricity Generation	Construction Contracting	31 March 2023
Domestic Sales	96,046,875	57,065,776	153,112,651
Cost of sales (-)	(69,096,982)	(53,157,598)	(122,254,580)
Gross Profit (Loss)	26,949,893	3,908,178	30,858,071

	Electricity Generation	Construction Contracting	31 March 2022
Domestic Sales	62,482,587	47,100,039	109,582,626
Cost of sales (-)	(45,260,333)	(31,282,394)	(76,542,727)
Gross Profit (Loss)	17,222,254	15,817,645	33,039,899

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4. FINANCIAL INVESTMENT

As of 31 March 2023 and 31 December 2022, the details of the Group's financial investments are as follows;

Short-term financial investments

As of 31 March 2023, the details of the Group's financial investments are as follows:

	31 March 2023	31 December 2022
Currency Protected Deposit Account (KKMH)	70,934,525	189,517,445
Stocks	80,545,374	82,272,645
Total	151,479,899	271,790,090

As of 31 March 2023, the annual average interest rate of currency protected deposits is 13.50%.

31 March 2023

	Nominal value	Interest Accrual	Currency differences	Fair Value
KKMH	69,000,000	1,480,192	454,333	70,934,525
Total	69,000,000	1,480,192	454,333	70,934,525

31 December 2022

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

Long-term financial investments

	31 March 2023	31 December 2022
Financial assets carried at fair value difference through profit or loss (*)	1,677,773,463	-
Total	1,677,773,463	-

(*) The group owns 30.39% of Enda Energy Holding Inc. The company is not listed on the stock exchange. The fair value difference of the company, classified as a long-term financial investment reflected in profit or loss, arises from Enda Energy. The fair value increase is accounted for in income from investment activities.

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5. FINANCIAL LIABILITIES

As of 31 March 2023 and 31 December 2022, the details of the Group's short and long term financial liabilities as below;

	31 March 2023	31 December 2023
Short-term borrowings	164,762,668	101,091,050
Short-term portions of long-term borrowings	339,330,706	352,743,592
Other financial liabilities	93,221	88,635
Short term financial liabilities	504,186,595	453,923,277
Long-term borrowings	1,082,148,435	1,073,578,279
Long term financial liabilities	1,082,148,435	1,073,578,279
Total financial liabilities	1,586,335,030	1,527,501,556

As of 31 March 2023, the detail of short and long term financial liabilities is as follows:

Currency	Effective interest rate	Original amount	TL amount
Short term bank borrowings			
TL	20.15%	177,144,192	177,144,192
USD	6.81%	3,010,046	57,652,015
EURO	4.92%	12,492,601	260,408,278
Long term bank borrowings			
TL	16.01%	27,777,778	27,777,778
USD	6.81%	6,226,041	119,248,615
EURO	4.92%	45,287,164	944,010,931
Total			1.586.241.809

ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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5. FINANCIAL LIABILITIES (Cont'd)

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

Currency	Effective interest rate	Original amount	TL amount
Short term bank borrowings			
TL	20.15%	114,726,714	114,886,016
USD	6.81%	3,174,018	59,348,749
EURO	4.92%	14,025,647	279,599,877
Long term bank borrowings			
TL	16.01%	31,111,111	31,111,111
USD	6.81%	6,349,242	118,733,502
EURO	4.92%	46,337,512	923,733,666
Total			1,527,412,921

The repayment schedule of the financial liabilities are as follows;

	31 March 2023	31 December 2022
Within 1 year	495,204,485	453,834,642
Between 1-2 years	334,662,094	316,688,242
Between 2-3 years	291,308,986	285,060,196
Between 4-5 years	213,737,475	211,845,783
More than 5 years	251,328,769	259,984,058
Total financial liabilities	1,586,241,809	1,527,412,921

As of 31 March 2023 and 31 December 2022 movements of financial liabilities is as follows;

