CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

GALATA WIND ENERJI ANONIM SIRKETI

CONSOLIDATED FINANCIAL STATEMENTS AT 1 JANUARY - 31 DECEMBER 2023 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Galata Wind Enerji Anonim Şirketi

A. Audit of the consolidated financial statements

1. Our opinion

We have audited the accompanying consolidated financial statements of Galata Wind Enerji Anonim Şirketi (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing adopted within the framework of the regulations of the Capital Markets Board and issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") the ethical requirements regarding independent audit in regulations issued by the POA; the regulations of the Capital Markets Board; and other relevant legislation are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
Kılıçali Paşa Mah. Meclis-i Mebusan Cad. No:8 İç Kapı No:301 Beyoğlu/İstanbul
T: +90 212 326 6060, F: +90 212 326 6050, www.pwc.com.tr Mersis Numaramız: 0-1460-0224-0500015

3. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the key audit matter was addressed in the audit
Application of TAS 29, "Financial Reporting in Hyperinflationary Economies"	
The Group applied TAS 29 "Financial reporting in hyperinflationary economies" ("TAS 29") in its consolidated financial statements as of and for the year ending 31 December 2023. According to TAS 29, the consolidated financial statements as of 31 December 2023 should be restated in accordance with 31 December 2023 purchasing power. Applying TAS 29 results in significant changes to financial statement items included in the Group's consolidated financial statements as of and for the year ending 31 December 2023, which have been restated for comparative purposes. The application of TAS 29 has a pervasive and material impact on the consolidated financial statements. In addition, considering the additional effort required to perform the audit of the application of TAS 29, we identified the application of TAS 29 as a key audit matter. The Group's accounting policies and related explanations regarding the application of TAS 29 are disclosed in Note 2.1.1.	• The process and controls application of TAS 29 designed and implemented by management has been understand and evaluated. • The monetary and non-monetary items in compliance with TAS 29 determination by management have been verified. • The detailed lists of non-monetary items have been obtained and tested original entry dates and amounts on a sample basis. • The general price index rates used in calculations correspond with the coefficients in the "Consumer Price Index in Turkey" published by the Turkish Statistical Institute have been verified. • The mathematical accuracy of non-monetary items, income statement, and cash flow statement adjusted for inflation effects have been tested. • The adequacy of disclosures related to the application of TAS 29 in the notes to the consolidated financial statements in accordance with TFRS have been evaluated.

Key Audit Matters	How the key audit matter was addressed in the audit
Recognition of Property, Plant and Equipment	
The Group has property, plant and equipment amounting to TRY5,145,945,724 in the consolidated financial statement as of 31 December 2023. The accounting policies and details of the Group's property, plant and equipment are explained in Note 2.1.7 and Note 8 of the consolidated financial statements. In the consolidated financial statements, the Group recognizes its property, plant and equipment over the acquisition costs, with their net values after deducting the accumulated depreciation and impairment, if any, in accordance with TAS 16 "Property, plant and equipment" standard ("TAS 16"). Property, plant and equipment are capitalized from the moment they are brought to the required condition and place in order to operate in line with the management's objectives and begin to be depreciated with their useful lives determined in line with the Group management's projections. Since the total amount of property, plant and equipment has a significant share in the assets of the Group and the useful lives used in the depreciation calculations are based on the estimation of the Group management, the accounting of property, plant and equipment has been considered as a key audit matter.	• The completeness and accuracy of the detailed lists of the property, plant and equipment have been checked with the Group's accounting records by selecting samples. • Acquisition costs of property, plant and equipment have been evaluated in consideration of the recognition criteria within the scope of TAS 16. • Supporting purchase invoices for property, plant and equipment purchases were tested with the sampling method. • The appropriateness of the estimated useful lives of property, plant and equipment was evaluated on a sample basis, considering the expected economic benefits associated with each asset, and the current year depreciation expenses were tested with the sampling method. • The expected useful lives of wind turbines and solar panels are compared with industry practices. • The appropriateness and adequacy of the explanations included in the notes to the consolidated financial statements regarding property, plant and equipment according to the relevant TFRS has been evaluated.

Key Audit Matters	How the key audit matter was addressed in the audit
Revenue Recognition	
The Group has recognised revenue of TRY1,859,032,808 during the year ended 31 December 2023. Since the revenue represents the most significant amount in the profit or loss statement of the Group, and because it has a significant effect on the Group's key performance indicators, it is a key audit matter. The Group generates electricity sales revenues through generating electricity from wind and solar energy plants and selling it. As discussed in the Note 2.1.7 "Significant Accounting Policies", since electricity is a service provided as a series that the client gets and consumes simultaneously, it is recognised as one performance, at point of time and through output method	• The process of the Group management regarding the revenue recognition has been understand. • The accounting policies applying comply with TFRS and applying consistently with prior periods has been assessed. • The Group's sales have been tested to the related party by the sales account reconciliation. • Compliance with TFRS 15, "Revenue from Contracts with Customers" Standard has been evaluated by the contracts made by the Company with its customers have been examined and the accounting policies regarding the recording of revenue applied have been evaluated. • Detailed tests have been performed related to the transactions that were carried out before and after the fiscal period to assessed with the revenue is recognized in the correct period.

