ÇAN2 TERMİK A.Ş.
AND ITS' SUBSIDIARIES
CONSOLIDATED FINANCIAL
STATEMENTS AND
LIMITED INDEPENDENT
AUDIT REPORT
FOR THE PERIOD
ENDING ON 31.03.2023

CONTENT **PAGE**

ÇAN2 TERMİK A.Ş.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDING ON 31.03.2023
(Currency is TRY unless otherwise is indicated.)

		Current Period Not Audited Consolidation	**Previous Period Audited Consolidation**
ASSETS	**NOTES**	**31.03.2023**	**31.12.2022**
Current Assets			
Cash and cash equivalents	42	112.515.995	209.452.279
Trade Receivables	6-7	2.642.149.968	914.917.992
Trade receivables from related parties	*6*	*531.836.709*	*498.659.615*
Trade receivables from third parties	*7*	*2.110.313.259*	*416.258.377*
Other Receivables	6-8	63.196.138	12.590.640
Other Receivables from Related Parties	*6*	*60.584.555*	*9.979.929*
Other Receivables from Third Parties	*8*	*2.611.583*	*2.610.711*
Inventories	9	640.732.718	528.587.004
Prepaid Expenses	10	46.045.964	51.342.279
Assets Related to Current Term Tax	30	88.721	3.268.855
Other Current Assets	20	72.399.836	377.502.937
TOTAL CURRENT ASSETS		**3.577.129.340**	**2.097.661.986**
Non-current Assets			
Other receivables	8	209.963	209.963
Other receivables from related parties	*6*	--	--
Other receivables from third parties	*8*	*209.963*	*209.963*
Tangible Fixed Assets	11	4.941.354.200	4.919.883.315
Intangible Fixed assets	12	42.054.436	33.809.355
Other intangible fixed assets	*12*	42.054.436	*33.809.355*
Right of Use Assets	14	1.497.428	*1.713.135*
Prepaid Expenses	10	1.017.279	889.057
Deferred Tax Assets	30	604.254.156	490.995.261
Other Non-Current Assets	20	45.314.736	47.864.509
TOTAL NON-CURRENT ASSETS		**5.635.702.198**	**5.495.364.595**
TOTAL ASSETS		**9.212.831.538**	**7.593.026.581**

Consolidated financial statements for the period ending on 31.03.2023 have been approved by the Board of Directors Decision dated 10.05.2023 and numbered 2023/8.

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

ÇAN2 TERMİK A.Ş.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDING ON 31.03.2023
(Currency is TRY unless otherwise is indicated.)

		Current Period Not Audited Consolidation	Previous Period Audited Consolidation
LIABILITIES	**NOTES**	**31.03.2023**	**31.12.2022**
Short Term Liabilities			
Short Term Loans	33	50.931	--
Short Terms Part of Long-Term Loans	33	672.510	861.732
Short-Term Portions of Long-Term Borrowings	33	309.289.220	293.815.316
Other Financial Liabilities	33	550.645	866.832
Trade Payables	6-7	330.503.288	232.541.573
Trade Payables to Related Parties	*6*	--	*121.268*
Trade Payables to Third Parties	*7*	*330.503.288*	*232.420.305*
Payables within the Scope of Employee Benefits	19	20.895.945	9.326.857
Other Payables	6-8	1.738.242.082	159.839.880
Other payables to related parties	*6*	*1.476.165.051*	*16.778.893*
Other payables to third parties	*8*	*262.077.031*	*143.060.987*
Deferred Income	10	--	5.634.429
Tax Liability of the Period Income	30	4.615.524	28.460.456
Short-term Provisions	18-19	11.385.581	11.375.439
Short term provisions from employee benefits	*19*	*9.773.736*	*10.397.411*
Other Short-Term Provisions	*18*	*1.611.845*	*978.028*
Other Short-Term Liabilities	20	28.788.903	498.136.013
TOTAL SHORT-TERM LIABILITIES		**2.444.994.629**	**1.240.858.527**
Long Term Borrowings	33	2.043.155.372	1.931.248.633
Long-Term Financial Lease Obligations	33	427.473	590.132
Other Payables	6-8	899.773	1.680.862
Other Payables to Related Parties	*6*	--	--
Other Payables to Third Parties	*8*	*899.773*	*1.680.862*
Long Term Provisions	18-19	3.152.279	3.312.062
Long term provisions for employee benefits	*19*	*2.947.997*	*3.109.464*
Other Long-Term Provisions	*18*	*204.282*	*202.598*
Deferred Tax Liabilities	30	8.041.436	5.686.230
Other Long-Term Liabilities	20	261.265	481.163
TOTAL LONG-TERM LIABILITIES		**2.055.937.598**	**1.942.999.082**

Consolidated financial statements for the period ending on 31.03.2023 have been approved by the Board of Directors Decision dated 10.05.2023 and numbered 2023/8.

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ÇAN2 TERMİK A.Ş.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDING ON 31.03.2023
(Currency is TRY unless otherwise is indicated.)

		Current Period Not Audited Consolidation	Previous Period Audited Consolidation
EQUITY	**NOTES**	**31.03.2023**	**31.12.2022**
Equity of Parent Company		**2.895.562.181**	**2.615.633.233**
Paid-in Share Capital	21	320.000.000	320.000.000
Shares Related Discount/Premium	21	--	185.332.488
Other Accumulated Comprehensive Income or Expenses Not to be Reclassified to Profit or Loss		2.828.163.911	2.828.402.269
Gains/Losses Related Revaluation and Measurement	*11*	*2.829.562.979*	*2.829.801.337*
Effects of combination of entities or businesses under common control	*3-21*	*(1.399.068)*	*(1.399.068)*
Other Accumulated Comprehensive Income and Expenses to be Reclassified to Profit or Loss	21-38	(936.139.269)	(767.840.764)
Foreign Currency Conversion Adjustments		--	--
Hedging Gains/Losses	*38*	*(937.401.381)*	*(766.181.663)*
Other Gains/Losses	*21*	*1.262.112*	*(1.659.101)*
Reserves on Retained Earnings	21	27.307.068	--
Retained Earnings/Loss	21	2.001.300.399	(293.751.490)
Net Profit or Loss	31	471.267.202	2.137.026.469
Non-controlling Shares		--	--
TOTAL EQUITY		**4.711.899.311**	**4.409.168.972**
TOTAL LIABILITIES		**9.212.831.538**	**7.593.026.581**

Consolidated financial statements for the period ending on 31.03.2023 have been approved by the Board of Directors Decision dated 10.05.2023 and numbered 2023/8.

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

ÇAN2 TERMİK A.Ş.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDING ON 31.03.2023
(Currency is TRY unless otherwise is indicated.)

		Current Period Not Audited Consolidation	Current Period Not Audited Consolidation
STATEMENT OF PROFIT/LOSS	**NOTES**	**01.01 - 31.03.2023**	**01.01 - 31.03.2022**
Revenue	22	1.226.475.685	907.059.213
Cost of Goods Sold (-)	23	(973.295.052)	(399.744.400)
GROSS PROFIT/LOSS		**253.180.633**	**507.314.813**
General administrative expenses (-)	24	(14.382.761)	(14.208.451)
Marketing expenses (-)	24	(1.322.864)	--
Other Income from Operating Activities	25	7.249.787	3.836.630
Other Expenses from Operating Activities (-)	25	(14.168.550)	(13.237.025)
OPERATING PROFIT/LOSS		**230.556.245**	**483.705.967**
Income from Investing Activities	26	461.929	--
Expenses from Investing Activities (-)	26	--	(133.366)
FINANCING EXPENSE BEFORE OPERATING PROFIT/LOSS		**231.018.174**	**483.572.601**
Financial Income	28	279.074.290	75.480.959
Financial Expenses (-)	28	(102.979.212)	(103.238.485)
PROFIT/LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS		**407.113.252**	**455.815.075**
Tax Expense/Income from Continuing Operations		**64.153.950**	**(42.067.178)**
Period Tax Income/Loss	30	(4.615.524)	--
Deferred Tax Income/Loss	30	68.769.474	(42.067.178)
PROFIT/LOSS FROM ONGOING OPERATIONS		**471.267.202**	**413.747.897**
PROFIT/LOSS FROM DISCONTINUED OPERATIONS		--	--
PROFIT/LOSS FOR THE PERIOD		**471.267.202**	**413.747.897**
Profit/loss distribution for the period			--
Non-controlling Shares		--	--
Parent Company Shares	21	471.267.202	413.747.897
Earnings Per Share			
Earnings per share from continuing operations	31	1,472710	1,388584
OTHER COMPREHENSIVE INCOME		**2.921.213**	**33.908**
Not to be reclassified to profit or loss		**2.921.213**	**33.908**
Increase/Decrease in Revaluation of Tangible Fixed Assets	29	--	--
Actuarial losses and earnings calculated under employee benefits	19-29	3.651.516	44.037
Effect of Tax	19-29	(730.303)	(10.129)
To be Reclassified to profit or loss		**(171.219.718)**	**(133.852.857)**
Cash Flow Hedging Gains/Losses	37	(214.024.647)	(167.019.231)
Deferred Tax Expense/Income	29	42.804.929	33.166.374
OTHER COMPREHENSIVE INCOME		**(168.298.505)**	**(133.818.949)**
TOTAL COMPREHENSIVE INCOME		**302.968.697**	**279.928.948**

Consolidated financial statements for the period ending on 31.03.2023 have been approved by the Board of Directors Decision dated 10.05.2023 and numbered 2023/8.

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

ÇAN2 TERMİK A.Ş.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDING ON 31.03.2023
(Currency is TRY unless otherwise is indicated.)

			Not to be Reclassified to profit or loss accumulated other comprehensive income or expenses				To be Reclassified to profit or loss accumulated other comprehensive income or expenses	Accumulated Profit			
	Paid-in Share Capital	**The Effect of Associations Including Enterprises or Enterprises Subject to Joint Control**	**Share Premiums / Discounts**	**Actuarial Loss /Gain**	**Hedging Profit / (Loss)**	**Revaluation and Classification Gains/Losses**	**Reserves on Retained Earninngs**	**Retained Earnings/Losses**	**Net Profit/Loss for the Period**	**Non-Controlling Interest**	**Equity**
Balance on January 1, 2022	**320.000.000**	**(1.399.068)**	**185.332.488**	**(620.592)**	**(425.193.010)**	**2.831.264.906**	**--**	**(112.788.483)**	**(180.963.007)**	**--**	**2.615.633.234**
Other Comprehensive Income/Expense	--	--	--	33.908	(133.852.857)	--	--	--	--	--	(133.818.949)
Transfers	--	--	--	--	--	--	--	(180.963.007)	180.963.007	--	--
Net Profit/Loss for The Period	--	--	--	--	--	--	--	--	413.747.896	--	413.747.896
Balance on March 31, 2022	**320.000.000**	**(1.399.068)**	**185.332.488**	**(586.684)**	**(559.045.867)**	**2.831.264.906**	**--**	**(293.751.490)**	**413.747.896**	**--**	**2.895.562.181**
Balance on January 1, 2023	**320.000.000**	**(1.399.068)**	**185.332.488**	**(1.659.101)**	**(766.181.663)**	**2.829.801.337**		**(293.751.490)**	**2.137.026.469**	**--**	**4.409.168.972**
Other Comprehensive Income/Expense	--	--	--	2.921.213	(171.219.718)	(238.358)	--	--	--	--	(168.536.863)
Transfers	--	--	(185.332.488)	--	--	--	27.307.068	2.295.051.889	(2.137.026.469)	--	--
Net Profit/Loss for The Period	--	--	--	--	--	--	--	--	471.267.202	--	471.267.202
Balance on March 31, 2023	**320.000.000**	**(1.399.068)**	**--**	**1.262.112**	**(937.401.381)**	**2.829.562.979**	**27.307.068**	**2.001.300.399**	**471.267.202**	**--**	**4.711.899.311**

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

ÇAN2 TERMİK A.Ş.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENING ON 31.03.2023
(Currency is TRY unless otherwise is indicated.)

	NOTES	Current Period Not Audited Consolidation 01.01-31.03.2023	Previous Period Not Audited Consolidation 01.01-31.03.2022
A. CASH FLOWS FROM OPEARING ACTIVITIES		**(52.892.422)**	**457.903.261**
Profit/Loss for The Period		**471.267.202**	**413.747.896**
Adjustments To Reconcile Net Profit/Loss for The Period		**(131.459.652)**	**(229.352.592)**
Adjustments related to Amortization and Depreciation Expenses	11-12-14-23-24-27	53.221.896	48.943.268
Adjustments for Impairment (Cancellation) of Receivables	19	2.866.379	1.689.301
Adjustments Related to Employees Benefits Provision (Cancellation)	18	671.495	186.740
Adjustment Related to Litigation and/or Penalty Provisions (Cancellation)	18	19.238	4.389
Adjustments Regarding (Cancellation) of Provisions Set aside in accordance with Sectoral Requirements	7-8	7.559.708	641.249
Deferred Financing Expense from Forward Purchases	7-8	(7.182.809)	(6.341.464)
Unearned Finance Income from Futures Sales	20	28.788.903	51.482.032
Adjustments Regarding Interest Expenses	20	(23.127.907)	(351.800.696)
Adjustments Related to Interest Income		88.085.209	152.058.552
Adjustments for Unrealized Currency Translation Differences	11	(238.358)	--
Adjustments Regarding Tax Expenses/Income	30	(110.903.689)	8.910.933
Adjustment on Fair Value Loss (Gains) of Derivative Financial Instruments	37	--	(1.274.039)
Adjustments for Fair Value Loss (Gains)	37	(171.219.717)	(133.852.857)
Changes In Business Capital		**(395.621.185)**	**273.474.048**
Adjustments Regarding Increase/Decrease in Inventories	9	(112.145.714)	(50.097.157)
Increase/Decrease in Trade Receivables from Related Parties	6	(33.177.094)	(27.448.728)
Increase/Decrease in Trade Receivables from Unrelated Parties	7	(1.701.613.359)	43.092.163
Decrease (Increase) in Other Receivables from Related Parties	6	(50.605.857)	(8.315.581)
Decrease (Increase) in Other Receivables from Unrelated Parties	8	(872)	(579.187)
Change in Other Assets	20	333.960.915	94.382.029
Increase (Decrease) in Trade Payables to Related Parties	6	(121.268)	(468.338)
Increase (Decrease) in Trade Payables to Non-Related Parties	7	105.259.132	70.281.870
Change in Prepaid Expenses	10	5.168.093	(40.128.087)
Change in Payables Under Employee Benefits	19	8.702.711	(251.958)
Increase (Decrease) in Other Payables Related to Operations to Related Parties	6	1.459.386.158	(9.817.747)
Increase (Decrease) in Other Payables Related to Operations to Non-Related Parties	8	118.241.617	28.183.623
Provisions for Employee Benefits	19	(785.142)	1.645.267
Increase (Decrease) in Deferred Income	10	(5.634.429)	216.993.172
Change in Other Liabilities	20	(522.256.076)	(43.997.293)
Cash Flows from activities		**(55.813.635)**	**457.869.351**
Other gain/loss	21	2.921.213	33.908
B. CASH FLOWS FROM INVESTMENT ACTIVITIES		**(82.722.156)**	**(36.346.236)**
Cash Inflows Arising from the Sale of Tangible Fixed Assets	11	461.929	--
Cash Outflows Arising from the Purchase of Tangible Fixed Assets	11	(72.468.774)	(35.161.962)
Cash Outflows Arising from the Purchase of Intangible Assets	12	(10.931.018)	(1.184.274)
Cash Outflows from Right-to-Use Assets	14	215.707	--
C. CASH FLOWS FROM FINANCING ACTIVITIES		**38.678.294**	**(193.328.510)**
Cash Inflows from Financial Lease Contracts	33	(351.881)	448.142
Cash Inflows from Loans	33	48.330.317	100.192.638
Cash Inflows for Debt Payments Arising from Rental Agreements	14	10.258	55.578
Cash Outflows Related to Loan Repayments	33	(8.983.950)	(293.421.153)
Cash Outflows Related to Debt Payments Arising from Rental Agreements	14	(320.965)	(603.715)
Cash Outflows from Other Financial Debt Payments	33	(5.481)	--
NET INCREASE/DECREASE OF CASH AND CASH EQUIVALENTS		**(96.936.284)**	**228.228.517**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**209.452.279**	**23.552.721**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**112.515.995**	**251.781.236**

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

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY

Çan2 Termik A.Ş.

Çan2 Termik Inc. ("Company", "Parent Company"), on 27 May 2003 Çan Kömür ve İnşaat A.Ş. was established under the title. The title of the company was changed to Çan2 Termik Anonim Şirketi after the Extraordinary General Assembly held on January 19, 2021, registered with the Istanbul Trade Registry Office on January 21, 2021. This change was published in the Turkish Trade Registry Gazette dated January 26, 2021 and numbered 10253. The company is engaged in the establishment, commissioning, leasing of a domestic coal-based electric power generation facility, electric power generation, sales of the produced electric energy and/or capacity to customers. Its center located Barbaros District, Başak Cengiz Street, Varyap Meridian Site No: 1D, Ataşehir / Istanbul.