Financial Liabilities	31 March 2023	31 December 2022
Opening - 1 January	1,527,412,921	1,218,544,541
New financial liabilities received	179,188,068	172,372,656
Payments	(186,009,112)	(319,152,609)
Currency differences	66,234,966	452,155,641
Effect of TFRS 9	(2,340,639)	(497,530)
Change in interest accrued	1,755,605	3,990,222
Closing balance	1,586,241,809	1,527,412,921

ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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6. TANGIBLE ASSET

	1 January 2023	Additions	Disposals	Business combination effect	Revaluation	Consolidation addition effect	Consolidation disposal effect	31 March 2023
<u>Cost</u>								
Lands	312,721,000	32,497,201	-	-	-	-	-	345,218,201
Machinery and equipment	6,701,580,177	50,285	-	-	199,990,041	-	-	6,901,620,503
Vehicles	27,296,669	-	-	-	-	-	-	27,296,669
Fixtures and fittings	3,182,173	1,757,475	(431,344)	-	-	-	-	4,508,304
Private costs	4,083	-	-	-	-	-	-	4,083
	7,044,784,102							7,278,647,760
<u>Accumulated depreciation</u>								
Machinery and equipment	1,174,646,176	41,899,845	-	-	37,235,972	-	-	1,253,781,993
Vehicles	3,026,382	1,365,672	-	-	-	-	-	4,392,054
Fixtures and fittings	392,280	205,590	(31,684)	-	-	-	-	566,186
Private costs	7,713	204	-	-	-	-	-	7,917
	1,178,072,551							1,258,748,150
Net Book Value	5,866,711,551							6,019,899,610

(*) As of March 31, 2023, there are movable pledges of 2.727.956.213 TL and mortgages of 2.292.901.500 TL on tangible assets.

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6. TANGIBLE ASSET (Cont'd)

	1 January 2022	Additions	Disposals	Business combination effect	Revaluation	Consolidation addition effect	Consolidation disposal effect	31 March 2022
<u>Cost</u>								
Lands	195,096,467	-	-	-	-	-	-	195,096,467
Buildings	65,280,000	61,751,514	-	-	-	-	-	127,031,514
Machinery and equipment	5,172,400,295	-	-	-	-	-	-	5,172,400,295
Vehicles	9,199,841	2,160,434	(105,362)	-	-	-	-	11,254,913
Fixtures and fittings	1,432,055	118,497	(143,324)	-	-	-	-	1,407,228
Private costs	4,084	-	-	-	-	-	-	4,084
	5,443,412,742							5,507,194,501
<u>Accumulated depreciation</u>								
Buildings	1,280,000	481,779	-	-	-	-	-	1,761,779
Machinery and equipment	835,051,852	26,785,470	-	-	-	-	-	861,837,322
Vehicles	200,931	371,096	-	-	-	-	-	572,027
Fixtures and fittings	41,999	109,636	(7,758)	-	-	-	-	143,877
Private costs	502	-	-	-	-	-	-	502
	836,575,284							864,315,507
Net Book Value	4,606,837,458							4,642,878,994

(*) As of March 31, 2022, there are movable pledges of 955,644,298 TL and mortgages of 1,327,162.950 TL on tangible assets.

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7. INTANGIBLE ASSETS

	1 January 2023	Additions	Disposals	31 March 2023
<u>Cost</u>				
Other intangible assets	262,049	1,880		263,929
	262,049			263,929
<u>Accumulated depreciation (-)</u>				
Other intangible assets	80,665	8,160		88,825
	80,665			88,825
Net Book Value	181,384			175,104
	1 January 2022	Additions	Disposals	31 March 2022
<u>Cost</u>				
Other intangible assets	183,510	85,034	-	268,544
	183,510			268,544
<u>Accumulated depreciation (-)</u>				
Other intangible assets	49,628	27,517	-	77,145
	49,628			77,145
Net Book Value	133,882			191,399

Distribution of tangible and intangible assets depreciation is as follows;

	1 January - 31 March 2023	1 January - 31 March 2022
Cost of sales	40,076,843	26,326,179
General administrative expenses	3,402,627	1,449,319
Total	43,479,470	27,775,498

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8. COMMITMENTS AND CONTINGENCIES