4. Responsibilities of management and those charged with governance for the consolidated financial statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

5. Auditor's responsibilities for the audit of the consolidated financial statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B. Other responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.

2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 21 March 2024.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Mehmet Cenk Uslu, SMMM
Independent Auditor

Istanbul, 21 March 2024

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GALATA WIND ENERJI ANONIM SIRKETI

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

(Turkish Lira ("TRY") stated as according to purchasing power of Turkish Lira at 31 December 2023.)

ASSETS	Notes	*Audited* *Current Period* **31 December 2023**	*Audited* *Prior Period* **31 December 2022**
Current assets		**326,413,281**	**1,505,764,806**
Cash and cash equivalents	4	66,002,716	1,085,983,819
Financial investments	24	88,290,984	125,720,818
Trade receivables			
-Due from related parties	*23*	*3,466*	*3,036*
- Due from third parties	*6*	*138,305,148*	*138,617,809*
Other receivables			
- Due from third parties		63,388	59,530
Inventories		4,911,288	4,939,750
Prepaid expenses	13	28,325,525	27,955,538
Other current assets	14	510,766	122,484,506
Non-current assets		**8,833,125,774**	**7,256,209,299**
Derivative instruments	15	107,044,548	107,235,900
Financial investments	24	488,537	488,537
Other receivables			
- Due from third parties		584,056	943,619
Property, plant and equipment	8	5,145,945,724	4,148,764,687
Intangible assets			
- Licenses	*9*	*2,502,101,051*	*2,572,865,521*
- Goodwill	*3*	*131,060,469*	*131,060,469*
- Other	*9*	*19,436,825*	*14,809,089*
Right of use assets	10	73,548,184	51,705,404
Prepaid expenses	13	852,916,380	228,336,073
TOTAL ASSETS		**9,159,539,055**	**8,761,974,105**

The consolidated financial statements as of and for the period ended 31 December 2023 have been approved by the Board of Directors on 21 March 2024.

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

GALATA WIND ENERJI ANONIM SIRKETI

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

(Turkish Lira ("TRY") stated as according to purchasing power of Turkish Lira at 31 December 2023.)

LIABILITIES	**Notes**	***Audited*** ***Current Period*** **31 December 2023**	***Audited*** ***Prior Period*** **31 December 2022**
Current liabilities		**390,564,400**	**176,822,041**
Short-term portion of long-term borrowings			
Short-term portion of long-term borrowings from third parties			
- Bank borrowings	*5*	*117,211,882*	*110,578,454*
- Lease liabilities	*5*	*690,951*	*1,425,235*
- Short-term portion of long-term borrowings from related parties			
- Lease liabilities	*5*	*206,060*	*502,340*
Trade payables			
- Due to related parties	*23*	*1,064,929*	*963,957*
- Due to third parties	*6*	*69,270,399*	*27,821,357*
Other payables			
- Due to third parties	*7*	*160,209,153*	*6,867,873*
Payables related to employee benefits	12	*9,416,881*	*6,795,428*
Provision for period income tax	22	*25,923,692*	*9,517,409*
Short-term provisions			
- Other short-term provisions	*11*	*946,252*	*9,128,086*
- Short-term provisions for employment benefits	*12*	*5,624,201*	*3,221,902*
Non-current liabilities		**1,736,179,569**	**1,644,447,585**
Long-term borrowings			
- Long-term borrowings from third parties			
- Bank borrowings	*5*	*621,322,828*	*732,100,874*
- Lease liabilities	*5*	*33,739,747*	*23,122,370*
- Long-term borrowings from related parties			
- Lease liabilities	*5,23*	*297,746*	*580,628*
Long-term provisions			
- Other long term provisions	*11*	-	*9,946,331*
- Long-term provisions for employment benefits	*12*	*9,272,917*	*6,719,173*
Deffered Tax Liabilities	*22*	*1,071,546,331*	*871,978,209*
EQUITY		**7,032,795,086**	**6,940,704,479**
Equity attributable to equity holders of the parent company		**7,032,795,086**	**6,940,704,479**
Share capital	16	540,000,000	534,791,458
Inflation Adjustments on Capital		2,334,167,990	2,332,832,136
Share premiums/(discounts)	16	14,733,306	14,733,306
Other comprehensive income (losses) that will not be reclassified in profit or loss			
- Actuarial gains (losses) on defined *benefit plans*	*16*	(6,094,143)	(2,315,501)
Accumulated other comprehensive income/(expense) to be reclassified to profit or loss			
- Foreign currency conversion differences		22,439	-
Advances dividend paid	*16*	(125,000,000)	-
Restricted reserves	16	230,925,148	157,630,721
Retained earnings or accumulated losses		3,420,492,611	2,438,405,170
Net profit or loss for the period		623,547,735	1,464,627,189
TOTAL EQUITY AND LIABILITIES		**9,159,539,055**	**8,761,974,105**

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

GALATA WIND ENERJI ANONIM SIRKETI

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2023 AND 2022

(Turkish Lira ("TRY") stated as according to purchasing power of Turkish Lira at 31 December 2023.)