The license certificate of the Company for Çan-2 Thermal Power Plant Production Facility with an installed capacity of 340 MWm/330 MWe located in Çan district of Çanakkale province was approved by the decision of the Energy Market Regulatory Authority dated 28.01.2016 and numbered 6083-2, and on 28.01.2016 the Company's license was approved. e delivered. Ministry acceptance of Çan-2 Thermal Power Plant was made on 01.08.2018. In addition, regarding the thermal power plant, Industry Registry Certificate dated 10.08.2020 and numbered 720480 and a capacity report valid until 29.07.2022 dated 28.07.2020 and numbered 79 were obtained. As of 31.12.2023, the average number of employees of the Group is 589.

The capital of Çan2 Termik A.Ş. as of 31.03.2023 is TRY 320.000.000 and the shareholding structure is as follows:

	31.03.2023	**31.12.2022**
Odaş Elektrik Üretim Sanayi Ticaret A.Ş.	76,77%	76,77%
Public Shares	23,23%	23,23%

Subsidiaries

Yel Enerji Elektrik Üretim Sanayi A.Ş.

Yel Enerji Elektrik Üretim Sanayi A.Ş. ("Yel Enerji") was established on 22.10.2007. Yel Enerji was established to engage in the establishment, commissioning, leasing, generation of electrical energy, and sale of the generated electrical energy and/or capacity to customers. As of 31.03.2022, Yel Enerji's investments continue, it has not started its operations yet and has not generated any income. As of 31.03.2022, the average number of employees of Yel Enerji is 2 people.

The mining license numbered IR:17517 in the Bayramiç District of Çanakkale Province was purchased by Yel Energy and the transfer process was completed. Its center is in Barbaros District, Başak Cengiz Street, Varyap Meridian Site No: 1D, Ataşehir / Istanbul.

With the Share Purchase and Sale agreement signed on 20.10.2016, Yel Enerji shareholders transferred all of their shares to Çan Kömür2 Termik A.Ş. at nominal value and Yel Enerji was included in the scope of consolidation.

As of 31.03.2022, Yel Enerji's capital is TRY 600.000 and its shareholding structure is as follows:

	31.03.2023	**31.12.2022**
Çan2 Termik A.Ş.	100%	100%

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

1.ORGANIZATION AND CORE BUSINESS OF THE COMPANY (CONTINUED)

Çan 2 Trakya Kömür Maden A.Ş.

Çan2 Termik A.Ş. became a 100% shareholder of Çan 2 Trakya Kömür Maden A.Ş. ("Çan 2 Trakya") as a founding partner on 18.06.2019 and was included in the consolidation.

Çan 2 Trakya is engaged in purchasing, selling, manufacturing, assembling, and importing all kinds of natural stones and mineral ores in finished and semi-finished form. Its center is in Barbaros District, Başak Cengiz Street, Varyap Meridian Site No: 1D, Ataşehir / Istanbul. As of 31.03.2022, the average number of employees of Çan 2 Trakya is 1 person.

The capital of Çan 2 Trakya is TRY 550,000 as of 31.03.2022 and its shareholding structure is as follows:

	31.03.2023	**31.12.2022**
Çan2 Termik A.Ş.	100%	100%

Information on EMRA licenses held by the parent company and its subsidiaries as of 31 March 2023 is as follows;

Owner	License Type	License Number	Effective Date	Duration
ÇAN2 TERMİK	Production	EÜ/6083-2/03428	28.01.2016	17 Years

Information on the licenses of the parent company and its subsidiaries as of 31 March 2023 is as follows;

Owner	License Group	License Type	License Number	Effective Date	Ending Date
YEL ENERJİ	IV. Group	Operation	17517	05.01.2015	05.01.2025
YEL ENERJİ	IV. Group	Exploration	201900443	09.04.2019	09.04.2026
YEL ENERJİ	IV. Group	Operation	80272	25.01.2019	25.01.2029

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

a. Basis of Presentation

Applied Accounting Standards

The accompanying interim consolidated financial statements are in accordance with the provisions of the Capital Markets Board ("CMB") "Communiqué on Principles Regarding Financial Reporting in the Capital Markets" ("Communiqué") No. II-14.1 published in the Official Gazette dated 13.06.2013 and numbered 28676. It has been prepared in accordance with the Turkish Financial Reporting Standards ("TFRS"), which was put into effect by the Public Oversight, Accounting and Auditing Standards Authority ("KGK"). TFRSs; It includes Standards and Interpretations published by KGK under the names of Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, TMS Interpretations and TFRS Interpretations.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Current and Reporting Currency

The Group keeps and prepares its legal books and statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), the accounting principles determined by the tax legislation, and the Uniform Chart of Accounts issued by the Ministry of Finance. The functional currency of the Group is Turkish Lira ("TL"). These interim consolidated financial statements are presented in TRY, which is the functional currency of the Group.

Adjusting Financial Tables in High Inflation Periods

Companies operating in Turkey and preparing financial statements in accordance with CMB Accounting Standards do not apply inflation accounting, effective from 01.01.2005, with a decision taken by the CMB on 17.03.2005. In line with the decision taken by the CMB, the preparation and presentation of financial statements according to TAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied. Memento Mori.

On January 20, 2022, the Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments within the scope of TAS 29 in their financial statements for 2021.

Basis of Consolidation

The consolidation was carried out by the parent company Çan2 Termik A.Ş. carried out in-house. Consolidated financial statements have been prepared in accordance with TAS 27 Turkish Accounting Standard for Consolidated and Separate Financial Statements.

Consolidated financial statements include all subsidiaries of the parent company.,

- It eliminates participation amount at each subsidiary and percentage amount of main partnership which are equivalent to amount in equities of each subsidiary.

- It determines amount of minority percentage in consolidated profit and loss of period and amount of minority percentage determines separately from amount of main subsidiary from amount of net actives of consolidated main subsidiary. The amount of minority percentage from net actives contains; calculated minority percentages in merge date in accordance with TFRS 3; minority percentage from all transactions made after merge date.

- All expenses, income, transactions, and balances incurred of group are eliminated.

- Subsidiary income, expenses and dividends including all balances and transactions are eliminated. Profits and loss which are added to inventory or cost of current and non-current assets due to transactions in subsidiaries are eliminated. Loss in group can show an impairment which should be in account in assets section of consolidated financial reports. The differences which rise during elimination of loss and profits which resulted by transactions in group apply in accordance with TAS 12 "Income Taxes" standard.

- Necessary adjustments are made during preparation of consolidated financial statements when one of subsidiaries needs to use different accounting principles for similar transactions or events.

- The consolidated financial reports of the partnership and subsidiaries are prepared at the same time with financial statements. Accounting policies are accepted for consolidated financial reports, same transactions, and transactions in same condition.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

- All income and expenses of a subsidiary take in account consolidated financial reports after acquisition date according to TFRS 3 and this situation continues till the date of partnership lose its control power on subsidiary. When subsidiary sold; the difference between the income resulted by this transaction and the book value of subsidiary will be shown as loss or profit in consolidated comprehensive income statement. About this transaction if there is a currency translation loss or profits which are related directly to equity consider in accordance with "TAS 21 Currency Change Effects".

- Minority interest can be shown at equities section in consolidated statement of financial position separately from equities amount of partnership. The Group's loss or profit amount for minority interest should be shown also separately on financial statements.

Comparative Information and Restatement of Prior Period Financial Statements

The Group has prepared the consolidated statement of financial position dated 31 March 2023 with the consolidated financial position statement prepared as of 31 December 2022; Consolidated comprehensive income statement for the period 1 January - 31 March 2023, consolidated statement of comprehensive income prepared as of January 1 - March 31, 2022, statement of cash flows; The consolidated statement of changes in shareholders' equity, dated 1 January - 31 March 2023, was prepared in comparison with the consolidated statement of changes in shareholders' equity, dated 1 January - 31 March 2022. In order to comply with the presentation of the current period consolidated financial statements, comparative information is reclassified when deemed necessary and significant differences are disclosed.

Changes in Accounting Policies

If the change in accounting policy is applied retrospectively, the entity should adjust the opening amount for each affected equity item for the earliest period included in the financial statements and present information comparable to previous periods as if the new accounting policy had been applied for a long time. Although a change in accounting policy requires retrospective application, if the effect of the change cannot be determined as period-specific or cumulative, retrospective application may not be made.

b. Changes and Errors in Accounting Estimates

If the effects of the change in accounting estimates create a change in the assets, liabilities or equity items, the book values of the related asset, liability or equity item should be adjusted in the period in which the change is made. Recognizing the effect of a change in an accounting estimate prospectively means that it is applied to transactions, events and conditions after the change in the estimate. Prior period errors are corrected by retrospective restatement, except when the period-specific or cumulative effects of the error cannot be calculated.

In the preparation of the consolidated financial statements, the Group management is required to make estimations and assumptions that will affect the amounts of assets and liabilities, determine the possible liabilities and commitments as of the balance sheet date and the amounts of income and expense as of the reporting period. Actual results may differ from estimates and assumptions. These estimates and assumptions are reviewed regularly, necessary corrections are made and reflected in the operating results of the relevant period.

Significant Accounting Evaluations, Estimates and Assumptions

The preparation of the financial statements requires the disclosure of the amounts of assets and liabilities reported as of the statement of financial position date, the disclosure of contingent assets and liabilities, and the use of estimates and assumptions that may affect the amounts of income and expenses reported during the accounting period. Although these estimates and assumptions are based on the Group management's best knowledge of current events and transactions, actual results may differ from the assumptions.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Estimates and assumptions that may cause significant adjustments to the carrying value of assets and liabilities in the upcoming financial reporting period are as follows:

Inventories: Inventories are examined physically and how old they are, and a provision is made for inventory items that are estimated to be unusable.

Provisions for employee benefits: Severance pay liability is determined by actuarial calculations based on certain assumptions including discount rates, future salary increases and employee turnover rates. Due to the long-term nature of these plans, these assumptions contain significant uncertainties.

Determination of fair values: Certain estimates are made in the use of observable and non-observable market information used in determining the fair value.

Useful lives of tangible and intangible assets: The Group management makes important assumptions in determining the useful lives of tangible and intangible assets, in line with the experience of its technical team and in line with prospective marketing and management strategies, especially for specific costs.

Facility, machinery and equipment are reflected in the financial statements from the fair asset values included in the asset valuation report prepared based on the valuation studies carried out by an independent professional real estate appraisal company licensed by the Capital Markets Board ("CMB"). The frequency of revaluation studies is determined to ensure that the book values of the revalued property, plant and equipment do not differ materially from their fair values at the end of the relevant reporting period. The frequency of revaluation studies depends on the change in the fair value of the items of property, plant and equipment. In cases where the fair value of a revalued asset is considered to differ materially from its carrying amount, the revaluation study needs to be repeated and is done for the entire asset class in which the revalued asset is located as of the same date. On the other hand, it is not considered necessary to repeat the revaluation studies for tangible fixed assets whose fair value changes are insignificant. As of the current period, there is no need for a revaluation study.

The economic depreciation period of the Çan-2 thermal power plant is based on the determinations made by the technical departments regarding the economic life of the plant during the commissioning period.

Deferred tax assets and liabilities: Deferred tax assets are recorded when it is highly likely to benefit from temporary differences and unused previous year financial losses by earning taxable profit in the future. While determining the amount of deferred tax assets to be recorded, it is necessary to make important estimates and evaluations regarding the taxable profits that may occur in the future

Borrowing costs: The Group has added the borrowing costs of the loans used to finance the construction of power plants to the cost of the power plant, which is considered as qualifying assets.

c. Going Concern

The group prepared the consolidated financial statements in the interim period based on going concern

d. Netting/Deduction

Financial assets and liabilities are presented net if the required legal right is already present, the presence of intention is to pay the related assets and liabilities in accordance with the net fair value, or if the acquisition of assets and the fulfillment of obligations are intentional simultaneously.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

e. Changes in Financial Reporting Standards

a) New standards in force as of March 31, 2023 and amendments and interpretations to existing previous standards

Limited changes to TMS 1, Application Statement 2, and TAS 8; Effective for annual reporting periods beginning on or after 1 January 2023. These changes are intended to improve accounting policy disclosures and help financial statement users distinguish between changes in accounting estimates and changes in accounting policies.

TAS 12, Amendment to deferred tax on assets and liabilities arising from a single transaction; Effective for annual reporting periods beginning on or after 1 January 2023. These amendments require deferred tax recognition on transactions that cause equal amounts of taxable and deductible temporary differences when first recognized by companies.

TFRS 17, 'Insurance Contracts'; Effective for annual reporting periods beginning on or after 1 January 2023. This standard replaces TFRS 4, which currently allows for a wide variety of applications. TFRS 17 will fundamentally change the accounting of all entities that issue insurance contracts and investment contracts with discretionary participation features.

b) Standards, amendments and interpretations published but not yet effective as of 31 March 2023

TAS 1, Amendment to the long-term obligations, which are the terms of the contract; Effective for annual reporting periods beginning on or after 1 January 2024. These changes clarify how conditions that an entity must comply with within twelve months of the reporting period affect the classification of a liability.

TFRS 16, Sale and leaseback transactions; Effective for annual reporting periods beginning on or after 1 January 2024. These changes include the sale and leaseback requirements in IFRS 16 that describe how an entity accounts for a sale and leaseback transaction after the transaction date. Sales and leaseback transactions where some or all of the lease payments consist of variable lease payments that are not tied to an index or rate are likely to be affected.

f. Summary of Important Accounting Policies

Related Parties

The group will consider as a related party if one the conditions below are met.

a) If the party directly or indirectly with one or more agent:
   i) Controls the enterprise, controlled by enterprise or is present under the same control with the enterprise (including parent companies, subsidiaries and subsidiaries at the same line of business);
   ii) Has share which allows it to have big impact on the company; or
   iii) Has associated control on the company.
b) If the party is an affiliate of the company;
c) If the party is an business partnership where the group is a party;
d) If the party is a member of the key personnel in the group or Company’s main partnership;
e) If the party is a close family member of any person mentioned in the a or d parts;
f) If the party is an enterprise which is controlled, partnered or under important effect or any person mentioned in The party must have post-employment benefit plans for employees of the entity or an entity that is a related party

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Financial assets

Financial assets are recorded with their appropriate value and expenses directly related to purchase except financial assets reflected to profit or loss of the appropriate value difference and recorded on their appropriate value. In the case of purchase or selling of financial assets which are bound to a contract that has a condition on deliverance date of financial instruments set by the market are recorded at the date of transaction or deducted from records. Financial assets are classified as "financial assets reflected to profit or loss of the realizable value difference", "financial assets kept in hand till its maturity", "marketable financial assets" and credits and receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss; are financial assets held for trading. When a financial asset is acquired for short-term disposal, it is classified in this category. The mentioned financial assets constituting derivative products that are not determined as an effective protection tool against financial risk are also classified as financial assets whose fair value difference is reflected to profit or loss.

Financial assets measured at amortized cost

Financial asset is classified as a financial asset measured at amortized cost if the terms of the contract for the financial asset, which aims to collect the contractual cash flows of the financial asset, lead to cash flows that include only the principal and interest payments arising from the principal balance at certain dates. It is valued at its discounted cost using the effective interest rate method and provision is made for impairment, if any. Interest income from securities held to maturity is recognized as interest income in the period profit / loss.

Financial assets at fair value through other comprehensive income

In cases where the contractual terms of the financial asset aiming at collecting the contractual cash flows of the financial asset and selling the financial asset, and in addition, the terms of the contract for the financial asset lead to cash flows that include only principal and interest payments arising from the principal balance at certain dates, the financial asset is the fair value difference reflected in other comprehensive income classified as.

Fair value difference subsequent valuation of financial assets reflected in other comprehensive income is made at their fair value. However, if their fair value cannot be determined reliably, are measured at amortized cost using the internal rate of return method for those with a fixed term; a fixed term fair value are measured using pricing models or discounted cash flow techniques for non. The difference of the fair value of financial assets arising from changes in fair value reflected in other comprehensive income and amortized cost and fair value of securities computed by expressing the difference between the effective interest method, unrealized profits or losses in equity items "in value of financial assets increase / decrease Fund" under the account are shown. Fair value difference if financial assets reflected in other comprehensive income are disposed of, the value generated in equity accounts as a result of fair value application is reflected in profit/loss for the period.

Registration and derecognition of financial assets

The Group reflects the financial assets or liabilities in its consolidated balance sheet if it is a party to the related financial instrument contracts. The Group derecognizes all or part of a financial asset only when it loses control over the rights arising from the contract to which the said assets are subject. The Group derecognizes financial liabilities only if the liability defined in the contract is discharged, canceled or expired.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Impairment / expected loss provision in financial assets

At each reporting date, it is assessed whether there has been a significant increase in the credit risk of an impaired financial instrument since it was first recognized in the consolidated financial statements. While making this assessment, the change in the default risk of the financial instrument is considered. The expected loss allowance estimate is objective, probability-weighted, and includes supportable information about estimates of past events, current conditions, and future economic conditions.