Guarantees-Pledge-Mortgage (“GPM”)

As of 31 March 2023 and 31 December 2022 the tables of the Group’s collateral / pledge / mortgage (‘GPM’) position is as follows:

	31 March 2023	31 December 2022
A, Total amount of GPM given on behalf of the own legal entity		
<i>Guarantees given</i>	52,332,408	120,832,463
B, Total amount of GPM given on behalf of the subsidiaries included in full consolidation		
<i>Guarantees given</i>	87,945,181	93,836,181
<i>Pledge</i>	2,727,956,213	2,645,612,361
<i>Mortgage</i>	2,292,901,500	2,209,445,330
C, Total amount of GPM given on behalf of third parties due to normal course of business	-	-
D, Total amount of other GPM given	-	-
i, Total amount of guarantees given in favor of main shareholder	-	-
ii, Total amount of guarantees given in favor of group companies nor covered by B and C clauses	-	-
iii, Total amount of mollaterals given in favor third parties not covered by clause C	-	-
Total	5,161,135,302	5,069,726,335

9. HIGH PROBABILITY FORECAST FOR EXCHANGE RATE RISK CASH FLOW HEDGE

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

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

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

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9. HIGH PROBABILITY FORECAST FOR EXCHANGE RATE RISK CASH FLOW HEDGE (Cont'd)

As of 31 March 2023 the hedging ratio has been calculated as 85%, and the hedging efficiency as 88%.

<i>USD</i>	31 March 2023
Hedged item present value (current)	4,903,226
Hedged item present value (non current)	31,054,185
Hedging instrument present value (current)	7,177,138
Hedging instrument present value (non current)	25,516,120

<i>EUR</i>	31 March 2023
Hedged item present value (current)	3,913,409
Hedged item present value (non current)	34,942,791
Hedging instrument present value (current)	6,100,716
Hedging instrument present value (non current)	27,764,043

<i>TRY</i>	31 March 2023
Cumulative exchange rate difference on the hedged item (current)	5,792,071
Cumulative exchange rate difference on the hedged item (non current)	45,927,983
Cumulative exchange rate difference on the hedged instrument (current)	(8,817,142)
Cumulative exchange rate difference on the hedged instrument (non current)	(36,875,338)
Rate of hedging effectiveness	88%
Inactive portion left in income statement	6,027,574

10. OTHER CURRENT ASSETS, SHORT TERM TERM LIABILITIES

Other current assets

	31 March 2023	31 December 2022
Deferred VAT	60,471,569	52,410,728
Employee advance	40,859	54,103
Total	60,512,428	52,464,831

Other current liabilities

	31 March 2023	31 December 2022
Taxes and funds payable	2,223,668	2,321,705
Other liabilities	5,559,524	12,401
Total	7,783,192	2,334,106

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10. OTHER CURRENT ASSETS, SHORT TERM TERM LIABILITIES (Cont'd)

Other non-current assets

	31 March 2023	31 December 2022
Prepaid taxes and funds	3,676,740	1,412,692
Total	3,676,740	1,412,692

11. SHAREHOLDER'S EQUITY

a) Capital

	31 March 2023		31 December 2022	
	Share (%)	Share amount (TL)	Share (%)	Share amount (TL)
Naturel Enerji A.Ş.	69.70%	44,610,978	69,70%	44,610,978
Public Offering	30.30%	19,389,022	30,30%	19,389,022
Paid-in Capital		64,000,000	100%	64,000,000

b) Reserves on retained earnings

	31 March 2023	31 December 2022
Reserves on retained earnings	4,838,231	4,838,231
Total	4,838,231	4,838,231

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

	31 March 2023	31 December 2022
Accumulated Gain on Revaluation of Non-Current Assets	3,222,155,177	3,105,250,118
Total	3,222,155,177	3,105,250,118

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11.SHAREHOLDER'S EQUITY (Cont'd)

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

	31 March 2023	31 December 2022
Accumulated loss on remeasurement of defined benefit plans	67,592	57,197
Actuarial Loss	67,592	57,197