		Audited Current Period **1 January - 31 December 2023**	***Audited Prior Period*** **1 January - 31 December 2022**
PROFIT OR LOSS			
Revenue	17	1,859,032,808	2,296,830,032
Cost of sales (-)	17	(753,286,242)	(652,409,851)
GROSS PROFIT/ (LOSS)		**1,105,746,566**	**1,644,420,181**
General administrative expenses (-)	18	(63,388,457)	(45,956,042)
Marketing expenses (-)	18	(25,750,867)	(21,280,791)
Other operating income	20	458,210,463	351,011,988
Other operating expenses (-)	20	(2,199,686)	(23,441,626)
OPERATING PROFIT/ (LOSS)		**1,472,618,019**	**1,904,753,710**
OPERATING PROFIT/ (LOSS) BEFORE FINANCE (EXPENSE)/ INCOME		**1,472,618,019**	**1,904,753,710**
Finance expenses (-)	21	(356,904,558)	(327,852,600)
Monetary Gain/(Loss)		(110,652,025)	27,868,825
PROFIT/ (LOSS) BEFORE TAXATION FROM CONTINUED OPERATIONS		**1,005,061,436**	**1,604,769,935**
Tax income/(expense) from continued operations		**(381,513,701)**	**(140,142,746)**
Tax income/ (expense) for the period	22	(180,686,031)	(233,889,617)
Deferred tax income/ (expense)	22	(200,827,670)	93,746,871
PROFIT/ (LOSS) FOR THE PERIOD		**623,547,735**	**1,464,627,189**
Allocation of Profit/(Loss) For the Period			
Attributable to equity holders of the parent company		623,547,735	1,464,627,189
Earning/(Loss) Per Share Attributable to Equity Holders of the Parent Company	**25**	**1.155**	**2.712**
OTHER COMPREHENSIVE INCOME			
That will not be reclassified as profit or loss			
Actuarial gains (losses) on defined benefit plans	12	(5,038,190)	(2,894,376)
Taxes related to other comprehensive income that will not be reclassified as profit or loss			
Tax effect of actuarial gains (losses) on defined benefit plans	22	1,259,548	578,875
Other Comprehensive Income That Will Be Reclassified to Profit or Loss			
- Foreign currency conversion differences		22,439	-
OTHER COMPREHENSIVE INCOME (LOSS)		**(3,756,203)**	**(2,315,501)**
TOTAL COMPREHENSIVE INCOME (LOSS)		**619,791,532**	**1,462,311,688**
Allocation of Total Comprehensive Income/(Loss)			
Attributable to non-controlling interests		-	-
Attributable to equity holders of the parent company		**619,791,532**	**1,462,311,688**

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

GALATA WIND ENERJİ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2023 AND 2022

(Turkish Lira ("TRY") stated as according to purchasing power of Turkish Lira at 31 December 2023.)