For all financial assets, except for trade receivables, where the carrying amount is reduced through the use of an allowance account, the impairment is directly deducted from the carrying amount of the relevant financial asset. In case the trade receivable cannot be collected, the amount in question is deducted from the provision account and written off. Changes in the provision account *are recognized in profit or loss for the period. Except for equity instruments at fair value through other comprehensive income, if the impairment loss is reduced in a subsequent period and the decrease can be attributed to an event that occurred after the impairment loss was recognized, the previously recognized impairment loss would never have been recognized at the date the impairment loss would be reversed. It is canceled in the consolidated income statement so that it does not exceed the amortized cost amount that it will reach.

The increase in the fair value of equity instruments at fair value through consolidated other comprehensive income is recognized directly in equity.

Interests, dividends, losses, and gains

Interest, dividends, losses, and gains related to a financial instrument, or a financial liability are recognized as income or expense in profit or loss. Distributions to equity instrument holders are accounted for directly in equity. Transaction costs arising from equity transactions are accounted for as a discount from equity. Income taxes on distributions to shareholders of equity instruments and transaction costs arising from equity transactions are accounted for in accordance with TAS 12 Income Taxes. The classification of a financial instrument as a financial liability or equity instrument determines whether interest, dividends, losses and gains on that instrument are recognized as income or expense in profit or loss. Thus, dividend payments on shares that are fully accounted for as liabilities are accounted for as expenses, just like interest on bonds. Similarly, gains and losses associated with the repurchase or refinancing of financial liabilities are recognized in profit or loss, while the repurchase or refinancing of equity instruments is accounted for as a change in equity. Changes in the fair value of the equity instrument are not reflected in the financial statements. An entity generally incurs various costs in issuing or repurchasing its own equity instruments. These costs may include registration and other regulatory fees, legal, financial, and other professional consulting fees, printing costs and stamp duties. Transaction costs arising from these transactions are accounted for as a deduction from equity, as long as there are additional costs incurred directly from these transactions, that is, they do not need to be incurred otherwise. In addition, costs related to abandoned equity transactions are recognized as an expense.

Transaction costs related to the issuance of a composite financial instrument are allocated to the debt and equity components of the instrument in proportion to the distribution of the obtained amounts to the related instrument. Transaction costs associated with multiple transactions (for example, costs associated with simultaneous issuance of some stocks and listings of some other stocks) are allocated to the relevant transactions on the basis of an allocation method that is reasonable and consistent with similar transactions. The amount of transaction costs accounted for as a deduction from equity during the period is disclosed separately in accordance with TAS 1.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Trade Receivables

Trade receivables resulting from the provision of products or services to the buyer are accounted for at the amortized value of the receivables, which are recorded at the original invoice value, to be obtained in the following periods using the effective interest method. Short-term receivables with no specified interest rate are shown at the invoice amount unless the effect of the original effective interest rate is significant.

A "simplified approach" is applied within the scope of impairment calculations for trade receivables (with a maturity of less than 1 year) that are accounted at amortized cost in the consolidated financial statements and do not contain a significant financing component. With this approach, allowances for losses on trade receivables are measured at an amount equal to "lifetime expected credit losses", in cases where trade receivables are not impaired for specific reasons (other than realized impairment losses).

Following the provision for impairment, if all or part of the amount of the impaired receivable is collected, the collected amount is deducted from the provision for impairment and recorded in other income from main activities.

Cash and cash equivalents

Cash and cash equivalents are cash, demand deposits and other highly liquid short-term investments with maturities of 3 or less than 3 months from the date of purchase, immediately convertible into cash, and without significant risk of change in value.

Financial Liabilities

A financial liability is measured at fair value at initial recognition. During the initial recognition of financial liabilities whose fair value difference is not recognized in profit or loss, the transaction costs directly attributable to the underwriting of the related financial liability are added to the said fair value. Financial liabilities are accounted for at amortized cost using the effective interest method, together with the interest expense calculated over the effective interest rate in the following periods.

Inventories

Inventories are valued based on the weighted average cost method by considering the cost or the net realizable value, whichever is the lowest. Net realizable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses. The cost of inventories covers all purchasing costs, conversion costs and other expenses made to bring the inventories into their current state and condition. When net realizable value of inventories is less than their cost, inventories will be valued according to their realizable value and the difference will be record as an item in comprehensive income statement.

In cases where impairment of inventories is no longer valid or net realizable value is increased, impairment of inventories which was recorded as loss in previous comprehensive income statement will be a provision no longer required. The amount of provision no longer required is limited with the amount of provision which was allocated in previous periods. (Note: 9)

Tangible Fixed Assets

The Group has adopted the "Revaluation model" starting from 30.09.2018, based on the reasonable values determined in the valuation studies performed by an independent valuation company accredited to the CMB for the asset value of the thermal power plant in accordance with TAS 16 "Tangible Fixed Assets" standard.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Income Approach was used to determine the fair value of Çan2 Thermal Power Plant owned by Çan2 Termik A.Ş. The choice of this approach was driven by the fact that the asset's ability to generate income is a crucial factor influencing value, and reasonable estimates of the amount and timing of future income associated with the subject asset. Revaluations are made regularly in a way that does not cause the amount to be determined by using the fair value as of the end of the reporting period to differ materially from the carrying value. The frequency of revaluations depends on the changes in the fair values of the items of property, plant and equipment subject to revaluation.

If the fair value of the revalued asset differs significantly from its carrying value, the asset is revalued. Some items of property, plant and equipment whose fair values show significant changes are revalued annually. Items of property, plant and equipment that do not have significant changes in their fair values are subject to revaluation every three or five years.

Increases in tangible fixed assets because of revaluation are recorded after netting the deferred tax effect to the revaluation fund account in the equity group of the balance sheet. The difference between depreciation and amortization calculated over the carrying value of the revalued assets (depreciation charged to the profit or loss statement) and the depreciation and amortization calculated over the acquisition cost of these assets is transferred from the revaluation reserve to the accumulated profit/loss after the deferred tax effect is netted each year. The same applies to tangible fixed assets as well.

The lands are not depreciated because their economic useful lives are indefinite. The estimated useful lives of these assets are as follows:

	Years
Thermal reactor	30
Aboveground and underground layouts	8-50
Buildings	50
Machinery, plant and devices	4-15
Vehicle tools and equipment	5
Flooring and fixtures	3-15
Specific costs	lease term (days) or lifetime, whichever is less

The profit or loss resulting from the disposal of tangible fixed assets is determined by comparing the adjusted amounts with the collected amounts and is reflected in the relevant income and expense accounts in the current period.

Maintenance and repair expenses of tangible fixed assets are normally recorded as expense. However, in exceptional cases, if the maintenance and repair results in an expansion or significant improvement in assets, these costs can be capitalized and depreciated over the remaining useful life of the associated tangible asset (Note 11).

Intangible Assets

Intangible assets are consisting of acquisition rights, information systems, computer software and special costs. These elements record on acquisition cost and after the date of acquisition they will amortize by using normal amortization method according to their expected useful life. Expected useful life of intangible assets is like below.

	Years
Rights	3-15
Computer programs	3
Preparation and Development Activities	License or Royalty Contract Duration

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

In case of decrease in value, the book value of intangible assets can be discounted to its recovered value. Recovered value is the value that whichever is higher between useful value and net selling price. (Note:12)

Leases – TFRS 16 (As a Lessor)

At the inception of a contract, the Group evaluates whether the contract is or contains a lease. If the contract transfers the right to control the use of an identified asset for a specified period of time, the contract is or includes a lease.

The group considers the following conditions when assessing whether a contract transfers the right to control the use of an identified asset for a specified period of time:

• The contract contains an identified asset (identification of an asset by express or implied indication in the contract),
• A functional part of the asset is physically separate or represents almost the entire capacity of the asset (the asset is not defined if the supplier has a substantive right to replace the asset throughout its useful life and derive economic benefits from it),

• The Group has the right to obtain almost all of the economic benefits to be derived from the use of the identified asset,
• The Group has the right to direct the use of the identified asset. The Group has the right to manage the use of the asset in any of the following situations:
a) The Group has the right to manage and change how and for what purpose the asset will be used throughout the period of use, or
b) The following decisions regarding how and for what purpose the asset will be used have been determined beforehand:
i. The Group has the right to operate the asset (or direct others to operate the asset as it determines) throughout the life of the asset and the supplier does not have the right to change these operating instructions; or
ii. The Group has designed the asset (or certain features of the asset) to predetermine how and for what purpose the asset will be used throughout its useful life.

After the above-mentioned assessments, the Group reflects a right-of-use asset and a lease liability to its consolidated financial statements at the actual commencement date of the lease.

Right-of-use asset

The Group measures the right-of-use asset at cost at the commencement date of the lease. The cost of the right-of-use asset includes:

a) the initial measurement amount of the lease liability,
b) all lease payments made on or before the commencement date of the lease, less any lease incentives received.
c) all initial direct costs incurred by the group; and
d) in relation to restoring the underlying asset to the condition required by the terms and conditions of the lease.

Costs incurred by the group (excluding costs incurred for producing inventory). When applying the group cost method, the right-of-use entity:
a) deducting accumulated depreciation and accumulated impairment losses; and
b) measures at cost adjusted for remeasurement of the lease liability.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Leases – TFRS 16 (As a Lessor)

While depreciating right-of-use assets, the Group applies the depreciation provisions of TAS 16 Tangible Fixed Assets. TAS 36 Impairment of Assets is applied to determine whether a right-of-use asset is impaired and to account for any identified impairment losses.

Lease payments that are included in the measurement of the Group's lease liability and that have not been realized at the commencement date of the lease consist of the following:

a) The amount obtained by deducting all kinds of lease incentive receivables from fixed payments,
b) Lease payments based on an index or rate, initially measured using an index or rate at the commencement date of the lease; and
c) Penalties for termination of the lease if the lease term indicates that the lessee will exercise an option to terminate the lease.

After the actual commencement date of the lease, the Group measures the lease liability as follows:

a) Increases the book value to reflect the interest on the lease liability,
b) Decrease book value to reflect lease payments made; and
c) Remeasures the book value to reflect any reassessments and restructurings. The Group reflects the remeasurement of the lease liability as an adjustment to the right-of-use asset in its consolidated financial statements.

Cash flow hedges

At the date of the derivative contract, the Group determines the transactions that provide hedging against changes in the cash flows of a registered asset or liability or transactions that can be associated with a certain risk and that are likely to occur, resulting from a certain risk and that may affect profit or loss as cash flow hedge.

The Group presents the gains and losses on the effective hedging transaction under “hedging gains (losses)” in equity. The ineffective portion is defined as profit or loss in the profit for the period. In the event that the hedged commitment or possible future transaction becomes an asset or liability, the gains or losses related to these transactions, which are recognized as equity items, are taken from these items and included in the acquisition cost or book value of the said asset or liability. Otherwise, the amounts recognized under equity items are transferred to the income statement in the period in which the hedged possible future transaction affects the income statement and reflected as profit or loss.

In case the hedging instrument is sold, expires or fails to meet the hedge accounting requirements even though it is for hedging purposes, or if one of the situations where the promised or probable future transaction is not expected to occur, it is separately in equity until the promised or probable future transaction occurs. remains classified. The promised or probable future transaction is recorded in the income statement when it occurs, or if it is anticipated that it will not occur, the accumulated gains or losses related to the transaction are reflected in the consolidated financial statements as profit or loss (Note 37).

Facilitating applications

Short-term lease agreements with a rental period of 12 months or less, and agreements regarding information technology equipment rentals (predominantly printers, laptop computers, mobile phones, etc.) determined by the Group as low value, are considered within the scope of the exception recognized by TFRS 16 Leases Standard. Payments related to contracts continue to be recognized as expenses in the period they are incurred (Note 14).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Investment Properties

Land and buildings held for use in the production of goods and services or for administrative purposes or for the purpose of earning rent and/or capital gains, or both, rather than being sold in the ordinary course of business, are classified as investment properties and are depreciated at cost minus accumulated depreciation (land) except) values. The cost of the investment property constructed by the Group is stated over its cost at the completion of the construction or rehabilitation works. At that date, the asset becomes investment property and is therefore transferred to the investment property account item.

Borrowing Costs

Group reflects borrowing costs as financing cost during credit period in its comprehensive income statement. Financing cost which is sourced from credits is recorded to comprehensive income statement when they occur.

Energy producing plants can be evaluated as a specialty asset depending on conditions. Acquiring, constructing, or borrowing costs that can be directly related to producing of a specialty asset can be capitalized as a part of specialty asset’s cost by firms. Firms can book the other borrowing costs as an expense in their occurred period.

Acquiring, constructing, or borrowing costs that can be directly related to producing of a specialty asset is added to cost of the asset. This kind of borrowing costs is capitalized as a part of specialty asset’s cost for a dependable measure and for a possible situation that it can make an economic contribution to company. Acquiring, constructing, or borrowing costs that can be directly related to producing of a specialty asset are borrowing costs that will not appear in case that there will be no expense done related to specialty asset.

If a company is get into debt in order to acquire a specialty asset, the borrowing cost amount that will be capitalized will be determined by deducting income that is gained via temporary exploiting aforesaid funds from borrowing cost of the aforesaid borrowing in the related period.

In the case of a company uses a part of the funds that it is get into debt for general purposes in order to finance a qualifying asset; the borrowing cost amount that can be capitalized; is determined via using capitalizing rate that will be applied to expenses that related asset. This capitalizing rate is the weighted average of all existing borrowing of the related period to borrowing costs, except the borrowings that is done for acquiring the qualifying asset. The borrowing cost amount that is capitalized for a period, cannot exceed consisted of the borrowing cost in related period.

When all necessary proceedings virtually is completed for asset’s intended usage and getting ready for sale, the capitalizing of borrowing costs will end. In the situation of a qualifying asset is completed in parts and every part can be used while other parts Continue to construct; When all necessary proceedings virtually is completed for certain part’s intended usage and getting ready for sale, the capitalizing of borrowing costs of the related part will end.

Within the scope of TAS-23 “Borrowing Costs” standard, the group includes the principal currency difference amounts of the loans used to finance the construction of the Specialty Assets; Assuming that the loan was used in TRY, the TRY base interest rate at the date of use of the loans is taken and the exchange differences corresponding to the TRY interest cost are added to the capitalization amount of the assets considered as qualifying assets. In the calculation made, the base interest rate is based on the representative interest rate on the date of the signed and renewed contracts in the current period for all investment loans used if the same loans are used in TRY under the same conditions (Note 17).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Provisions, Contingent Liabilities and Assets

Provisions

Provisions which are present in group as of the statement of financial position date can be accounted in case where there is a legal liability sourced from past or a structural liability and it is highly possible to realize exit of resources to fulfil this liability, there is a reliable estimated amount of liability. In cases where here is more than one a like liability, the need for the possibility of exit of resources which can provide economic profit evaluate by taking in account of all same liabilities in same quality. Even if there is a little possibility to realize exit of resources for a liability in same quality, group allocates provision. Group does not allocate provision for operational loss in future. In cases when the value effect of money is important, amount of provision determine with present value of expenses which will be needed to fulfil liability.

Contingent Assets and Liabilities

Contingent assets and liabilities are contingent assets and liabilities that arise from past events and whose realization is dependent on the occurrence or non-existence of one or more events that are beyond the Group's complete control in the future.

The Group does not reflect contingent assets and liabilities in its records. Contingent liabilities are disclosed in the notes to the consolidated financial statements unless the probability of an outflow of relevant economic benefits is remote, whereas contingent assets are disclosed only if an inflow of economic benefits is highly probable.

Employee Benefits:

Defined Benefit Plan

Provisions for severance benefit reflect upon to actuarial work according to TAS 19 "employee benefit".

Liability of severance benefit means value of estimated total provisions for possible liabilities which will occur in future cause of ending the agreement between group and its personnel for defined reasons according to

Turkish Labor Law or retirement of personnel according to related law as of statement of financial position date. Group calculates severance benefit by predicting discounted net value of deserved benefits or based on the information from group's experience about fire personnel or quit of the personnel and reflects to its financial statements.

Defined Contribution Proportions

Group has to pay social insurance premium to Social Insurance Intuition. There will be no other liability if the group Continues to pay the premiums. These premiums reflect to personnel expenses in its accrual periods.

Revenues

When the Group fulfills or fulfills a performance obligation by transferring a promised good or service to its customer, revenue is recognized in the consolidated financial statements. An asset is transferred when or when control of an asset falls into the hands of the customer. The Group recognizes revenue in the consolidated financial statements in line with the following 5 basic principles:

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

a) Definition of customer contracts
b) Definition of performance obligations in contracts
c) Determination of the transaction price in the contracts
d) Allocating the transaction price to the performance obligations in the contracts
e) Recognizing revenue when each performance obligation is satisfied.