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

	31 March 2023	31 December 2022
Cash flow hedge	(513,134,344)	(481,850,019)
Total	(513,134,344)	(481,850,019)

f) Premiums/ discounts related to shares:

	31 March 2023	31 December 2022
Premiums/ discounts related to shares	725,793,112	725,793,112
Total	725,793,112	725,793,112

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12. EXPENSE BY NATURE

a) General administrative expenses

	1 Ocak- 31 Mart 2023	1 Ocak- 31 Mart 2022
Personnel expense	(5,138,402)	(461,735)
Depreciation expenses	(3,402,627)	(1,449,319)
Consultancy and audit expenses	(2,793,721)	(1,183,203)
Donation and aid expenses	(2,097,208)	(1,050,000)
Office expenses	(1,254,242)	-
Rent expenses	(963,568)	(236,252)
Insurance expenses	(298,442)	(63,613)
Stock market expenses	(199,943)	-
Taxes, duties and charges expenses	(149,178)	(1,816,988)
Announcement and advertisement expenses	(60,000)	(40,837)
Representation and hospitality expenses	(31,292)	-
Maintenance and repair expenses	(30,107)	-
Service expenses	(21,955)	-
Electricity expenses	(15,825)	-
Notary and chamber of commerce expenses	(10,813)	(47,064)
Communication expense	(7,182)	(36,405)
Other	(378,425)	(455,844)
Total	(16,852,930)	(6,841,260)

13. INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Income from operating activities

	1 January- 31 March 2023	1 January- 31 March 2022
Foreign exchange gain on balance sheet items other than financial borrowings (*)	84,591,974	169,140,968
Tax revenue	-	74,418
Rent incomes	891,095	-
Prior period income and profits	-	1,416
Other	1,518,661	893,464
Total	87,001,730	170,110,266

(*) This amount consist of exchange differences income accoring to TFRS 9 “Cash Flow Hedge”

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13. INCOME AND EXPENSES FROM OPERATING ACTIVITIES (Cont'd)

Expenses from operating activities

	1 January- 31 March 2023	1 January- 31 March 2022
Foreign exchange gain on balance sheet items other than financial borrowings	(44,152,291)	(31,030,356)
Disallowable expenses		-
Discount expenses	(3,397,982)	-
Previous period expenses and losses	(1,196,106)	-
Other	(7,270)	(398,108)
Total	(48,753,649)	(31,428,464)

14. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from investing activities

	1 January- 31 March 2023	1 January- 31 March 2022
Financial investments proffered at fair value	677,648,463	
Investment property appreciation	31,000,000	
Profit on sales of fixed assets	-	79,775
Total	708,648,463	79,775

Expenses from investing activities

	1 January- 31 March 2023	1 January- 31 March 2022
Loss on sale of tangible asset	(1,727,271)	(14,941)
Total	(1,727,271)	(14,941)

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15. INCOME AND EXPENSES FROM FINANCING ACTIVITIES

Income from financing activities

	1 January- 31 March 2023	1 January- 31 March 2022
Time deposits interest income	2,582,611	218,964
Reduced interest expense	2,340,639	37,274
Foreign exchange incomes from financial borrowings	2,300,070	60,385,751
Kkmh interest income	2,116,476	-
Kkmh fair values	1,934,525	55,867,544
Interest from related parties incomes	29,895	-
Total	11,304,216	116,509,533

Expense from financing activities

	1 January- 31 March 2023	1 January- 31 March 2022
Foreign exchange losses from financial borrowings	(29,829,412)	(170,721,841)
Borrowing expenses	(23,794,344)	(17,931,043)
Bank commission expenses	(2,786,285)	(1,054,061)
Guarantee letter commission expenses	(519,908)	(399,561)
Expense from related parties	(12,639)	(785)
Other	(4,485)	(35,312)
Total	(56,947,073)	(190,142,603)