	Share capital	Capital Adjustment Differences	Share premium/ discounts	Other comprehensive income or expense not to be reclassified to profit or loss Actuarial gain/ (loss) on defined benefit plans	Other comprehensive income or expense not to be reclassified to profit or loss foreign currency conversion Differences	Restricted reserves	Retained earnings: Advance Dividend Paid	Retained earnings: Retained earnings or accumulated loss	Retained earnings: Profit (Loss) for Period	Equity attributable to equity holders of parent company	Non-controlling interest	Total equity
Balance at 1 January 2022	**534,791,458**	**2,332,832,136**	**14,733,306**	**-**	**-**	**121,094,962**	**-**	**2,805,540,467**	**-**	**5,808,992,329**	**-**	**5,808,992,329**
Transfers	-	-	-	-	-	36,535,759	-	(36,535,759)	-	-	-	-
Dividends	-	-	-	-	-	-	-	(330,599,538)	-	(330,599,538)	-	(330,599,538)
Total comprehensive income	-	-	-	**(2,315,501)**	-	-	-	-	1,464,627,189	1,462,311,688	-	1,462,311,688
- Other comprehensive income/ (expense)	-	-	-	*(2,315,501)*	-	-	-	-	-	*(2,315,501)*	-	*(2,315,501)*
- Net profit for the period (loss)	-	-	-	-	-	-	-	-	*1,464,627,189*	*1,464,627,189*	-	*1,464,627,189*
Balance at 31 December 2022	**534,791,458**	**2,332,832,136**	**14,733,306**	**(2,315,501)**	**-**	**157,630,721**	**-**	**2,438,405,170**	**1,464,627,189**	**6,940,704,479**	**-**	**6,940,704,479**
Balance at 1 January 2023	**534,791,458**	**2,332,832,136**	**14,733,306**	**(2,315,501)**	**-**	**157,630,721**	**-**	**2,438,405,170**	**1,464,627,189**	**6,940,704,479**	**-**	**6,940,704,479**
Transfers	5,208,542	1,335,854	-	-	-	73,294,427	-	1,384,788,366	(1,464,627,189)	-	-	-
Dividends	-	-	-	-	-	-	-	(402,700,925)	-	(402,700,925)	-	(402,700,925)
Advance dividend paid during the period	-	-	-	-	-	-	(125,000,000)	-	-	(125,000,000)	-	(125,000,000)
Total comprehensive income	-	-	-	**(3,778,642)**	-	-	-	-	**623,547,735**	**619,769,093**	-	**619,769,093**
- Other comprehensive income/ (expense)	-	-	-	*(3,778,642)*	-	-	-	-	-	*(3,778,642)*	-	*(3,778,642)*
- Profit (Loss) for Period	-	-	-	-	-	-	-	-	*623,547,735*	*623,547,735*	-	*623,547,735*
Other Comprehensive income	-	-	-	-	***22,439***	-	-	-	-	***22,439***	-	***22,439***
Foreign currency conversion differences	-	-	-		*22,439*	-	-	-	-	*22,439*	-	*22,439*
Balance at 31 December 2023	**540,000,000**	**2,334,167,990**	**14,733,306**	**(6,094,143)**	**22,439**	**230,925,148**	**(125,000,000)**	**3,420,492,611**	**623,547,735**	**7,032,795,086**	**-**	**7,032,795,086**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2023 AND 2022

(Turkish Lira ("TRY") stated as according to purchasing power of Turkish Lira at 31 December 2023.)

	Notes	*Audited* *Current Period* **1 January - 31 December 2023**	*Audited* *Prior Period* **1 January - 31 December 2022**
A. NET CASH FROM OPERATING ACTIVITIES		**1,979,151,816**	**688,209,055**
Net profit (loss) for the period		623,547,735	1,464,627,187
Adjustments regarding reconciliation of net profit (loss) for the period:		**997,658,304**	**(1,230,129,620)**
Adjustments related to depreciation and amortization	8, 9, 10	388,407,379	380,365,879
Adjustments related to provisions			
- Adjustments related to provisions for (reversal of) employee benefits	*12*	*1,161,286*	*1,047,473*
- Short-term employee benefits		*3,668,842*	*1,197,323*
- Adjustments related to other provisions (reversals)	*11*	*18,128,166*	*10,759,951*
Adjustments related to interest (income) and expenses			
- Adjustments related to interest income	*20*	*(157,462,409)*	*(45,611,601)*
- Adjustments related to interest expenses	*21*	*30,941,342*	*102,366,900*
Adjustments related to fair value (gains) losses		191,352	17,904,158
Adjustments related to tax (income)/expense	22	381,513,701	140,142,746
Adjustments related to changes in unrealised foreign exchange differences	5	7,269,779	(39,996,262)
Non-operational monetary gain/(loss)		323,838,866	(1,798,306,187)
Changes in working capital		**319,812,900**	**634,189,367**
Adjustments for decrease/(increase) in inventories		28,462	54,276
Cash outflow from marketable securities held for trade			
Adjustments for decrease/ (increase) in trade receivables			
-Decrease/ (increase) in trade receivables from related parties		*(430)*	*(3,036)*
-Decrease/ (increase) in trade receivables from non-related parties		*312,661*	*89,618,662*
Increase/ (decrease) in payables due to employee benefits		2,621,453	3,413,914
Adjustments regarding decrease/ (increase) in other receivables on operations			
(Increase)/ decrease in other receivables regarding operations with non-related parties		*(3,858)*	*483,143*
Adjustments regarding increase (decrease) in trade payables			
- Increase/ (decrease) in trade payables to related parties		*100,972*	*963,957*
- Increase/ (decrease) in trade payables to non-related parties		*41,449,042*	*3,802,498*
Adjustments regarding increase (decrease) in other payables on operations			
- Increase/(decrease) in other payables regarding operations with non-related parties		*153,341,281*	*2,460,842*
Adjustments for other increase (decrease) in working capital			
- (Increase)/ decrease in other assets regarding operations		*121,963,317*	*533,395,111*
Net cash from operating activities		**1,941,018,939**	**868,686,934**
Income tax refunds (payments)	22	(124,491,001)	(219,847,839)
Interest received		163,628,275	39,382,160
Payment of provisions for employee benefits	12	(1,004,397)	(12,200)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2023 AND 2022

(Turkish Lira ("TRY") stated as according to purchasing power of Turkish Lira at 31 December 2023.)