A contract is considered within the scope of TFRS 15 only if it is legally enforceable, collectible, rights and payment terms for goods and services are identifiable, the contract has a commercial substance, the contract is approved by the parties, and the parties undertake to fulfill their obligations.

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

The Group takes into account the contractual terms and commercial practices to determine the transaction price. The transaction price is the amount the Group expects to be entitled to in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, some sales taxes). While making the assessment, it is considered whether the contract includes elements of variable amounts and whether it contains a significant financing component.

In accordance with TFRS 15 "Revenue from contracts with customers", the Group's performance obligations 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 consumes the Group's benefit from performance simultaneously. Revenue from electricity sales and ancillary services related to electricity sales are recognized at the moment of delivery.

Foreign Currency Translation

Foreign currency transactions realized during the period are translated into Turkish Lira at the exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are valued at the exchange rates prevailing at the end of the period. Exchange gains or losses arising from the valuation of monetary assets and liabilities denominated in foreign currency are reflected in the profit/loss statement.

As of 31.03.2023, announced buying rate of USD by the Central Bank of Republic of Turkey is 19,1532 TRY (31.12.2022: 18,6983 TRY), buying rate of EURO is 20,8450 TRY (31.12.2022: 19,9349 TRY), buying rate of GBP is 23,6602 TRY (31.12.2022: 22,4892 TRY). As of the date of 31.03.2023 announced buying rate of USD by the Central Bank of Republic of Turkey is 19,1878 TRY (31.12.2022: 18,7320 TRY), buying rate of EURO is 20,8825 TRY (31.12.2022: 19,9708 TRY), buying rate of GBP is 23,7836 TRY (31.12.2022: 22,6065 TRY).

Calculated Taxed on Corporation Revenue

Deferred Tax

Deferred taxes are calculated by considering statement of financial position liability. They are reflected considering the tax effects of temporary differences between legal tax base and reflected values of assets and liabilities in financial statements. Deferred tax liability is calculating for all taxable temporary differences however discounted temporary differences which occurs from deferred tax assets is calculated in condition to be highly possible to have benefit from these differences by obtaining taxable profit in future. Receivable and liability for deferred tax occurs where there are differences (which are reducible in future and taxable temporary differences) between book value and tax value of asset and liability sections.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Current Tax Payments

Corporate tax rate in Turkey is 23% as of 2022. This rate can be applied to tax base which if found out after adding expenses, which are not accepted to reduce from tax according to tax law, to its commercial income and deducting exceptions in law (exception like affiliate income), discounts (like investment discount). In case of not distributing dividends, it will not be necessary to pay another tax.

There are not taking of withholding tax for corporate who obtain income in Turkey with a base or permanent representative and dividend payment to corporate that has a base in Turkey. Dividend payment except these above is taxable for withholding tax at 15%. Adding profit to capital cannot be count as distribution of dividend and applied for withholding tax.

Financial loss which is showed in declaration form according to Turkish Tax Regulation in condition not to pass for 5 years can be deducted on corporate income for period. However, fiscal loss cannot be deducted from previous year's profits.

Earnings / Loss Per Share

Earnings per share presented at the bottom of the consolidated Comprehensive Income Statement are calculated by dividing the net profit for the period to the number of shares. In case of increasing capital from sources in group in period, when calculating weighted average of number of shares, the value found after that is accepted also to use as valid at the beginning of period. TAS 33 also refers to this matter is as follows. Ordinary shares can be issued without any changing at sources or current ordinary shares can be reduced. For Example:

a. Activation or give ordinary shares (sometimes, ordinary share can be given as dividend too)
b. Include bonus issued in another issued transaction; for example, include new rights about bonus issued in issued transaction for current shareholders)
c. Share split and
d. Reverse share split (consolidation of shares)

Ordinary shares issued to current shareholders without any additional payment in the event of activation or bonus issue or share split. Because of this current ordinary share increase without any increase in resource. Before mentioned transaction number of current ordinary shares adjust according to proportional change in case of mentioned transaction realized at the beginning of the earliest period presented.

Events After the Reporting Period

Subsequent events cover all events between authorization dates for publishing statement of financial position and statement of financial position date even if they are related to an announcement related to profits or if they occur after publishing financial information to public.

In case of occurring, events which are necessary to make adjustments after statement of financial position date, group adjusts the amounts in financial statements in an appropriate way to this situation. Subjects which are not necessary to make adjustment occurred after statement of financial position date is explained in explanatory notes of financial statements if they will affect economic decision of financial statements user.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Statement of Cash Flow

In cash flow statement group reports cash flows in period based on classification as operating, investing, and financing activities. Cash flows sourced from operating activities shows cash flows sourced from Group's activities. Cash flow related to investing activities shows cash flows that group use at present time or they gain from investing activities such as intangible asset investing and financial investing. Cash flow related to financing activities shows the resources used by group and back payment of these resources for financing activities. Cash and cash equivalents are consisted of cash and bank deposit, investment with certain amount at 3 months term or less than 3 months, short term with high liquidity.

Determination of Fair Value

Several accounting policies and disclosures of the group require determination of fair value of both financial and non-financial assets. Assumptions are used to determine fair value and relevant additional information is presented in the notes specific to asset or liability.

According to levels, the valuation methods are listed as follows.

Level 1: Recorded prices (unadjusted) in active market for identical assets and liability

Level 2: Directly (through prices) observable data and indirectly (derived from prices) observable data for assets or liabilities and except recorded prices in Level 1

Level 3: Data is not based on observable market data relevant with assets and liabilities (unobservable data)

3. BUSINESS COMBINATIONS

A business combination involving the undertakings or businesses subject to joint control is a business combination in which all the merging undertakings or businesses are controlled by the same person or persons before and after the business combination and this control is not temporary.

Since the business combinations subject to joint control are accounted by the combination of rights method, goodwill cannot be included in the financial statements, the amount of 1.399.068 TRY goodwill arising from the acquisition of the companies subject to joint control has been shown in the account "The Effect of the Enterprises Subject to Joint Control or Mergers Including the Enterprises".

The amounts resulting from the merger of enterprises under joint control in the "Effect of Mergers Including Joint Controlled Enterprises or Businesses" are shown below;

Company Title	Acquisition Cost	Acquired Equity Share Value	Effect of Mergers Involving Enterprises or Businesses Under Joint Control
Yel Enerji	100.000	(1.299.068)	(1.399.068)
Total	**100.000**	**(1.299.068)**	**(1.399.068)**

4. JOINT VENTURES

None. (31.12.2022: None)

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

5. SEGMENT REPORTING

Segment reporting has not been made since the entity does not have a distinguishable operating segment that has different characteristics in terms of risk and return in the provision of product or service group, and a distinguishable geographical segment with different risk and return characteristics.

6. RELATED PARTY DISCLOSURES

i) Balances of the Company with its' related parties as of March 31, 2023 and December 31, 2022:

a) Trade receivables from related parties :

	31.03.2023	31.12.2022
Voytron Enerji Elektrik Perakende Satış A.Ş.	365.828.559	166.705.567
Suda Stratejik Metal Dış Ticaret A.Ş.	180.968.850	357.493.406
Arsın Enerji Elektrik Üretim Sanayi Ticaret A.Ş.	7.463.312	7.312.766
Hidro Kontrol Elektrik Üretim A.Ş	408.105	408.105
Batı Trakya Madencilik A.Ş.	--	17.500
Suda Maden A.Ş.	--	770.835
TOTAL	**554.668.826**	**532.708.179**
Deduction: Unaccrued financial expenses	*(22.832.117)*	*(34.048.564)*
TOTAL	**531.836.709**	**498.659.615**

b) Other receivables from related parties:

	31.03.2023	31.12.2022
Süleyman Sarı	160.750	160.750
Tahsin Yazan	100.000	100.000
Odaş Elektrik Üretim San. ve Tic. A.Ş.	58.609.304	--
Abdulkadir Bahattin Özal	5.498.645	5.511.145
Burak Altay	--	4.209.365
Batı Trakya Madencilik A.Ş.	400.000	--
TOTAL	**64.768.699**	**9.981.260**
Deduction: Unaccrued financial expenses	*(4.184.144)*	*(1.331)*
TOTAL	**60.584.555**	**9.979.929**

c) Trade payables to related parties:

	31.03.2023	31.12.2022
Odaş Elektrik Üretim San. ve Tic. A.Ş.	--	121.380
TOTAL	**--**	**121.380**
Deduction: Unaccrued financial income	--	***(112)***
TOTAL	**--**	**121.268**

d) Other payables to related parties:

	31.03.2023	31.12.2022
Odaş Elektrik Üretim San. ve Tic. A.Ş.	1.447.677.665	10.778.330
Burak Altay	114.769.635	--
Suda Maden A.Ş.	15.831.014	7.360.678
Voytron Enerji Elektrik Perakende Satış A.Ş.	431	--
Bahattin Özal	--	12.500
TOTAL	***1.578.278.745***	***18.151.508***
Deduction: Unaccrued financial incomes	*(102.113.694)*	*(1.372.615)*
TOTAL	***1.476.165.051***	***16.778.893***

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

6. RELATED PARTY DISCLOSURES (Continued)

ii) Significant sales to related parties and significant purchases from related parties:

a) Sales to Related Parties

	01 January - 31 March 2023	01 January - 31 March 2022
Voytron Enerji Elektrik Perakende Satış A.Ş.	141.790.597	39.491.568
Suda Stratejik Metal Dış Ticaret A.Ş.	10.161.397	--
Suda Maden A.Ş	8.936.190	953.431
Arsin Enerji Elektrik Üretim San. Tic. A.Ş	150.546	--
TOTAL	**161.038.730**	**40.444.999**

b) Purchases from related parties

	01 January - 31 March 2023	01 January - 31 March 2022
Voytron Enerji Elektrik Perakende Satış A.Ş.	3.702.282	1.503.677
Rey Bilişim Hizmetleri Ve Ticaret Ltd Şti.	161.301	--
Suda Maden A.Ş.	--	953.431
TOTAL	**3.863.583**	**2.457.108**

Fees and similar benefits provided to the top management for the accounting period ending on 31.03.2023 are as follows:

a) **Short-term benefits provided to employees:** The total amount of wages and similar benefits provided to the members of the Board of Directors and senior managers in the first six months of the 2023 accounting period is TRY 7.418.574 (31.03.2022: 21.906.106 TRY)

b) **Post-employment benefits:** Severance pay is paid to the personnel who deserve the rights granted by law. No payment is made other than the rights arising from the Labor Law.

c) **Other long-term benefits: None.**

d) **Benefits due to Dismissal: None.**

e) **Share-based payments: None.**

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

7. TRADE RECEIVABLES AND PAYABLES

Trade Receivables

The details of the Group's trade receivables as of 31.03.2023 and 31.12.2022 are as follows;

	31.03.2023	31.12.2022
Customer current accounts	2.654.366.629	936.653.558
- Receivables from related parties	554.668.826	532.708.179
-Other receivables (*)	2.099.697.803	403.945.379
Notes receivable	18.173.933	17.973.097
Doubtful trade receivables	1.500.000	1.500.000
Provision for doubtful trade receivable (-)	(1.500.000)	(1.500.000)
TOTAL	**2.672.540.562**	**954.626.655**
Deduction: Unaccrued financial expenses	*(30.390.594)*	*(39.708.663)*
-Receivables from related parties	*(22.832.117)*	*(34.048.564)*
-Other receivables	*(7.558.477)*	*(5.660.099)*
TOTAL	**2.642.149.968**	**914.917.992**

(*) TL 1.579.709.889 of the amount included in trade receivables, including tax and interest, includes the amount withdrawn from the collateral accounts by EPİAŞ in accordance with the notification dated 13.01.2023 by EMRA. On March 30, 2022, with the amendment in the Procedures and Principles for the Determination and Implementation of the Resource-Based Support Fee, it was legally stated that the bilateral agreement amounts are within the scope of exemption. Upon EPİAŞ's request regarding this exemption, the Company notified EPİAŞ of both its bilateral agreements and the portions sold indirectly to final consumers, which are much lower than this amount. On September 30, 2022, EMRA amended the Procedures and Principles and added the phrase "(up to the end consumer)" to Article 7. However, EPİAŞ, with EMRA's guidance, wants to apply the amendment to the Procedures and Principles retroactively, contrary to fundamental rights and rules of law. The Company filed a lawsuit with the Ankara 10th Administrative Court for the annulment of the administrative action. The case is still pending on the merits.

The movement table of the provision for doubtful receivables as of 31.03.2023 and 31.12.2022 is as follows:

	31.03.2023	31.12.2022
Balance at the beginning of the period	1.500.000	1.500.000
Additional provisions	--	--
Total	**1.500.000**	**1.500.000**

Trade Payables

	31.03.2023	31.12.2022
Vendor Current Accounts	337.676.937	237.354.404
Related party vendor payables	--	121.380
Other vendor payables		
Other Trade Payables	2.500	--
	337.679.437	**237.354.404**
Deduction: Unaccrued financial income	*(7.176.149)*	*(4.812.831)*
-Receivables from related parties	--	*(112)*
-Other receivables	*(7.176.149)*	*(4.812.719)*
TOTAL	**330.503.288**	**232.541.573**

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

8. OTHER RECEİVABLES AND PAYABLES

Short- Term Other Receivable

The details of the Group's other short-term receivables are as follows:

	31.03.2023	31.12.2022
Receivables from Related Parties	64.768.699	9.981.260
Other Receivables	261.300	259.197
Deposits and guarantees given	2.351.513	2.351.514
TOTAL	**67.381.512**	**12.591.971**
Deduction: Unaccrued financial expense	(4.185.374)	(1.331)
-Receivables from related parties	(4.184.144)	(1.331)
-Other Receivables	(1.230)	--
TOTAL	**63.196.138**	**12.590.640**

Long-Term Other Receivables

The details of the Group's other long-term receivables are as follows:

	31.03.2023	31.12.2022
Deposits and guarantees given	209.963	209.963
Total	**209.963**	**209.963**

Short-Term Other Payables

The details of the Group's other short-term payables are as follows:

	31.03.2023	31.12.2022
Payables from Related Parties	1.578.278.745	18.151.508
Various other debts	298.984	235.390
Taxes and funds payable	258.277.413	139.285.116
Received advances	9.830	9.965
Past Due Deferred or Installment Taxes and Other Liabilities	3.440.449	3.939.782
Other Obligations Payable	57.015	24.088
	1.840.362.436	**161.645.849**
Deduction: Unaccrued financial income	*(102.120.354)*	*(1.805.969)*
-- *Related party vendor payables*	*(102.113.694)*	*(1.372.615)*
-Other payables	*(6.660)*	*(433.354)*
TOTAL	**1.738.242.082**	**159.839.880**

The details of the tax liabilities are as follows:

	31.03.2023	31.12.2022
Value Added Tax	218.223.662	125.960.785
Other Tax Payables	28.708.902	3.381.157
Witholding Tax Deducted From Wage Income	11.344.849	9.943.174
TOTAL	**258.277.413**	**139.285.116**

8. OTHER RECEIVABLE AND PAYABLES (CONTINUED)

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

Long-Term Other Payable

The details of the Group's other long -term payables are as follows:

	31.03.2023	31.12.2022
Deferred or Installed Payables to the Public	899.773	1.680.862
Total	**899.773**	**1.680.862**

9. INVENTORIES

	31.03.2023	31.12.2022
Raw Material	17.431.268	17.696.163
Semi-finished goods - production	393.303.030	303.789.710
Finished Goods	190.986.118	172.140.215
Other inventories	39.012.302	34.960.916
TOTAL	**640.732.718**	**528.587.004**

Raw materials and supplies balance consists of fuel oil purchases, semi-finished goods balance consists of raw coal purchases, finished goods balance consists of pulverized coal and limestone, other inventories consist of auxiliary production materials and other operating materials and spare parts.

10. PREPAID EXPENSES AND DIFFERRED INCOME

Short-term prepaid expenses

The details of short-term prepaid expenses are as follows :

	31.03.2023	31.12.2022
Order Advances Given	30.045.698	29.993.674
Expenses for Future Months	16.000.266	21.348.605
TOTAL	**46.045.964**	**51.342.279**

Long-term prepaid expenses

The details of short-term prepaid expenses are as follows:

Long-Term Prepaid Expenses	31.03.2023	31.12.2022
Expenses for Future Months	1.017.279	889.057
TOTAL	**1.017.279**	**889.057**

Short Term Deferred Income

	31.03.2023	31.12.2022
Advances received (*)	--	5.634.429
Total	**--**	**5.634.429**

(*) Amounts related to advances received. In the following period, it was closed by offsetting the trade receivables.