16. TAX ASSETS AND LIABILITIES

Current tax liabilities

	31 March 2023	31 December 2022
Balance Sheet		
Current corporation tax liabilities	(6,154,457)	-
Less: Prepaid taxes and fund (-)	(3,273,715)	(3,560,049)
Tax provision in the balance sheet	(9,428,172)	(3,560,049)

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16.TAX ASSETS AND LIABILITIES (Cont'd)

Deferred tax income

<u>Tax income/ (expense)</u>	<u>1 January- 31 March 2023</u>	<u>1 January- 31 March 2022</u>
Current corporation tax liabilities	-	-
Deffered tax income/ (expense)	(143,537,060)	(1,772,061)
	(143,537,060)	(1,772,061)

Corporate Tax

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

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

The effective rate of tax in Turkey in 31 March 2023 is 23%. (2022: 23%)

Deferred tax

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

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

According to IAS 12 Income taxes article 48; "Current and deferred tax assets and liabilities are generally measured using applicable tax rates (and tax laws). However, in some cases, government disclosures about tax rates (and tax laws) can have a significant impact on enactment, and enactment may occur several months after the announcement. In such cases, tax assets and liabilities are calculated by taking into account the declared tax rates (or laws). According to this paragraph, "Exchange rate protected deposit tax exemption" has been applied to the ongoing financial statements as of 31 March 2023, As of September 28, 2021, the public offering of Margün Enerji, a 100% subsidiary of the Group, has taken place, Margün Enerji Üretim Sanayi ve Ticaret A.Ş., which went public at a rate of 35% with the aforementioned public offering, has been applied with a 2 percentage point discount on the corporate income to be obtained in the 2021-2025 accounting periods, and 1 point tax reduction due to actual production activities that have industrial registration certificate,

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16.TAX ASSETS AND LIABILITIES (Cont'd)

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

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

	Cumulative Temporary Difference		Deferred Tax Asset/ (Liability)	
	2023/1	2022	2023/1	2022
Write off expense	2,708,579	2,708,579	(541,716)	(541,716)
Tangible and intangible fixed asset depreciation adjustment	(33,461,283)	(49,431,179)	6,785,046	9,886,386
Tangible and intangible fixed asset adjustment	1,411,132,243	(188,049,878)	(18,672,245)	37,808,154
Unused vacation provision	(784,069)	(485,202)	156,814	97,041
Subsidiaries adjustment	110,050,900	110,050,900	(3,891,284)	(3,891,284)
Revaluation of tangible assets	3,756,561,519	5,214,743,932	(168,180,481)	(230,069,428)
Adjustment within ifrs 15	201,063,954	187,649,580	(41,478,750)	(38,795,875)
Severance pay provision	(927,525)	(388,678)	185,505	77,736
Expense accruals	1,036,693	6,035,340	(207,339)	(1,207,068)
Financial harm	(279,963,790)	(279,963,790)	54,713,466	54,713,466
Cash flow hedges	(678,301,852)	(722,442,597)	126,043,716	116,252,646
Valuation of investment property	343,408,295	283,278,084	(33,607,287)	(27,894,918)
Adjustments related to fair value	20,545,434	22,272,705	(4,109,086)	(4,454,541)
Adjustments to fair value of financial investments	677,648,463	-	(135,529,692)	-
Deferred tax (liabilities) -net			(218,333,333)	(88,019,401)

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

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

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17.EARNINGS PER SHARE

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

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

	1 January - 31 March 2023	1 January - 31 March 2022
Net profit	429,360,505	66,471,626
Number of shares	64,000,000	64,000,000
Earnings per share (TL)	6.71	1.04

18.THE NATURE AND LEVEL RISKS ARISING FROM FINANCIAL INSTRUMENTS

a) Capital Risk Management

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

The capital structure of the Company consists of debt, which includes the borrowings disclosed in Note 19, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. The board of directors considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the board, the Company targets to balance its overall capital structure through new debt or the redemption of existing debt. The Company’s overall strategy remains unchanged from 2020,

As of 31 March 2023 and 31 December 2022, net liability / total capital ratio of the Group is as follows:

	31 March 2023	31 December 2022
Financial liabilities (Note 5)	1,586,335,030	1,527,501,556
Less: Cash and cash equivalents	(490,973,678)	(668,047,641)
Net financial liabilities	1,095,361,352	859,453,915
Total equity	6,677,328,274	6,028,491,206
Capital used	7,772,689,626	6,887,945,121
Net financial liability/ capital ratio	0.14	0.12

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18. THE NATURE AND LEVEL RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont'd)

b) Financial Risk Factors

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

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

Credit risk management

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

Foreign currency risk management

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

	31 March 2023	31 December 2022
Foreign currency assets	1,424,453,473	810,786,425
Foreign currency liabilities	(1,870,157,115)	(1,396,906,467)
Net foreign currency position	(445,703,642)	(586,120,042)

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18. THE NATURE AND LEVEL RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont'd)

b) Financial Risk Factors (Cont'd)

Foreign currency risk management (Cont'd)

31 March 2023	USD	EUR	TL Equivalent
1. Trade receivables	8,604,316	30,186,939	794,046,925
2a. Monetary financial assets, (cash and banks account included)	32,863,358	39,710	630,266,223
2b. Non monetary financial assets	-	-	-
3. Other	7,326	-	140,325
4. Current assets (1+2+3)	41,475,001	30,226,649	1,424,453,473
5. Trade receivables	-	-	-
6a. Monetary financial assets	-	-	-
6b. Non monetary financial assets	-	-	-
7. Other	-	-	-
8. Non-current assets (5+6+7)	-	-	-
9. Total assets (4+8)	41,475,001	30,226,649	1,424,453,473
10. Trade payables	(2,269,064)	(19,266,245)	(445,064,721)
11. Financial liabilities	(3,010,046)	(12,492,601)	(318,060,281)
12a. Other monetary liabilities	-	(2,099,907)	(43,772,570)
12b. Other non monetary liabilities	-	-	-
13. Current liabilities (10+11+12)	(5,279,110)	(33,858,753)	(806,897,572)
14. Trade payables	-	-	-
15. Financial liabilities	(6,226,041)	(45,287,164)	(1,063,259,542)
16a. Other monetary liabilities	-	-	-
16b. Other non monetary liabilities	-	-	-
17. Non-current liabilities (14+15+16)	(6,226,041)	(45,287,164)	(1,063,259,542)
18. Total liabilities (13+17)	(11,505,151)	(79,145,917)	(1,870,157,115)
19. Net assets of off balance sheet derivative items (liability) position (19a - 19b)	702,186	1,399,592	42,623,608
19a. Total amount of assets hedged	-	-	-
19b. Total amount of liabilities hedged	702,186	1,399,592	42,623,608
20. Net foreign assets / (liability) position (9-18+19)	30,672,035	(47,519,677)	(403,080,033)
21. Net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	12,753,890	(109,293,146)	(2,033,937,816)

ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2023

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

18.THE NATURE AND LEVEL RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont'd)

b) Financial Risk Factors (Cont'd)

Foreign currency risk management (Cont'd)

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

ESENBOĞA ELEKTRİK ÜRETİM ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2023

(Amounts expressed in Turkish Lira (TL) unless otherwise stated.)

18.THE NATURE AND LEVEL RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont'd)

Foreign currency risk management (Cont'd)

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

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

Exchange Rate Sensitivity Analysis Table

31 March 2023

	Profit / (Loss)	
	Appreciation of foreign currency	Appreciation of foreign currency
Appreciation of USD against TL by 20%		
1- USD denominated net assets/liabilities	117,493,526	(117,493,526)
2- USD hedged portion (-)	-	-
3- Net effect of USD	117,493,526	(117,493,526)
Appreciation of EUR against TL by 20%		
4- EUR denominated net assets/liabilities	(198,109,533)	198,109,533
5- EUR hedged portion (-)	-	-
6- Net effect of EUR	(198,109,533)	198,109,533
Total	(80,616,007)	80,616,007

Exchange Rate Sensitivity Analysis Table

31 December 2022

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

19.EVENTS AFTER REPORTING PERIOD

None.