	Notes	*Audited* *Current Period* **1 January - 31 December 2023**	*Audited* *Prior Period* **1 January - 31 December 2022**
B. NET CASH FROM INVESTING ACTIVITIES		**(2,063,173,130)**	**(489,416,174)**
Acquisition of subsidiary, net of cash acquired		-	(61,654,395)
Cash inflows / (outflows) from the acquisition of shares or debt instruments of other enterprises or funds		37,429,834	(125,720,818)
Cash outflows from purchase of property, plant, equipment and intangible assets			
Cash outflows from purchase of property, plant, equipment	*8*	*(1,315,995,211)*	*(117,185,962)*
Cash outflows from purchase of intangible assets	*9*	*(16,349)*	*(4,519,702)*
Cash advance given		*(768,612,433)*	*(164,490,439)*
Cash inflows from sale of property, plant, equipment and intangible assets			
Cash inflows from sale of property, plant, equipment	8	*40,004*	-
Cash inflows from sale of intangible assets	9	968,918	1,517,384
Other cash inflows/(outflows)		(16,987,893)	(17,362,242)
C. NET CASH FROM FINANCING ACTIVITIES		**(636,057,908)**	**(877,903,265)**
Cash inflows from borrowings			
- Cash inflows from borrowings	*5*	-	*280,113,962*
Cash outflows on debt payments			
- Cash outflows due to payments of bank borrowings	*5*	*(96,000,726)*	*(715,016,847)*
- Cash outflows due to payments of other borrowings	*5*	-	-
Cash outflows due to payments of lease liabilities	5	-	-
Interest paid	5	(12,356,257)	(112,400,841)
Dividends paid	5	(527,700,925)	(330,599,539)
D. EFFECT OF MONETARY LOSS AND GAIN ON CASH AND CASH EQUIVALENTS		**(585,974,092)**	**1,057,991,386**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE FOREIGN CURRENCY TRANSLATION DIFFERENCES (A+B+C+D)		**(1,306,053,314)**	**378,881,002**
E. EFFECT OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		**292,238,077**	**270,724,788**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D+E)		**(1,013,815,237)**	**649,605,790**
F.CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**4**	**1,079,754,055**	**430,148,265**
F. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E+F)	**4**	**65,938,818**	**1,079,754,055**

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

Galata Wind Enerji Anonim Şirketi ("Galata Wind" or the "Company") was acquired and taken over from the İbrahimağaoğlu Family on 29 June 2012 as a Doğan Holding subsidiary.

While the Company operated as a subsidiary of Doğan Enerji Yatırımları Sanayi ve Ticaret A.Ş. ("Doğan Enerji") as part of Doğan Şirketler Grubu Holding A.Ş., it started to operate directly as a subsidiary of Doğan Şirketler Grubu Holding A.Ş. after the merger of Doğan Şirketler Grubu Holding A.Ş. and Doğan Enerji Yatırımları Sanayi ve Ticaret A.Ş. under Doğan Şirketler Grubu Holding A.Ş. on 2 March 2021. The ultimate joint shareholders of the Company are Aydın Doğan and Doğan Family (Işıl Doğan, Arzuhan Yalçındağ, Vuslat Sabancı, Hanzade V. Doğan Boyner and Y. Begümhan Doğan Faralyalı).

Galata Wind is subject to Capital Markets Legislation and Capital Markets Board ("CMB") regulations. Its shares have been traded on Borsa İstanbul A.Ş. ("Borsa İstanbul") since 22 April 2021. As per CMB Principle Decision No. 31/1059 dated 30 October 2014 and Principle Decision No. 21/655 dated 23 July 2010, and according to the records of Central Securities Depository ("CSD"), as of 21 March 2024, shares corresponding to 29.95% of Galata Wind's capital are accepted as being in circulation.

The main activities of the Company are establishing, operating and managing power plants and generating and selling electricity.

In the scope of this purpose and field, the Company generates electricity using sustainable energy sources and sells this electricity to the Turkey Interconnected Grid.

The Company owns three wind power plants (WPP) and two solar power plants (SPP). Total installed capacity of these plants is 290.2 MW, 246.7 MW of which is comprised of WPPs, and 43.5 MW of which is comprised of SPPs. All power plants, except Mersin WPP and Şah WPP, sell the electricity generated to the feed-in-tariff system, within the scope of the Support Mechanism for Renewable Energy Sources ("YEKDEM"). As of December 2023, a total of 729.614 MWh of electricity was generated, 678.475 MWh from WPPs and 51.139 MWh from SPPs.