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

11. TANGIBLE FIXED ASSETS

Movement of tangible fixed assets within the accounting period of 01.01.-31.03.2023 is as follows :

	01.01.2023	Addition	Disposals	Transfer	Revaluation	31.03.2023
Costs						
Lands	176.009.628	9.820.575	--	--	--	185.830.203
Buildings	596.707	--	--	--	--	596.707
Plant, machinery and equipment	5.001.073.154	28.151.688	--	--	--	5.029.224.842
Vehicles	52.574.292	8.533.051	(1.331.010)	--	--	59.776.333
Furniture and fixtures	17.140.100	2.746.640	--	--	--	19.886.740
Construction in progress	90.133.619	23.834.058	--	--	--	113.967.677
Research expenses	167.381	--	--	--	--	167.381
Total	**5.337.694.881**	**73.086.011**	**(1.331.010)**	**--**	**--**	**5.409.449.883**
Accumulated Depreciation						
Buildings	(61.707)	(2.188)	--	--	--	(63.895)
Plant, machinery and equipment	(403.862.830)	(46.971.344)	--	--	--	(450.834.174)
Vehicles	(9.131.209)	(2.850.097)	251.842	--	--	(11.729.464)
Furniture and fixtures	(4.755.821)	(712.329)	--	--	--	(5.468.150)
Total	**(417.811.567)**	**(50.535.958)**	**251.842**	**--**	**--**	**(468.095.683)**
Net Book Value	**4.919.883.315**	**22.550.053**	**(1.079.168)**	**--**	**--**	**4.941.354.200**

The movement of tangible fixed assets within the 01.01.-31.12.2022 accounting period is as follows:

	01.01.2022	Addition	Disposals	Transfer	Revaluation	31.12.2022
Costs						
Lands	166.675.000	9.334.628	--	--	--	176.009.628
Buildings	596.707	--	--	--	--	596.707
Plant, machinery and equipment	4.925.301.810	79.304.401	(3.533.057)	--	--	5.001.073.154
Vehicles	13.335.631	39.979.069	(740.408)	--	--	52.574.292
Furniture and fixtures	7.736.063	9.407.427	(3.390)	--	--	17.140.100
Construction in progress	33.668.266	56.465.353	--	--	--	90.133.619
Research expenses	167.381	--	--	--	--	167.381
Total	**5.147.480.858**	**194.490.878**	**(4.276.855)**	**--**	**--**	**5.337.694.881**
Accumulated Depreciation						
Buildings	(61.707)	--	--	--	--	(61.707)
Plant, machinery and equipment	(220.870.145)	(183.350.049)	357.364	--	--	(403.862.830)
Vehicles	(1.775.114)	(7.491.503)	135.408	--	--	(9.131.209)
Furniture and fixtures	(3.106.350)	(1.650.976)	1.507	--	--	(4.755.820)
Total	**(225.813.316)**	**(192.492.528)**	**494.278**	**--**	**--**	**(417.811.566)**
Net Book Value	**4.921.667.543**	**1.998.350**	**(3.782.577)**	**--**	**--**	**4.919.883.315**

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

11. TANGIBLE FIXED ASSETS (CONTINUED)

In accordance with the standard TAS 16 "Tangible Fixed Assets", group adopted "revaluation model" starting September 30, 2018 by basing on reasonable values detected in revaluation studies by CMB licensed independent valuation company, Lal Gayrimenkul Değerleme ve Müşavirlik A.Ş., for land, underground and aboveground layouts, buildings, machinery, plants and equipment.

In the valuation report dated 11.10.2018 prepared as of 30.09.2018, the value of the investment was determined as TRY 1.961.836.045 according to the income management (DNA). In the valuation report dated 10.02.2020 prepared by an authorized valuation institution as of 31.12.2019, the value of the investment was determined as TRY 2.085.175.474 according to the income management (DNA). As there is no change in the fair values of tangible fixed assets as of the interim report date, no new valuation study has been carried out.

As of 31.12.2021, the asset value of Çan 2 Thermal Power Plant is 12.01. It is reflected in the financial statements over the values in the Asset Valuation Report dated 2022. The asset value of Çan 2 Thermal Power Plant has been determined as TRY 4.684.505.558 by the authorized valuation institutions according to the income method (DNA).

"Capitalization of Revenues INA analysis" and "Cost Method" were used to determine the fair values of the facility. These valuations were made according to International Valuation Standards (IVSC) by the valuation company authorized by the CMB.

As of 31.03.2023, the movements of the revaluation increase fund are as follows:

31.03.2023	Plant	Building	Land	Total
01.01.2023 Balance	**2.682.442.026**	**355.718**	**148.467.162**	**2.831.264.906**
Revaluation Value Increase (Gross)	--	--	--	--
Revaluation Impairment	--	--	--	--
Deferred Tax	--	--	--	--
Sales(Gross)	(297.946)	--	--	(297.946)
Sales(Deferred Tax)	59.589	--	--	59.588
Revaluation Amount	**2.680.740.099**	**355.718**	**148.467.161**	**2.829.562.979**

31.12.2022	Plant	Building	Land	Total
01.01.2022 Balance	**2.682.442.026**	**355.718**	**148.467.161**	**2.831.264.906**
Revaluation Value Increase (Gross)	--	--	--	--
Revaluation Impairment	--	--	--	--
Deferred Tax	--	--	--	--
Sales(Gross)	(1.829.462)	--	--	(1.829.462)
Sales(Deferred Tax)	365.893	--	--	365.893
Revaluation Amount	**2.680.978.457**	**355.718**	**148.467.161**	**2.829.801.337**

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

12. INTANGIBLE FIXED ASSETS

As of 31.03.2023, the details of the Group's intangible assets are as follows:

	01.01.2023	Addition	Disposals	Transfer	31.03.2022
Cost					
Rights	8.558.484	49.710	--	--	8.608.194
Other Intangible Assets	329.179	--	--	--	329.179
Preparation and Development Expenses	43.472.672	10.881.309	--	--	54.353.981
Total	**52.360.335**	**10.931.018**	**--**	**--**	**63.291.354**
Accumulated Amortization					
Rights	(2.917.532)	(320.187)	--	--	(3.237.719)
Other Intangible Assets	(294.290)	(3.604)	--	--	(297.894)
Preparation and Development Expenses	(15.339.158)	(2.362.147)	--	--	(17.701.305)
Total	**(18.550.980)**	**(2.685.938)**	**--**	**--**	**(21.236.918)**
Net Book Value	**33.809.355**	**8.245.080**	**--**	**--**	**42.054.436**

The details of the intangible assets of the Group for the accounting period ended on 31.12.2023 are as follows:

	01.01.2022	Addition	Disposals	Transfer	31.12.2022
Cost					
Rights	5.758.547	3.053.937	(254.000)	--	8.558.484
Other Intangible Assets	299.880	29.299	--	--	329.179
Preparation and Development Expenses	36.215.981	7.256.691	--	--	43.472.672
Total	**42.274.408**	**10.339.927**	**(254.000)**	**--**	**52.360.335**
Accumulated Amortization					
Rights	(1.973.387)	(996.365)	52.220	--	(2.917.532)
Other Intangible Assets	(281.506)	(12.784)	--	--	(294.290)
Preparation and Development Expenses	(9.313.148)	(6.026.010)	--	--	(15.339.158)
Total	**(11.568.041)**	**(7.035.159)**	**52.220**	**--**	**(18.550.980)**
Net Book Value	**30.706.367**	**3.304.768**	**(201.780)**	**--**	**33.809.355**

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

13. EVALUATING AND RESEARCHING OF MINE RESOURCES

The total amount of preparation and development expenditures capitalized during the accounting periods ended on 31.03.2023 and 31.12.2022 is as follows:

Subsidiaries	31.03.2023	31.12.2022
Yel Enerji	8.998.502	6.649.108
Çan2 Termik A.Ş.	3.025.247	3.025.247
Çan2 Trakya	42.330.232	33.798.317
Total	**54.353.981**	**43.472.672**

At Yel Enerji, the capitalized amount of TRY 8.998.502 as development expenditures is regarding the amount of drilling activities for coal mine license which is IR:17517 number and 1.205,11 hectars located in Bayramic district in Çanakkale.

Transferring of mine license has realized at July 15, 2015 and preparation and development expenditures have been activated in accordance with the Exploration for and Evaluation of Mineral Resources standard and the accounting policy applied by the Group. Amortization process will be beginning when intangible assets is ready to use (taken over the license) means required conditions available for management's aim. Therefore, development expenses is capitalized and amortization begun to be calculated.

The amount of preparation and development expenses recorded to assets of Çan2 Termik A.Ş. consist of land measure, test and drilling, engineering and architectural works, property damage fees, construction equipment rental fees in July 09, 2013. Development costs belong to coal mining area located in Çanakkale, Çan District, Yaylaköy Village with license number IR 17448. The operating rights of coal mining (existed before) obtained by operating agreement called 'royalty agreement'. Total expenditures for coal mining activities are amount of TRY 3.025.247 as of March 31, 2023 (31.12.2022 : 3.025.247 TRY).

Preparation and Development Expenses amounting to TL 42.330.232 capitalized in Çan 2 Trakya are related to coal mine drilling, analysis and geophysics costs in Tekirdağ Malkara. Drilling is ongoing and amortization will commence when the intangible asset is in a position and condition to operate as intended by management.

14. RIGHT OF USE ASSETS

The details of the Group's right-to-use assets for the accounting period ended on 31.03.2023 are as follows:

	01.01.2023	Additions	Disposals	Transfer	31.03.2023
Cost – Vehicles					
Right of Use Asset	6.311.492	--	--	--	6.311.492
Total	**6.311.492**	**--**	**--**	**--**	**6.311.492**
Accumulated Depreciation - Vehicles					
Right of Use Asset	(4.598.357)	(215.707)	--	--	(4.814.064)
Total	**(4.598.357)**	**(215.707)**	**--**	**--**	**(4.814.064)**
	(4.598.357)	(215.707)	--	--	(4.814.064)
Net Book Value	**1.713.135**				**1.497.428**

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

14. RIGHT OF USE ASSETS (CONTINUED)

The details of the Group's right-of-use assets for the accounting period ending on 31.12.2022 are as follows:

	01.01.2022	Addition	Disposal	Transfer	31.12.2022
Cost – Vehicles					
Right of Use Asset	6.316.280	--	(4.788)	--	6.311.492
Total	**6.316.280**	**--**	**(4.788)**	**--**	**6.311.492**
Accumulated Depreciation - Vehicle					
Right of Use Asset	(3.025.517)	(1.572.840)	--	--	(4.598.357)
Total	**(3.025.517)**	**(1.572.840)**	**--**	**--**	**(4.598.357)**
Net Book Value	**3.290.763**	**--**	**--**	**--**	**1.713.135**

The Group has consolidated its leasing debts, which represent the operational lease payments which are obliged to pay rent. Details of the group's accounting in accordance with the TFRS 16 Leases standard are described in Note 2.

15. IMPAIRMENT OF ASSETS

As of 31.03.2023 and 31.12.2022, the Group has a decrease in its trade receivables and the impairment amounts are shown in the relevant financial statement items (Note 7).

As of December 31, 2022, there are impairment losses on the tangible fixed assets of the Group, and the amounts of these impairment losses are disclosed within the relevant financial statement items. (Note 14).

16. GOVERNMENT INCENTIVES

Çan2 Termik A.Ş. has Investment Incentive Certificate is 06.02.2015 dated and 117824 numbered, prepared by Ministry of Economy of the Republic of Turkey and General Directorate of Foreign Capital and Incentives Implementation. Mentioned certificate was revised by new numbered 18.09.2017 and C117824 dated. Aforesaid investment is power plant based on domestic coal (Çan 2 Thermic Plant) with 340 MW installed capacity and incentive certificate is arranged according to EMRA's ÖN/5117-5/03070 associate license number and dated 10.07.2014.

Investment Incentive Certificate is given for the full new investment carried out in Çanakkale (Çan 2nd region) and covers the period between 13.08.2014-12.02.2019. With the certificate, employer's share of insurance premiums support, interest support, tax discount rate support, VAT exception and exemption from customs duty incentives are benefited. Total amount of the investment is TRY 801.789.866 based on incentive certificate. An Incentive Closing Visa application was made to the Ministry of Industry and Technology on 02.10.2019 and a completion visa was made within the framework of the provisions of the 24th article of the decision dated 15.06.2012 and numbered 2012/3305 and the 23rd article of the communiqué numbered 2012/1 regarding the implementation of this decision. The decision was notified to us with the letter dated 05.08.2020 and numbered 1777914. The investment contribution rate is calculated at the rate of 40% over the total investment amount before closing the subject of the investment incentive certificate, and a tax reduction of 80% is provided up to the tax to be reached up to TRY 320.715.946. As of 31.03.2023, the indexed and unused investment allowance amount is TL 819.329.691. This amount is subject to deferred tax (Note 30).

In addition, an investment incentive certificate with document number 510216 and ID 1013731, dated 08.04.2020, issued by the Ministry of Industry and Technology of the Republic of Turkey. The support class is Regional-Priority Investment and the support elements are VAT Exemption, Interest Support, Tax Reduction, Employer's Insurance Premium Share and Investment Place Allocation. The investment subject to the certificate is a domestic coal-based electricity generation power plant (Çan 2 Thermal Power Plant) with an installed capacity of 340 MW, and the incentive certificate was issued in accordance with EMRA's Generation License dated 28.01.2016 and numbered UE/6083-2/03428. The total amount of the investment is 329.297.725 TL. Investment contribution rate of 40% is calculated over the total investment amount before the closure subject to the investment incentive certificate and 80% tax deduction is provided until the tax to be reached up to TL 131.719.090. This amount is subject to deferred tax (Note 30)

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

17. BORROWING COSTS

None. (31.12.2022 : None)

18. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other Short Term Provisions

	31.03.2023	31.12.2022
Lawsuit Provisions	1.611.845	978.028
Total	**1.611.845**	**978.028**

Lawsuits Against the Company

As of 31.03.2023, according to the information obtained from the Group's legal counsel, there are various commercial lawsuits filed against the Group. Provision amounting to TL 203.669 has been posted for these lawsuits and their expenses.

As of 31.03.2023, the Group has allocated a provision for litigation expenses amounting to TL 1.408.176 considering the high probability of losing the related lawsuits due to personnel reemployment lawsuits.

The details of provision for litigation expenses related to the lawsuits filed against the Group are as follows;

	01 January – 31 March 2023	01 January – 31 December 2022
Period Opening Balance	978.028	940.350
Additional Provisions/Cancellation	633.817	37.678
Total	**1.611.845**	**978.028**

Favorable Lawsuits

As of the report date, there are various lawsuits initiated by the Group.

Within the scope of the letter notified by EMRA dated 13.01.2023; with the amendment in the Procedures and Principles for the Determination and Implementation of the Resource Based Support Fee published on March 30, 2022, it was legally stated that the amounts of bilateral agreements are within the scope of exemption. Upon EPİAŞ's request regarding this exemption, the Company notified EPİAŞ of both its bilateral agreements and the portions sold indirectly to final consumers, which are much lower than this amount. On September 30, 2022, EMRA amended the Procedures and Principles and added the phrase "(up to the end consumer)" to Article 7. However, EPİAŞ, with EMRA's guidance, wants to apply the amendment to the Procedures and Principles retroactively, contrary to fundamental rights and rules of law. The Company filed a lawsuit with the Ankara 10th Administrative Court for the annulment of the administrative action. The case is currently being heard on the merits.

Other Long Term Provisions

	31.03.2023	31.12.2022
Provision for Mine Restoration	204.282	202.598
TOTAL	**204.282**	**202.598**

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

18. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

At 11th paragraph of TFRS 6 stated: When a company assume the investigation and evaluation of mine resources, it reflects removal and restoration liabilities resulting in given period at financial statement according to TAS 37 - Provisions , Contingent Liabilities and Contingent Assets standard. Accordingly, in the evaluation made by the project manager and the technical team; Mining activities in Çanakkale Province Çan District Yayaköy License No:17448 field will be operated as closed operation and open operation. Extension projects covering this scope have been submitted to the General Directorate of Mining Affairs ("Migem") for approval. After the open operation, it will be switched to closed operation. There will be no stripping work on the surface during the closed operation periods.

Within the scope of the Çan 2 thermal power plant, the area to be picked up in the open operation will be used as an ash storage area as stated in the EIA report. After completing the economic life of the site, it will be arranged with a subsequent location study and afforestation will be abandoned. The estimated cost for terraces and trees will be around TRY 300.000.

Stripping work will be carried out on an area of approximately 150 declares. Due to the extension project, there are 100 trees per acre. Due to the soil structure of the region, the cost of relocation of about an acre is calculated around TRY 2,000 in this way. the total cost for 150 acres was calculated as 150 x TRY 2.000 = TRY 300.000 . This study will be carried out after the open pit mine has completed its economic life and will be realized at the end of 20 years.