The WPPs with 49-year generation licenses are Şah WPP, Taşpınar WPP and Mersin WPP. The 105 MW Şah WPP in Bandırma/Balıkesir has been in operation since 2011, while the 62.7 MW Mersin WPP in Mut/Mersin has been in operation since 2010. The Şah WPP and the Mersin WPP changed hands following the takeover of the company by the Doğan Group and have been operated by the Doğan Group since June 2012. The 79 MW Taşpınar power plant in Nilüfer/Bursa is a project developed by the company and was commissioned in October 2020 with a preliminary partial acceptance. By the end of 2020, the installation of 10 turbines was completed and the project was commissioned at full capacity in March 2021. In total, the company has 71 wind turbines, including 35 Vestas turbines in Bandirma, 16 Nordex turbines in Taspinar and 20 Vestas turbines in Mersin.

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

"SPPs" operating within the scope of unlicensed power generation were commissioned with an installed capacity of 9.4 MW in Merkez/Çorum and 24.7 MW in Aziziye-Hınıs-Karayazı/Erzurum on 19 December 2017 and 31 December 2018, respectively.

Electricity sales prices are as follows:

- Şah WPP exited YEKDEM at the end of 2021. In this context, it sold the electricity generated in 2021 for the last time at a price of 73 USD/MWh. Since January 2022, it has been selling the generated electricity through bilateral agreements.
- The YEKDEM period for Taşpınar WPP began in 2021 and will continue until the end of 2030. In addition, since the equipment used at the Taşpınar WPP is domestically manufactured, the company will benefit from an additional local contribution price. Taşpınar WPP will sell the electricity it generates for USD 94/MWh (USD 73 + USD 21 local contribution) for 5 years. Taşpınar WPP will once again utilize YEKDEM in 2023. When YEKDEM expires, it will sell electricity at the spot price or through bilateral agreements.
- Mersin WPP, whose YEKDEM term expired at the end of 2020, has been selling its electricity since January 2021 through bilateral agreements.
- For SPPs, the 10-year YEKDEM period has begun from the date of operations. Çorum SPP will sell the electricity it generates until the end of 2027 and Erzurum SPP until the end of 2028 at a selling price of 133 USD/MWh through the distribution companies in the regions inwhich they operate.

Pursuant to the resolution of the Board of Directors of the Company dated December 31, 2020, all registered shares of Sunflower Solar Güneş Enerjisi Sistemleri Ticaret A.Ş. ("Sunflower"), which is 100% owned by Doğan Enerji, were purchased and taken over by the company with a nominal value of TRY 1,000,000. As of December 31, 2020, the corresponding share transfers are included in Sunflower's share register and as of December 31, 2020, control of Sunflower has been transferred to Galata Wind. The ultimate shareholder of Sunflower is Doğan Şirketler Grubu Holding A.Ş., and the share transfer is considered a transaction between entities under common control. The company's field of activity is the design and installation of all types of renewable energy sources, sunlight-to-energy conversion systems and sunlight-to-energy generation systems in all types of residences, housing estates, hotels, hospitals, factories, tourism facilities, vacation villages and similar facilities, sites and buildings. The company will continue its activities in the field of rooftop solar energy projects and energy storage in the future.

A Share Purchase and Sale Agreement dated 23.09.2022 was entered into between the Company and Şık Mehmet Aslan to acquire all registered shares corresponding to 100% of the capital of Gökova Elektrik Üretim ve Ticaret A.Ş. ("Gökova") at a price of TRY 38,265,698. The subject of the purchase is the wind power plant project ("Alapınar WPP Project"), which will operate within the borders of Muğla Province, has an installed capacity of 9 MWm / 6.8 MWe and a generation license number EÜ/3519-37/2164. As of 23, 2022, corresponding share transfers are registered in the share register of Gökova. On September 23, 2022, control of Gökova was transferred to Galata Wind. Within the field coordinates included in Production License No. EU/3519-37/2164, the Company shall pay an additional fee of USD 1,750,000 in cash and in full to the Seller, provided that the obligation under the positive EIA decision is satisfied by the obligations under EMRA's decision dated September 1, 2022, No. 11159-7.

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

With regard to renewable energy investment projects abroad, and so as to consolidate and effectively coordinate potential investments abroad, the establishment of a new company/subsidiary named Galata Wind Energy Global BV, located in the Netherlands, in which the Company will have 100% share capital, has been completed.

As of 31 December 2023, the main operations of the subsidiary of the Company (the Company and the subsidiary shall be together referred to as the "Group") and the country in which it operates are as follows:

Subsidiary	**Main operation**	**Country registered**
Sunflower Solar Güneş Enerjisi Sistemleri Ticaret A.Ş. ("Sunflower")	Energy	Turkiye
Gökova Elektrik Üretim ve Ticaret A.Ş. ("Gökova")	Energy	Turkiye
Galata Wind Energy Global BV ("Galata Wind Global")	Energy	Netherlands

The Group had 56 employees as of 31 December 2023 (31 December 2022: 51).

The registered address of the group is as follows:

Burhaniye Mah. Kısıklı Cad. No: 65 34676 Üsküdar/Istanbul

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Preparation and Presentation of Financial Statements

Adopted Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with the Capital Markets Board's ("CMB") Communiqué Serial II, 14.1 "Principles of Financial Reporting in Capital Markets" ("Communiqué") published in the Official Gazette dated 13 June 2013 and numbered 28676. Turkish Financial Reporting Standards and their annexes and comments ("TFRSs") published by the Public Oversight Accounting and Auditing Standards Authority ("KGK") in accordance with Article 5 of the Communiqué. The consolidated financial statements have been prepared in accordance with the formats specified in the "Announcement on TFRS Taxonomy" published by POA on October 4, 2022 and the Financial Statement Examples and User Guide published by the CMB.

The Group maintains their legal books of accounts in Turkish Lira in accordance with the Tax Legislation, and the Uniform Chart of Accounts (General Communiqué on Accounting System Implementation) issued by the Ministry of Finance. These consolidated financial statements, except for the financial assets that are presented at fair value, are prepared on the basis of historical cost.

Financial reporting in hyperinflationary econimics

The Group has prepared its consolidated financial statements for the year ended 31 December 2023 by applying TAS 29 "Financial Reporting in High Inflation Economies" Standard based on the announcement made by the KGK on 23 November 2023 and the "Implementation Guide on Financial Reporting in High Inflation Economies". In accordance with the standard, financial statements were prepared based on the currency of a hyperinflationary economy are prepared in the purchasing power of this currency at the balance sheet date, and comparative information is expressed in terms of the current measurement unit at the end of the reporting period for the purpose of comparison of previous period financial statements. Therefore, the Group has presented its consolidated financial statements as of 31 December 2022, based on purchasing power as of 31 December 2023.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.1 Preparation and Presentation of Financial Statements (Continued)

Financial reporting in hyperinflationary economics (Continued)

In accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations implementing Turkish Accounting/Financial Reporting Standards shall comply with the provisions of TMS 29, starting from their annual financial reports for the accounting periods ending as of 31 December 2023. It was decided to apply inflation accounting by applying.

Rearrangements made in accordance with TMS 29 were made using the correction coefficient obtained from the Consumer Price Index in Turkey ("CPI") published by the Turkish Statistical Institute ("TURKSTAT"). As of December 31, 2023, the indices and correction coefficients used in the correction of consolidated financial statements are as follows:

Date	Index	Adjustment Coefficient	Three Years Compound Inflation Rate
31 Dec. 2023	1,859.38	1.00000	268%
31 Dec. 2022	1,128.45	1.64773	156%
31 Dec. 2021	686.95	2.70672	74%

The main elements of the Group's adjustment for financial reporting purposes in high-inflation economies are as follows:

- The current period consolidated financial statements prepared in TRY are expressed with the purchasing power at the balance sheet date, and the amounts from previous reporting periods are also expressed by adjusting according to the purchasing power at the end of the reporting period.

- Monetary assets and liabilities are not adjusted as they are currently expressed with current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items exceed the recoverable amount or net realizable value, the provisions of TMS 36 and TMS 2 were applied, respectively.

- Non-monetary assets and liabilities and equity items that are not expressed in current purchasing power at the balance sheet date have been corrected using the relevant correction coefficients.

- All items in the statement of comprehensive income, except those that affect the statement of comprehensive income of non-monetary items in the balance sheet, are indexed with coefficients calculated over the periods when the income and expense accounts are first reflected in the financial statements.

- The effect of inflation on the Group's net monetary asset position in the current period is recorded in the net monetary position loss account in the income statement.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.1 Preparation and Presentation of Financial Statements (Continued)

Functional and Presentation Currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Turkish Lira, which is the functional and presentation currency of Group.

2.1.2 Consolidation Principles

(a) Subsidiaries

Subsidiaries comprise of the companies directly or indirectly controlled by Galata Wind.

Control is achieved when the Group:

- Has power over the company/asset;
- Is exposed, or has rights, to variable returns from its involvement with the company/asset; and
- Has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are indicators of a situation or an event that may cause any changes to at least one of the elements of control listed above.

When the Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in the relevant investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities (including voting patterns at previous shareholders' meetings).

Subsidiaries are consolidated by the date the Group takes the control and from the date the control is over, subsidiaries are excluded from the consolidation scope. Proportion of ownership interest represents the effective shareholding of the Group through the shares held by Galata Wind and/or indirectly by its subsidiaries.

Intercompany transactions and balances are eliminated on consolidation. The dividends arising from shares held by Group in its subsidiary are eliminated from equity and income for the period.

Subsidiaries acquired or disposed of during the accounting period are included in the consolidation from the date at which the control of operations are transferred to the Group and excluded from the consolidation when the control is lost. Even if non-controlling interests result in a deficit balance, total comprehensive income is attributed to the owners and to the non-controlling interests.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.2 Consolidation Principles (Continued)

(a) Subsidiaries (Continued)

Income and expense of a subsidiary, acquired or disposed of the during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Changes in ownership interests

The Group assesses transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their indirect interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity.