Provision for Mine Restoration

	31.03.2023	31.12.2022
Balance at the Beginning of the Period	202.598	185.044
Additional Provision/ Payment (-)	1.684	17.554
End-of-Term Balance	**204.282**	**202.598**

As of 31.03.2023, the total cost of TRY 300.000 discounted to present value is TRY 204.282.

Pledges and Mortgages

In accordance with General Loan Agreement between commercial Esenyurt Branch of Yapı Kredi Bankası A.Ş. & commercial branch of Kozyatağı of Halk Bankası A.Ş. Consortium and Çan2 Termik A.Ş., a share pledge has been penned between the mentioned parties in order to issue a guarantee in favor of commercial branch of Esenyurt of Yapı Kredi Bankası A.Ş. & commercial branch of Kozyatağı of Halk Bankası A.Ş., as in the shares that are issued will be unhesitant pledged to them correspondingly to the spirit of the agreement.In addition, Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch and Halk Bankası A.Ş. Kozyatağı Commercial Branch Consortium and Çan2 Termik A.Ş. in return for the loan debt in the General Loan Agreement signed between Çan2 Termik A.Ş. and the Assignment of Receivables and the Movable Pledge Agreement without surrendering the possession. The total amount included in the contract for the Movable Pledge is 244.8 million Euros and
TRY 1.000.000.000 TRY.

Within the scope of the loan agreement, mortgages from 1st degree to 8th degree have been established in favor of Yapı Kredi Bankası A.Ş. and Türkiye Halkbankası A.Ş. The total amount of the mortgages is TRY 2.614.500.000 and 558.900.000 Euro.

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

18. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

Assignment

Yapı Kredi Bank A.Ş. EPİAS Transfer of Receivables Agreement with Esenyurt Commercial Branch:

Yapı Kredi Bank A.Ş. Esenyurt Commercial Branch and Halk Bankası A.Ş. Kozyatağı Commercial Branch Consortium and Çan2 Termik A.Ş. with the Consortium of Kozyatağı Commercial Branch.Sh. as a guarantee of the loan issued in accordance with the General Loan Agreement signed between Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch and Halk Bankası A.Ş. Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch and Halk Bankası A.Ş. EPİAŞ Receivables Assignment Agreement was signed in favor of Kozyatağı Commercial Branch. The amount of the assignment is TRY 13.000.000.000, and the period is 2029.

Yapı Kredi Bank A.Ş. EÜAŞ Transfer of Receivables Agreement with Esenyurt Commercial Branch and Türkiye Halk Bankası A.Ş Kozyatağı Commercial Branch:

Yapı Kredi Bank A.Ş. Esenyurt Commercial Branch and Halk Bankası A.Ş. Kozyatağı Commercial Branch Consortium and Çan2 Termik A.Ş. Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch and Halk Bankası A.Ş. It is the assignment given in favor of Kozyatağı Commercial Branch, based on the electricity sales contract dated 24.12.2020 signed between Çan2 Termik A.Ş and EÜAŞ.

Guarantees

The guarantees given by the Group are as follows:

	COLLATERAL PLEDGE MORTGAGES	31.03.2023	31.12.2022
A)	The total amount of the collateral pledged mortgages given on behalf of the legal entity	20.767.923.940	19.998.450.829
B)	Partnerships included in full consolidation	--	--
C)	Total amount of collateral pledged mortgages given by other 3rd parties for the purpose of carrying out ordinary Commercial activities	--	--
D)	Total Amount of Other Total Pledged Mortgages Given	--	--
i)	*The total amount of collateral pledged mortgages issued in favor of the main partner*	--	--
ii)	*Other Corporate companies that are not covered by articles B and C the total amount of collateral pledged mortgages issued in favor of*	--	--
		--	--
iii)	*3, which is not covered by Article C. the total amount of collateral pledged mortgages issued in favor of persons*	--	--
	TOTAL	**20.767.923.940**	**19.998.450.829**

The guarantees and promissory notes received by the Group are as follows.

	31.03.2023	31.12.2022
Letters of guarantee received	11.058.151	7.243.878
	11.058.151	**7.243.878**

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

19. EMPLOYEE BENEFITS

a. Short-Term

Liabilities within the Scope of Employee Benefits

	31.03.2023	31.12.2022
Debts to Personnel	14.684.164	5.119.135
Social Security Deductions Payable	6.211.781	4.207.722
TOTAL	**20.895.945**	**9.326.857**

The balance of the payables to the personnel is accrued on the payroll as of the relevant dates and the social security of the employer and the employee to be paid until the end of the month, declared on the twenty-third of the following month. consists of premium debts.

Provisions within the Scope of Employee Benefits

Annual Leave Provision

The movement of the allowance account between 31.03.2023 and 31.12.2022 is presented below:

	31 March 2023	31 December 2022
Transfer	10.397.411	4.867.231
Provision for The Period	(623.675)	5.530.180
Total	**9.773.736**	**10.397.411**

b. Long-Term

Provisions for Severance Pay

In accordance with the current labor law, companies are obliged to pay a certain amount of severance pay to personnel who quit their job due to retirement after serving at least one year or who are dismissed for reasons other than resignation and bad behavior. The compensation to be paid is equal to one month's salary for each year of service and this amount has been limited to TRY 19.982,63 (31.12.2022: TRY 17.904,62) as of 31.03.2023.

In order to calculate the Group's liabilities in accordance with TAS 29 (Employee Benefits), a calculation made with actuarial assumptions is required. The Group has calculated the provision for severance pay, using the "Projection Method" in accordance with TAS 29, based on the Group's experience in completing the personnel service period and entitlement to severance pay in previous years and reflected it in the financial statements.

Severance pay provision is set aside by calculating the present value of the probable obligation to be paid in case of retirement of the employees. Accordingly, the actuarial assumptions used to calculate the liability as of 31.03.2023 and 31.12.2022 are as follows:

	31.03.2023	31.12.2022
Discount Rate	21,44%	21,44%
The Estimated Rate of Increase	17,78%	17,78%
Discount Rate, Net	3,11%	3,11%

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

19. EMPLOYEE BENEFITS (CONTINUED)

As of 31.03.2023 and 31.12.2022, the movement of provision for severance pay benefits is as follows ;

Provision for Severance Pay

	31 March 2023	31 December 2022
Balance at the beginning of the period	3.109.464	1.324.274
Additional Compensation / Payment (-)	(161.467)	1.785.190
Period-end balance	**2.947.997**	**3.109.464**

	31 March 2023	31 December 2022
Transfer	3.109.464	1.324.275
Payment	4.172.955	1.030.959
Interest Cost	164.382	305.040
Current Service Cost	(847.288)	(848.946)
Actuarial Profit/Loss	(3.651.516)	1.298.136
Balance	**2.947.997**	**3.109.464**

20. OTHER ASSETS AND LIABILITIES

Other Current Assets

As of 31.03.2023 and 31.12.2022, Other Current Assets are as follows:

	31.03.2023	31.12.2022
Income accrual	23.127.907	327.137.281
Deferred VAT	6.739.758	5.335.857
Job Advances	1.041.188	1.024.235
Personnel Advances	71.902	72.371
Advances Given	41.419.081	43.933.193
TOTAL	**72.399.836**	**377.502.937**

(*) The details of income accrual are as follows:

	31.03.2022	31.12.2022
Electricity sales revenue accruals	23.127.907	327.137.281
TOTAL	**23.127.907**	**327.137.281**

Other Short-Term Liabilities

	31.03.2023	31.12.2022
Expense Accruals	28.788.903	498.136.013
TOTAL	**28.788.903**	**498.136.013**

The details of Expense Accruals are as follows:

	31.03.2023	31.12.2022
Electricity purchase expense accruals	27.948.084	497.213.402
Other expense accruals	840.819	922.611
TOTAL	**28.788.903**	**498.136.013**

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

20. OTHER ASSETS AND LIABILITIES (CONTINUED)

As of 31.03.2023 and 31.12.2022, the details of Other Fixed Assets are as follows:

Other Fixed Assets

	31.03.2023	31.12.2022
Advances Given (*)	45.314.736	47.864.509
TOTAL	**45.314.736**	**47.864.509**

(*) Advances given consist of advances given to contractors and suppliers for investment materials and service procurement for Çan-2 Thermal Power Plant in previous periods.

Other Long-Term Liabilities

	31.03.2023	31.12.2022
Accruals of Expenses (*)	261.265	481.163
TOTAL	**261.265**	**481.163**

(*) Insurance and Tax liabilities of the Group consist of monthly restructuring installments.

21. CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Paid-in Capital

The Group's paid-in capital structure as of 31.03.2023 and 31.12.2022 is as follows:

	31.03.2023		31.12.2022	
Shareholders	**Amount**	**Rate**	**Amount**	**Rate**
Odaş Elektrik Üretim San. Tic. A.Ş.	245.651.000	76,77%	245.651.000	76,77%
Public Shares	74.349.000	23,23	74.349.000	23,23
TOTAL	**320.000.000**	**100%**	**320.000.000**	**100%**

As of 31.03.2023 the paid-in capital of Çan2 Termik A.Ş. is 320.000.000 Turkish Lira and it is divided into 320.000.000 (Three Hundred and Twenty Million) shares, each with a nominal value of 1 (One) TRY.

Premiums/Discounts Related to Shares

After the capital increase (public offering) on 21-22 April 2021, 67.590.000 shares were transferred to Borsa İstanbul A.Ş. TRY 185.332.488 remaining after netting out the portion of TRY 10.678.512 of public offering expenses, which occurred since it was sold at a price higher than TRY 1 nominal value, was accounted for as share issue premiums.

	31.03.2023	31.12.2022
Share Issue Premiums	--	185.332.488
TOTAL	**-**	**185.332.488**

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

21. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (CONTINUED)

Revaluation Measurement Gains and Losses

	31.03.2023	31.12.2022
Land, Building, Vehicle, Machinery Equipment and Facility	2.829.562.979	2.829.801.337
Total	**2.829.562.979**	**2.829.801.337**

Cash Hedging Gains and Losses

	31.03.2023	31.12.2022
Hedging Gains and Losses	937.401.381	766.181.663
Total	**937.401.381**	**766.181.663**

Actuarial Loss/Gain Fund

The movements of the actuarial loss/gain fund are as follows:

	31.03.2023	31.12.2022
Balance at the Beginning of the Period	**(1.659.101)**	**(620.592)**
Actuarial Gains/(Losses)	3.651.516	(1.298.136)
Deferred Tax Effect	(730.303)	259.627
End-of-Term Balance	**1.262.112**	**(1.659.101)**

Effect of Mergers Including Joint Controlled Enterprises or Businesses

Amounts resulting from the merger of enterprises under joint control in the "Effect of Mergers Including Joint Controlled Enterprises or Businesses" are shown below;

Company Title	Acquisition Cost	Acquired Equity Share Value	The Effect of Mergers Involving Enterprises or Enterprises Subject to Joint Control
Yel Enerji	100.000	(1.299.068)	(1.399.068)

A business combination involving undertakings or businesses under common control is a business combination in which all the combining undertakings or businesses are controlled by the same person or persons before and after the business combination and this control is not temporary.

Goodwill amounting to TRY 1.399.068 arising from the acquisition of jointly controlled enterprises, as an account offsetting under equity on 31.12.2017, as goodwill cannot be included in the financial statements since business combinations under common control are accounted for using the combination of rights method, "Effect of Mergers Containing Joint Controlled Enterprises or Businesses". " is shown in the account.

Reserves On Retained Earnings

	31.03.2023	31.12.2022
Legal Reserves	27.307.068	--
Total	**27.307.068**	**--**

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

21. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (CONTINUED)

Shares of the Parent Company

In the three-month period ending on 31.03.2023, the Group has earned a period loss of TRY 471.267.20 (31.03.2022: TRY 2.137.026.469). All of these amounts belong to the parent company shares and there is no minority share.

Previous Year Profit/Loss

The accumulated profit/losses other than the net profit for the period have been netted off and shown in this item.

Previous Years Profit / Losses	31.03.2023	31.12.2022
Profit/Loss for the Past Year	(293.751.490)	(112.788.484)
Share Ratio in Subsidiaries Not Resulting in Loss of Control Val. Related Increase/Decrease	--	--
Transfers	158.025.420	
Profit/Loss for the Period	2.137.026.469	(180.963.006)
TOTAL	**2.001.300.399**	**(293.751.490)**

22. REVENUE AND COST OF GOODS SOLD

The detail of sales is as follows;

	01 January- 31 March 2023	01January- 31 March 2022
Domestic Sales	**1.226.617.630**	**907.059.213**
Electricity Sales Revenue	1.226.359.843	905.804.200
Other Revenues	257.787	1.255.013
Sales Returns	**(141.945)**	**--**
Total	**1.226.475.685**	**907.059.213**

The cost detail of sales is as follows;

23. EXPENSES ACCORDING TO THEIR QUALIFICATIONS

The details of the cost of sales for the periods 01.01.-31.03.2022 and 01.01.-31.03.2022 are as follows:

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

	01 January - 31 March 2023	**01 January - 31 March 2022**
- Epiaş Support Fee (*)	335.563.352	--
- Coal Usage Cost	229.873.124	135.576.994
- Intra Day Market Debt Amount (GİB) (**)	149.521.745	83.642.550
- Depreciation and Amortization Expense Share	49.735.505	46.661.072
- Energy Imbalance Amount (***)	48.987.049	54.411.057
- Personnel Expense Share	47.026.368	20.182.492
- Maintenance and Repair Expense	33.235.037	7.637.705
- System Usage and Operation Fee (****)	25.772.341	10.758.588
- Diesel Usage Cost	8.438.381	5.094.868
- Cost of Finished Goods Sold from Production	7.046.138	966.065
- DGP Debt Amount (*****)	6.441.946	2.301.115
- Fuel Oil Usage Cost	6.330.451	5.241.812
- Insurance Expenses	6.138.080	15.384.806
- Rental Expense	6.038.552	1.222.505
- TEİAŞ/Epiaş Other Expenses	3.580.360	1.011.153
- Other Expenses	3.478.254	3.663.556
- Coal Sales Cost	3.137.142	4.341.539
- Limestone Usage Cost	2.426.214	1.426.230
- Consulting Expenses	525.013	220.293
TOTAL	**973.295.052**	**399.744.400**

(*) *EPİAŞ Support Fee*; It is used to ensure security of supply and/or support consumers by meeting the production costs of low producers. In the calculations to be made for electricity generation facilities, the price determined for the main source is taken into account as the maximum settlement price. In general terms, the hourly MCP is calculated by multiplying the difference between the maximum price and the AUF (Maximum Settlement Price) by the generation amount.

(**) Intraday Market Debt Amount; Debt amount calculated based on the transactions of the relevant organization in the Intraday Market for the relevant invoice period.

(***) *Energy Imbalance Amount*; Imbalance amount is calculated monthly on the basis of the group responsible for the balance, taking into account the day-ahead market, intraday market and balancing power market transactions, bilateral agreement amounts and realized export/withdrawal values.

(****) *System Usage and Operation Fee;* is the amount calculated annually by TEİAŞ and approved by EMRA based on the revenue ceilings to be reflected to the market participant that has signed a system usage agreement due to the market participant's use of the TEIAS transmission system in accordance with the installed traction-availability power.

(*****) DGP Debt Amount; Debt amount calculated based on the related organization's purchase transactions in the Balancing Power Market for the relevant invoice period.

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

24. GENERAL OPERATING EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

Marketing, Sales, and Distribution Expenses

For the periods 01.01.-31.03.2023 and 01.01.-31.03.2022, marketing, selling and distribution expenses are as follows;

	01 January - 31 March 2023	01 January - 31 March 2022
Transportation Expense	821.534	--
Custom Expense	501.330	--
TOTAL	**1.322.864**	**--**

General Administrative Expenses

The details of general administrative expenses for the periods 01.01.-31.03.2023 and 01.01.-31.03.2022 according to their qualifications are as follows:

	01 January - 31 March 2023	01 January - 31 March 2022
- Personnel expense	9.342.440	7.426.893
- Other expenses	2.350.963	503.158
- Consultancy expenses	1.132.637	951.329
- Depreciation Expense	1.124.247	2.020.745
- Membership fee expense	164.099	12.772
- Litigation Provision Expenses	75.938	96.621
- Notary expense	51.447	8.760
- Fuel expense	38.623	45.306
- Declaration and Contract Stamp Duty	26.648	5.508
- IPO (Initial Public Offering) Expenses	23.130	194.378
- Representative Hospitality Expenses	22.967	23.081
- Travel expense	16.959	8.661
- Cargo Expenses	12.663	3.074
- CMB (Capital Markets Board) Board Expenses	--	2.908.165
TOTAL	**14.382.761**	**14.208.451**

25. OTHER OPERATING INCOME AND EXPENSES

Other Operational Income

	01 January - 31 March 2023	01 January - 31 March 2022
Foreign Currency Income	3.676.943	49.625
Rediscount Interest Income	2.838.514	1.872.460
Prior Year Revenues and Profits	610.093	44.685
Provisions no longer required	78.152	38.110
Other Extraordinary Income	45.205	185.560
Other Operating Income and Profit	880	1.646.190
TOTAL	**7.249.787**	**3.836.630**

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

OTHER OPERATING INCOME AND EXPENSES (Continued)

Other Operational Expense

	01 January - 31 March 2023	01 January- 31 March 2022
- Other Extraordinary Expenses and Losses	5.427.052	4.130.346
- Foreign Exchange Expense	3.626.436	7.667.131
- Non-operating Portion Expenses and Losses	2.363.833	664.258
- Rediscount Expense	2.373.462	124
- Previous Period Expenses and Losses	366.197	677.844
- Other	11.570	97.322
TOTAL	**14.168.550**	**13.237.025**

26. EXPENDITURES AND REVENUES FROM INVESTING ACTIVITIES

Revenues from investment activities for the periods 01.01.-31.03.2023 and 01.01.-31.03.2022 are as follows;

	01 January - 31 March 2023	01 January - 31 March 2022
Investing Activity Revenue	461.929	--
Investment Activity Expenses	--	(133.366)
TOTAL	**461.929**	**(133.366)**

27. EXPENSES CLASSIFIED BY PRINCIPAL TYPES

The Group's expenses classified by type for the accounting periods 01.01.-31.03.2023 and 01.01.-31.03.2022 are as follow;

Amortization Expenses	01 January - 31 March 2023	01 January - 31 March 2022
Cost of sales	49.735.505	46.661.072
General administration expenses	1.124.247	2.020.745
Idle Capacity Expenses and Losses	2.362.144	261.451
TOTAL	**53.221.896**	**48.943.268**

Personnel expenses	01 January - 31 March 2023	01 January - 31 March 2022
Cost of sales	47.026.368	20.182.492
General operating expenses	9.342.440	7.426.893
Marketing, Sales, and Distribution Expenses	501.331	--
TOTAL	**56.870.139**	**27.609.385**

Insurance expenses	01 January - 31 March 2023	01 January - 31 March 2022
Cost of sales	6.138.080	15.384.806
TOTAL	**6.138.080**	**15.384.806**

Consultancy expenses	01 January - 31 March 2023	01 January - 31 March 2022
General administration expenses	1.132.637	951.329
TOTAL	**1.132.637**	**951.329**

(Amounts are expressed in Turkish Lira “TRY” unless otherwise stated.)

28. FINANCIAL EXPENSE AND INCOME

Financial Income

	01 January - 31 March 2023	01 January - 31 March 2022
Foreign exchange profits	137.795.759	72.867.362
Interest income	6.810.380	1.971.112
Rediscount interest income	134.468.118	386.2976
Gain on Sale of Marketable Securities	33	256.189
TOTAL	**75.480.959**	**30.204.146**

Financial Expenses

	01 January - 31 March 2023	01 January - 31 March 2022
Foreign exchange losses	7.812.220	47.279.415
Interest and commission expense	68.045.550	49.820.205
Rediscount Interest Expense	27.121.442	6.138.865
TOTAL	**102.979.212**	**103.238.485**

29. ANALYSIS OF OTHER COMPREHENSIVE INCOME

The Group's other comprehensive income / (expense) breakdown as of 01.01.-31.03.2023 and 01.01.-31.03.2022 is as follows:

Not reclassified on gain/(loss)	01 January - 31 March 2023	01 January - 31 March 2022
Revaluation Increase/Decrease	--	--
Actuarial gains/(loss)	3.651.516	44.037
Deferred tax revenue/(expense)	(730.303)	(10.129)
TOTAL	**2.921.213**	**33.908**

30. TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Tax income / expenses in the income statement for the period between 01.01.-31.03.2023 ve 01.01.-31.03.2022 are summarized below:

	01 January - 31 March 2023	01 January- 31 March 2022
Deferred tax income/ expense	68.769.474	(42.067.178)
Deferred tax reflected in equity	(730.303)	(10.129)
Cash Flow Hedging Gains/Losses	42.804.929	33.166.374
TOTAL	**110.844.100**	**(8.910.933)**

Current Tax

According to the Corporate Tax Law No. 5520, the tax rate in Turkey is 22% for corporate earnings for the 2018, 2019 and 2020 taxation periods, and 25% for the 2021 taxation period. Also tax rate is %23 for 2022 and %20 for 2023.

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

30.TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Period Profit Tax Provisions, Net

	31 March 2023	31 March 2022
- Pre-tax profit/(loss)	120.794.543	--
- Non-deductible expenses according to the law	17.530.571	--
- Financial Expense Restriction	--	--
- Exchange Rate Hedged	4.203.932	--
- Equity Income from Investments	150.546	--
- Carried Forward Loss to Be Offset	--	--
- Cash Capital Increase Source - Tax Discount	25.808.024	--
Corporate Tax Base	**108.162.612**	**--**
- Corporate Tax Base (%23)	361.274	--
- Corporate Tax Base (Investment Deductible Portion %4.6)	4.254.250	--
Period Tax Expense	**4.615.524**	**--**

Assets Related to Current Period Taxes

	31.03.2023	31.12.2022
Prepaid Taxes and Funds	88.721	3.268.855
TOTAL	**88.721**	**3.268.855**

Deferred Tax

Company calculates deferred tax assets and liabilities with recorded values in statement of financial position items by considering difference effects which occurs as a result of evaluation for values in statement of financial position items and Tax Procedure Law.

These temporary differences are usually caused by the recognition of income and expenses in different reporting periods in accordance with the CMB communiqué and tax laws. Deferred tax assets and liabilities calculated according to the liability method are applied as 20% over temporary differences after 31 December 2008. However, according to the Law No. 7061, which was adopted on 28 November 2017, "some tax laws and some other laws have been amended", Law No. 5520, corporate tax law No. 32. 20% tax rate specified in the first paragraph of the article 2018, 2019 and 2020 tax periods for corporate earnings as 22% for the provision of temporary article is added. In accordance with the temporary article 13 of the Corporate Tax Law No. 5520, it will be applied at the rate of 25% for corporate earnings for 2021 and 23% for corporate earnings for 2022.

Turkish tax legislation makes possible that the main partner of company can organize tax statement via financial statement of its consolidated subsidiaries and affiliates. Therefore, with company has deferred tax assets and company has deferred liabilities are not net off their tax position. It is stated separately.

The deferred assets and deferred tax liabilities in the consolidated financial statements are reflected as of March 31, 2023 - December 31, 2022 in the following manner:

	31.03.2023	31.12.2022
Deferred Tax Assets	604.254.156	490.995.261
Deferred Tax Liabilities	(8.041.436)	(5.686.230)
Total	**596.212.720**	**485.309.031**

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

30.TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

The breakdown of cumulative temporary differences and the resulting deferred tax assets / (liabilities) provided at 31 March 2023 and 31 December 2022 using the enacted tax rates is as follows:

	Accumulated Temporary Differences		Deferred Tax Assets / (Liabilities)	
Deferred Tax Assets / Liabilities	**31.03.2023**	**31.12.2022**	**31.03.2023**	**31.12.2022**
Other Deferred Tax Assets/Liabilities	(83.566)	85.430	(19.220)	19.649
Rediscount	(64.974.374)	28.774.956	(14.944.106)	6.618.240
Inventories/Stocks	(13.575)	(13.575)	(3.122)	(3.122)
Other Payables and Expense Provisions	139.811.882	137.491.731	32.156.733	31.623.098
Difference in Depreciation of Tangible and Intangible Fixed Assets	235.526.000	210.464.627	54.170.980	48.406.864
Severance Pay and Leave Provision	7.887.144	12.874.350	1.814.043	2.961.101
Investment Incentive, Corporate Tax Right (*)	--	--	951.048.782	866.559.089
Effects of Revaluation of Tangible Fixed Assets	--	--	(695.528.089)	(695.587.677)
Gains/Losses from Cash Flow Hedging	--	--	267.516.719	224.711.790
TOTAL	**318.153.512**	**389.677.519**	**596.212.720**	**485.309.031**

(*) The Group's completed investment is located in Region II, but in the Special Conditions section of the Invenstment Certificate, it is stated in Article 5 that the investment subject to the document will benefit from Region 5 supports since it is among the priority investments. Accordingly, the Investment Contribution Rate is 40% and the Discounted Corporate Tax Rate is 80%. Accordingly, 40% of the total investment amounting to TL 801.789.865, which is 40% of the total investment amounting to TL 320.715.946, will be able to benefit from the reduced corporate tax application regarding the earnings obtained from the investment. As of March 31, 2023, the remaining indexed investment allowance amount is TL 819.329.691.

In addition, an investment incentive certificate dated 08.04.2020 with document number 510216 and ID number 1013731 was issued by the Ministry of Industry and Technology of the Republic of Turkey. The support class is Regional-Priority Investment and the support elements are VAT Exemption, Interest Support, Tax Reduction, Insurance Premium Employer's Share and Investment Place Allocation. Accordingly, the Investment Contribution Rate is 40% and the Reduced Corporate Tax Rate is 80%. Accordingly, 40% of the total investment amounting to TL 329.297.725, which is 40% of the total investment amounting to TL 131.719.090, will be able to benefit from the reduced corporate tax application regarding the earnings from the investment. The related amount is subject to deferred tax.

31.EARNING PER SHARE

	01 January- 31 March 2023	01 January- 31 March 2022
Net profit /(loss)	471.267.202	413.747.897
Weighted average number of ordinary shares	320.000.000	297.963.808
Profit/(loss) per share with nominal value of 1 TRY	**1,472710**	**1,388584**

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

32. FINANCIAL REPORTING IN HYPERINFLATION ECONOMIES

Prepared financial tables before the period of January 01,2005, in order to show change of purchasing power of TRY, inflations adjustments were made using general wholesale price index under TAS 29. In this standard, financial tables prepared with currency on the high inflation periods, conditioning using adjustment coefficient, financial statements of Money expressed in terms of current purchasing power is predicted. On January 20, 2022, the Public Oversight Authority announced the Implementation of Financial Reporting in High-Inflation Economies in accordance with the Turkish Financial Reporting Standards, the Financial Reporting Standard for Large and Medium-Sized Businesses. Accordingly, it is stated that the enterprises applying TFRS do not need to make any adjustments in accordance with TAS 29 in their financial statements for 2021.

33. FINANCIAL INSTRUMENTS

Short-Term Financial Liabilities

As of 31.03.2023 and 31.12.2022, short-term financial liabilities are as follows:

Short-Term Financial Liabilities

	31 March 2023	31 December 2022
Bank loans	50.931	--
Payables from financial leasing transactions	885.127	1.125.581
Deferred leasing costs (-)	(212.617)	(263.849)
Installments of principal and interest of loans	309.289.220	293.815.316
Current Installments of Bonds	550.645	866.832
Short-Term Financial Liabilities - Net	**310.563.306**	**295.543.880**

Long-Term Financial Liabilities

	March 31, 2023	December 31, 2022
Bank loans	2.043.155.372	1.931.248.633
Payables from financial leasing transactions	469.777	670.897
Deferred leasing costs (-)	(42.304)	(80.765)
Long-Term Financial Liabilities - Net	**2.043.582.845**	**1.931.838.765**

	31 March 2023	31 December 2022
Other financial liabilities	550.645	866.832
Total	**550.645**	**866.832**

The details of the maturity and interest amounts of the Group's loan payables are as follows;

Loan Repayment Table

Long-Term Loans Liabilities	March 31, 2023	December 31, 2022
2024	461.340.306	441.534.725
2025	401.588.171	378.260.303
2026	350.749.345	330.334.391
2027	305.112.358	287.320.534
2028	264.101.079	248.673.391
2029	227.520.532	214.207.450
2030	32.743.581	30.917.839
Total	**2.043.155.372**	**1.931.248.633**

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

33. FINANCIAL INSTRUMENTS (Continued)

Long-Term Loans Liabilities	March 31, 2023	December 31, 2022
1-2 Years	-	-
2-3 Years	461.340.306	441.534.725
3-4 Years	401.588.171	378.260.303
4-5 Years	350.749.345	330.334.391
5 Years and Longer	829.477.550	781.119.214
Total	**2.043.155.372**	**1.931.248.633**

Payment Year	Financial Leasing Payables from Transactions	Deferred Financial Rental Costs
2023	885.127	(212.619)
2024	469.778	(42.304)
Total	**1.354.905**	**(254.923)**

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

33. FINANCIAL INSTRUMENTS (Continued)

	Annual interest rate %		Exchange Value		TRY	
	March 31, 2023	December 31, 2022	March 31, 2023	December31, 2022	March 31, 2023	December31, 2022
TRY Loans	7,5-18%	7,5-18%	--	--	50.931	--
EURO Loans	6-8,5%	6-8,5%	--	4.464.575	--	--
Short-term Loans					**50.931**	
EURO Loans	6-8,5%	6-8,5%	11.781.378	31.191.030	246.024.617	231.386.636
TRY Loans	7,5-18%	7,5-18%	--	--	63.264.603	62.428.680
Short-term payments and interests of loans					**309.289.220**	**293.815.316**
Total short-term loans			--	--	**427.327.903**	**625.025.327**
EURO Loans	6-8,5%	6-8,5%	93.424.750	102.531.484	1.950.942.333	1.835.486.267
TRY Loans	7,5-18%	7,5-18%	--	--	92.213.039	95.762.366
Total long-term loans					**2.043.155.372**	**1.931.248.633**

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Credit Risk

The credit risks exposed as of 31.03.2023 by types of financial instruments are shown in the table below.

31.03.2023	Receivables				Bank Deposits	Derivatives	Other
	Trade Receivables		Other Receivables				
	Related Parties	Other Parties	Related Parties	Other Parties			
As at Reporting Date Maximum Amount of Credit Risk Exposed (A+B+C+D+E) *	**531.836.709**	**2.110.313.259**	**60.584.555**	**2.821.546**	**112.513.516**	**--**	**116.779.515**
- Maximum amount of risk exposed - Part of the risk covered by guarantees	--	--	--	2.561.475	--	--	--
A. Net value of financial assets neither due nor impaired	531.836.709	2.110.313.259	60.584.555	260.071	112.513.516	--	116.779.515
B. Conditions renegotiated, otherwise to be classified as past due or impaired	--	--	--	--	--	--	--
C. Past due but not impaired	--	--	--	--	--	--	--
D. Net book value of Impaired assets	--	1.500.000	--	--	--	--	--
-Past due (gross book value)	--	(1.500.000)	--	--	--	--	--
-Impairment (-)	--	--	--	--	--	--	--
- Part covered by guarantees	--	--	--	--	--	--	--
- Undue (gross book value)	--	--	--	--	--	--	--
-Impairment (-)	--	--	--	--	--	--	--
- Part covered by guarantees	--	--	--	--	--	--	--
E. Off-balance sheet items with credit risk	--	--	--	--	--	--	--

In determining the amount, the increase in credit reliability such as guarantees received are not considered.

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The credit risks exposed as of 31.12.2022 as of the types of financial instruments are shown in the table below.

31.12.2022	Receivables				Bank Deposits	Derivatives	Other
	Trade Receivables		Other Receivables				
	Related Party	Third Party	Related Party	Third Party			
As at reporting date maximum amount of credit risk exposed (A+B+C+D+E)	**498.659.615**	**416.258.377**	**9.979.929**	**2.820.674**	**209.449.833**	**2.446**	**121.933.701**
- Maximum amount of risk exposed - Part of the risk covered by guarantees	--	--	--	2.561.476	--	--	--
A. Net value of financial assets neither due nor impaired	498.659.615	416.258.377	9.979.929	259.198	209.449.833	2.446	121.933.701
B. Book value of financial assets whose conditions are renegotiated, otherwise, will be classified as past due or impaired	--	--	--	--	--	--	--
C. Net book value of assets past due but not impaired	--	--	--	--	--	--	--
D. Net book value of assets impaired	--	1.500.000	--	--	--	--	--
- Past due (gross book value)	--	(1.500.000)	--	--	--	--	--
- Impairment amount (-)	--	--	--	--	--	--	--
- The part of net value covered with guarantees etc.	--	--	--	--	--	--	--
- Not due (gross book value)	--	--	--	--	--	--	--
- Impairment amount (-)	--	--	--	--	--	--	--
- The part of net value covered with guarantees etc.	--	--	--	--	--	--	--
E. Off balance items exposed to credit risk	--	--	--	--	--	--	--

In determining the amount, the increase in credit reliability such as guarantees received are not considered.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The main responsibility related to liquidity risk management belongs to the Board of Directors. The board of Directors has established an appropriate liquidity risk management for the short-, medium- and long-term funding and liquidity requirements of the Group's Management. The Group manages liquidity risk by regularly monitoring estimated and actual cash flows and ensuring the continuation of sufficient funds and borrowing reserves by matching the maturities of financial assets and liabilities.

In this context, care is taken to ensure that the maturities of receivables and payables are compatible, in order to maintain short-term liquidity, net working capital management targets are set and efforts are made to keep the balance sheet ratios at certain levels.

In medium- and long-term liquidity management, the Group's cash flow forecasts are made based on financial markets and industry dynamics, the cash flow cycle is monitored and tested according to various scenarios.

It shows the maturity distribution of the Group's non-derivative financial liabilities. Non-derivative financial liabilities are prepared without discount and based on the earliest dates required to be paid. When receivables or payables are not fixed, the amount disclosed is determined using the interest rate derived from the yield curves at the date of the report.

(Amounts are expressed in Turkish Lira “TRY” unless otherwise stated.)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market Risk

Market risk is changes in interest rates, exchange rates or the value of securities that will negatively affect the Group.

Currency risk

FOREIGN CURRENCY POSITION				
	31.03.2023			
	TRY Equivalent (Functional money unit of labor)	USD	EUR	GBP
1. Trade Receivables	34.918.199	1.823.100	--	--
2a. Monetary Financial Assets (Cash, Bank accounts included)	100.121.983	1.696	4.801.497	97
2b. Non-Monetary Financial Assets	23.053.715	483.004	662.156	--
3. Other	--	--	--	--
4. Current Assets (1+2+3)	**158.093.897**	**2.307.801**	**5.463.653**	**97**
5. Trade Receivables	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--
6b. Non-Monetary Financial Assets	--	--	--	--
7. Other	--	--	--	--
8. 8. Non-Current Assets (5+6+7)	**--**	**--**	**--**	**--**
9. Total Assets (4+8)	**158.093.897**	**2.307.801**	**5.463.653**	**97**
10. Trade Payables	(36.891.002)	(645.375)	(1.173.598)	--
11. Financial Liabilities	(246.024.617)	--	(11.781.378)	--
12a. Monetary Other Liabilities	--	--	--	--
12b. Non-Monetary Other Liabilities	--	--	--	--
13. Short Term Liabilities (10+11+12)	**(282.915.619)**	**(645.375)**	**(12.954.976)**	**--**
14. Trade Payables	--	--	--	--
15. Financial Liabilities	(1.950.942.332)	--	(93.424.750)	--
17. Long Term Liabilities (14+15+16)	**(1.950.942.332)**	**--**	**(93.424.750)**	**--**
18. Total Liabilities (13+17)	**(2.233.857.951)**	**(645.375)**	**(106.379.725)**	**--**
19. Net Off-Balance Sheet Derivative Instruments Asset/(Liability) Position (19a-19b)	--	--	--	--
19a. Total Amount of Assets Hedged	--	--	--	--
19b. Total Amount of Hedged Liabilities	--	--	--	--
20. Net Foreign Asset/ (Liability) Position (9-18+19))	**(2.075.764.054)**	**1.662.425**	**(100.916.073)**	**97**
21. Net Foreign Currency Asset/ (Liability) Position of Monetary Items (=1+2a+5+6a-10-11-12a-14-15-16a)	(2.098.817.769)	1.179.421	(101.578.228)	97
22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging	--	--	--	--
23. Export	**--**	**--**	--	**--**
24. Import	**--**	**--**	--	**--**

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

FOREIGN CURRENCY POSITION				
	31.12.2022			
	TRY Equivalent (Functional money unit of labor)	**USD**	**EUR**	**GBP**
1. Trade Receivables	34.088.871	1.823.100	--	--
2a. . Monetary Financial Assets (Cash, Bank accounts included)	14.059.517	1.714	703.540	111
2b. Non-Monetary Financial Assets	30.430.057	347.816	1.200.231	--
3. Other	--	--	--	--
4. Current Assets (1+2+3)	**78.578.445**	**2.172.630**	**1.903.771**	**111**
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)	**78.578.445**	**2.172.630**	**1.903.771**	**111**
10. Trade Payables	(52.419.333)	(341.912)	(2.304.096)	--
11. Financial Liabilities	(231.386.636)	--	(11.586.248)	--
12a. Monetary Other Liabilities	--	--	--	--
12b. Non-Monetary Other Liabilities	--	--	--	--
13. Short Term Liabilities (10+11+12)	**(283.805.969)**	**(341.912)**	**(13.890.344)**	**--**
14. Trade Payables	--	--	--	--
15. Financial Liabilities	(1.835.486.267)	--	(91.908.500)	--
17. Long Term Liabilities (14+15+16)	**(1.835.486.267)**	**--**	**(91.908.500)**	**--**
18. Total Liabilities (13+17)	**(2.119.292.236)**	**(341.912)**	**(105.798.844)**	**--**
19. Net Asset/ (Liability) Position of Off-Balance Sheet Derivative Instruments (19a-19b)	--	--	--	--
19a. Total Amount of Assets Hedged	--	--	--	--
19b. Total Amount of Hedged Liabilities	--	--	--	--
20. Net Foreign Asset/ (Liability) Position (9-18+19)	**(2.040.713.791)**	**1.830.718**	**(103.895.073)**	**111**
21. Net Foreign Currency Asset/ (Liability) Position of Monetary Items (=1+2a+5+6a-10-11-12a-14-15-16a)	(2.071.143.848)	1.482.902	(105.095.304)	111
22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging	--	--	--	--
23. Export	**--**	**--**	**--**	**--**
24. Import	**--**	**--**	**--**	**--**

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Sensitivity Analysis of Foreign Exchange Position

Sensitivity Analysis of Foreign Exchange Position				
31.03.2023				
	Profit / Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Change in 10% of the U.S. Dollar against TRY;				
1 - Net asset / liability of USD	1.828.668	(1.828.668)	--	--
2 - Amount hedged for USD risk (-)	--	--	--	--
3- Net Effect of U.S. Dollar (1+2)	**1.828.668**	**(1.828.668)**	**--**	**--**
Change in 10% of the EURO against TRY;				
4 - Net asset / liability of EUR	(111.007.680)	111.007.680	--	--
5 - Amount hedged for EUR risk (-)	--	--	--	--
6- Net Effect of EURO (4+5)	**(111.007.680)**	**111.007.680**	**--**	**--**
Change in 10% of the GBP against TRY;				
7- Other foreign currency net asset / liability	106	(106)	--	--
8- Part of hedged protected from other currency risk (-)	--	--	--	--
9- Net Effect of GBP (7+8)	**106**	**(106)**	**--**	**--**
TOTAL (3+6+9)	**(109.178.906)**	**109.178.906**	**--**	**--**

Sensitivity Analysis of Foreign Exchange Position				
31.12.2022				
	Profit / Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Change in 20% of the U.S. Dollar against TRY;				
1 - Net asset / liability of USD	2.013.790	(2.013.790)	--	--
2 - Amount hedged for USD risk (-)	--	--	--	--
3- Net Effect of U.S. Dollar (1+2)	**2.013.790**	**(2.013.790)**	**--**	**--**
Change in 20% of the EURO against TRY;				
4 - Net asset / liability of EUR	(114.284.580)	114.284.580	--	--
5 - Amount hedged for EUR risk (-)	--	--	--	--
6- Net Effect of EURO (4+5)	**(114.284.580)**	**114.284.580**	**--**	**--**
Change in 20% of the GBP against TRY;				
7- Other foreign currency net asset / liability	122	(122)	--	--
8- Part of hedged protected from other currency risk (-)	--	--	--	--
9 -Net Effect of GBP (7+8)	**122**	**(122)**	**--**	**--**

35. FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATION AND PROTECTION OF FINANCIAL HEDGE ACCOUNTING EXPLANATION)

Fair Value

Fair value is defined as price between willing parties who are into making a sale or purchase.

Financial assets and liabilities in foreign currency are converted to market prices at statement of financial position date. Methods and assumptions below are used to predict fair value of each financial instrument in case when it is possible to determine fair value of these instruments.

Financial Assets

The fair value of certain financial assets carried at cost, including cash at banks, marketable securities plus the respective accrued interest are considered to approximate their respective carrying values. The carrying values of the trade receivables net of provisions for uncollectible receivables are considered to

Financial Liabilities

Values of monetary liabilities and trade payables are considered close to their fair value because of short term nature. Bank loans are stated with their discounted cost and transaction cost will be added to initial cost of loans. Book value of loans is considered close to its fair value because of updates in changed market conditions and interest rates. Book value of trade payables is considered as close to its fair value cause of being short termed.

The fair value of financial assets and liabilities are determined as follows:

First Level: Financial assets and liabilities are appreciated from stock price traded in active market for similar assets and liabilities.

Second Level: Financial assets and liabilities are appreciated from inputs used determining observable price in the market as direct or indirect with the exception of the price is stated in first level.

Third Level: Financial assets and liabilities are appreciated from inputs based on unobservable data in the market in determining the fair value of an asset or liability.

The Group's management believes that the recorded values of financial instruments reflects their fair values.

Derivative Financial Instruments (Futures Agreements)

The Group does not engage in derivative transactions in the foreign exchange markets.

Financial Liabilities

Values of monetary liabilities and trade payables are considered close to their fair value because of short term nature. Bank loans are stated with their discounted cost and transaction cost will be added to initial cost of loans. Book value of loans is considered close to its fair value because of updates in changed market conditions and interest rates. Book value of trade payables is considered as close to its fair value cause of being short termed.

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

36. SUBSEQUENT EVENTS

The company, based on the legal postings of its capital, has increased its capital from 320.000.000 TRY to 800.000.000 TRY by issuing new shares for an amount of 480.000.000 TRY from its distributable net profit for the year 2022. The amendment to Article 6 titled "Capital" of the Articles of Association related to the capital increase has been approved by the Capital Markets Board, and the announcement regarding the approval of the share issuance has been published in the Bulletin No. 2023/25 dated 27.04.2023. The bonus share issuance process was completed as of 09.05.2023.

37. FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR'S

The independent audit fee for the 1 January – 31 December 2023 reporting period is 500.000 TRY. (31.12.2022 : 325.000 TRY)

38. DERİVATİVE INSTRUMENTS

HIGH PROBABILITY ESTIMATED TRADING CURRENCY RISK CASH FLOW HEDGE ACCOUNTING

The Company provides hedging against the foreign exchange risk on the balance sheet by borrowing in the same currency against the foreign currency risks arising from the foreign currency sales amounts that are highly probable to be realized in the future within the scope of the agreements it has made and the corporate budget.

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

The company that has set the 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.

The Company pays attention to maintain a 100% hedging ratio and a hedging efficiency between 70% and 130% within the scope of the hedge accounting it has established, and as of March 31, 2022, the hedge ratio has been calculated as 89% and the hedging efficiency as 108%.

TRY	**31 March 2023**
Cumulative exchange difference on the hedged item (current portion)	177.947.503
Cumulative exchange difference on the hedged item (non-current portion)	960.157.106
Cumulative exchange difference on the hedging instrument (current part)	(225.727.903)
Cumulative exchange difference on the hedging instrument (non-current portion)	(946.023.823)
Hedging effectiveness rate	**103%**
Inactive portion left in the income statement	--

TRY	**31 March 2023**
The total amount of future cash flows of the hedged item	2.667.756.229
The total amount of future cash flows of the instrument used for hedging purposes	2.822.097.541
Hedging Rate	**95%**

(Amounts are expressed in Turkish Lira “TRY” unless otherwise stated.)

39. OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR REQUIRED FOR UNDERSTANDING OF THE FINANCIAL STATEMENTS

None.

40. EXPLANATIONS TO CASH FLOW STATEMENT

Movements in the cash flow statement that do not create cash inflows and outflows are as follows as of the years:

		Current Period Not Audited Consolidated	Prior Period Not Audited Consolidated
A. CASH FLOWS FROM OPEARING ACTIVITIES	**NOTES**	**01.01-31.03.2023**	**01.01-31.03.2022**
Profit/Loss For The Period		**(52.892.422)**	**457.903.259**
Adjustments To Reconcile Net Profit/Loss For The Period		**471.267.202**	**413.747.896**
Adjustments related to amortization and depreciation expenses	11-12-14-23-24-27	**(131.459.652)**	**(229.352.592)**
Adjustments related to impairment/revocation	19	53.221.898	48.943.268
Adjustments Related to Employees Benefits Provision (Cancellation)	18	2.866.377	1.689.303
Provisions Related to Litigation and / or Provisions (Cancellation) Provisions Relating to Provisions (Cancellation)	18	671.495	186.740
Adjustments on Provisions (Cancellation) on the Sectoral Requirements Framework	7-8	19.238	4.389
Deferred Financial Income Arising From Sales on Credit	7-8	7.559.708	641.249
Deferred Financial Income Arising From buying on Debit	20	(7.182.809)	(6.341.464)
Adjustments Regarding Interest Expenses	20	28.788.903	51.482.032
Adjustments Related to Interest Income	11-12-14-23-24-27	(23.127.907)	(351.800.696)
Adjustments for Unrealized Currency Translation Differences	19	88.085.209	152.058.552
Adjustments Regarding Impairment Reversal of Tangible Fixed Assets	11	(238.358)	--
Adjustments Regarding Tax Expenses/Income	30	(110.903.689)	8.910.933
Adjustment for fair value losses (gains) of derivative financial instruments	37		(1.274.039)
Adjustment for fair value losses (gains)	37	(171.219.718)	(133.852.857)
Changes In Business Capital		**(395.621.185)**	**273.474.047**
Adjustments Regarding Increase/Decrease in Inventories	9	(112.145.714)	(50.097.157)
Increase/Decrease in Trade Receivables from Related Parties	6	(33.177.094)	(27.448.728)
Increase/Decrease in Trade Receivables from Unrelated Parties	7	(1.701.613.359)	43.092.163
Decrease (Increase) in Other Receivables from Related Parties	6	(50.605.857)	(8.315.581)
Decrease (Increase) in Other Receivables from Unrelated Parties	8	(872)	(579.187)
Change in Other Assets	20	333.960.915	94.382.029
Increase (Decrease) in Trade Payables to Related Parties	6	(121.268)	(468.338)
Increase (Decrease) in Trade Payables to Non-Related Parties	7	105.259.132	70.281.870
Change in Prepaid Expenses	10	5.168.093	(40.128.087)
Change in Payables Under Employee Benefits	19	8.702.711	(251.958)
Increase (Decrease) in Other Payables Related to Operations to Related Parties	6	1.459.386.158	(9.817.747)
Increase (Decrease) in Other Payables Related to Operations to Non-Related Parties	8	118.241.615	28.183.623
Provisions for Employee Benefits	19	(785.142)	1.645.267
Increase (Decrease) in Deferred Revenues	10	(5.634.429)	216.993.172
Change in Other Obligations	20	(522.256.076)	(43.997.292)
Cash Flows from Operations		**(55.813.636)**	**457.869.351**
Other Loss/Gain	21	2.921.213	33.908

41. EXPLANATIONS RELATED WITH EQUITY CHANGE TABLE

The details of the Group's shareholders' equity as of 31.03.2023 and 31.12.2022 are disclosed in Note 21.

(Amounts are expressed in Turkish Lira "TRY" unless otherwise stated.)

42. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents

	31.03.2023	**31.12.2022**
Bank	112.513.516	209.449.833
-Demand deposit	*101.599.566*	*21.516.289*
-Time deposit	*10.913.950*	*187.933.544*
Other current assets	2.479	2.446
TOTAL	**112.515.995**	**209.452.279**

As of 31.03.2023 there is no blocked deposits of the Group (31.12.2022 : None).

The information about the Group's term account for the periods 31.03.2023 and 31.12.2022 is as follows:

Currency Time Deposits	**Maturity**	**Interest rate**	**31.03.2023 TRY**
TL	03.04.2023	14%	10.000.000
TL	03.04.2023	9,38%	304.490
TL	03.04.2023	9,38%	337.857
TL	03.04.2023	9,38%	147.457
TL	03.04.2023	3,80%	124.146
			10.913.950

Currency Time Deposits	**Maturity**	**Interest rate**	**31.12.2022 TRY**
TL	2.01.2023	4,00%	122.979
TL	2.01.2023	10,24%	1.430.275
TL	6.03.2023	12,00%	9.817.300
TL	3.03.2023	12,00%	127.624.900
TL	2.01.2023	13,00%	15.000.000
TL	15.02.2023	13,50%	1.938.090
TL	2.01.2023	14,75%	12.000.000
TL	2.01.2023	15,00%	20.000.000
			187.933.544

43. INTEREST, TAX, PROFIT BEFORE DEPRECIATION (EBITDA)

This financial data, that is calculated as an income before finance, tax and depreciation is an indication of measured income without taking notice of finance, tax, expenses that are not required cash outflows, depreciation and redemption expenses of the company. This financial data also specified in the financial statements by some investors due to use in the measurement of the company's ability to repay the loans and/or additional loan. However, EBITDA should not be considered independently from financial statements. Also, EBITDA should not evaluate as an alternative to net income(loss), net cash flow derived from operating, investing and financing activities, financial data obtained from investing and financial activities or prepared according to IAS / IFRS, or other inputs obtained from financial instruments such as, business operating performance. This financial information should be evaluated together with other financial inputs that are contained in the statement of cash flow.