As of 31 December 2023 and, Sunflower, Gökova, Galata Wind Global are the subsidiaries consolidated. The voting rights and effective ownership rates for Sunflower are shown below:

	Direct voting Rights (%)		**Proportion of effective ownership interest (%)**	
Subsidiaries	**31 December 2023**	**31 December 2022**	**31 December 2023**	**31 December 2022**
Sunflower	100	100	100	100
Gökova	100	100	100	100
Galata Wind Global	100	-	100	-

Summary financial information of Sunflower as of 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	**31 December 2022**
Current assets	1,429,798	1,711,367
Non-current assets	1,385	82,173
Current liabilities	11,712	6,979
Shareholders equity	1,419,471	1,786,561
Net (loss)/ profit for the period	(367,091)	(287,626)

Summary financial information of Gökova as of 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	**31 December 2022**
Current assets	14,247,974	4,385,075
Non-current assets	3,560,211	931,129
Current liabilities	147,512	8,835
Shareholders equity	17,660,673	5,307,369
Net (loss)/ profit for the period	1,691,561	144,779

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.2 Consolidation Principles (Continued)

Summary financial information of Galata Wind Global as of 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
Current assets	4,167,309	-
Non-current assets	-	-
Current liabilities	1,031,127	-
Non-current liabilities	3,136,182	-
Net (loss)/ profit for the period	(1,703,321)	-

(b) Non-Controlling Interests

Non-controlling interests of shareholders over the net assets and operational results of subsidiaries are classified as non-controlling interest and non-controlling profit/loss in the consolidated statement of financial position and consolidated statement of income.

2.1.3 Offsetting

Financial assets and liabilities are offset and the net amount is reported when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

To conform to the presentation of the current period's consolidated financial statements, comparative information is reclassified when deemed necessary and material differences are disclosed.

2.1.4 Comparative information and restatement of prior period financial statements

The Group's consolidated financial statements were prepared in comparison with the previous periods in order to determine financial position and performance trends. The Group prepared its consolidated statement of financial position as at 31 December 2023 in comparison with the consolidated statement of financial position as at 31 December 2022. The Group prepared its consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the period ending 1 January - 31 December 2023 in comparison with the consolidated financial statements for the period ending 1 January - 31 December 2022.

2.1.5 Changes in significant accounting policies, accounting estimates, errors and restatement of prior period financial statements

Changes of accounting policies resulting from the first-time implementation of the TAS are implemented retrospectively or prospectively in accordance with the transition provisions. Major accounting mistakes detected are applied retrospectively and the financial statements of previous period are revised. If the changes in accounting estimates only apply to one period, then they are applied in the current period when the change occurs; if the changes apply also to the future periods, they are applied in both the period of change and in the future period.

2.1.6 New and revised Turkish Financial Reporting Standards ("TFRS")

In the current period, there is no standard or interpretation that affects the Group's financial performance, statement of financial position, presentation or footnotes. However, below are the details of the standards valid in the current period that have no impact on the Group's financial statements, and the standards and interpretations that have not yet entered into force and that have not been adopted early by the Group:

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.6 New and revised Turkish Financial Reporting Standards ("TFRS") (Continued)

a) Standards, amendments and interpretations applicable as of 31 December 2023:

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

- **IFRS 17, 'Insurance Contracts';** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which permited a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts.

- **Amendment to IAS 12 - International tax reform - pillar two model rules;** The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

b) Standards, amendments, and interpretations that are issued but not effective as of 31 December 2023:

- **Amendment to IAS 1 – Non-current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

- **Amendment to IFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.6 New and revised Turkish Financial Reporting Standards ("TFRS") (Continued)

- **Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements; ;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

- **Amendments to IAS 21 - Lack of Exchangeability**; effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

- **IFRS S1, 'General requirements for disclosure of sustainability-related financial information**; effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.

- **IFRS S2, 'Climate-related disclosures'**; effective from annual periods beginning on or after 1 January 2024. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities. However in the Board Decision of the POA published in the Official Gazette dated December 29, 2023, it was announced that certain businesses will be subject to mandatory sustainability reporting as of January 1, 2024. Businesses that fall within the scope of sustainability practice are counted for the purpose of Determining Businesses That Will Be Subject to Sustainability Reporting within the Scope of the "Board Decision Regarding the Scope of Application of Turkish Sustainability Reporting Standards (TSRS)" dated January 5, 2024.

2.1.7 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These accounting policies are applied consistently for the presented periods unless otherwise specified.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments without a significant risk over the change in their value, whose maturity at the time of purchase is three months or less (Note 4).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Trade receivables and provision for doubtful receivables

The Group's trade receivables from providing goods or services to customers are carried at net of unrealized finance income ("unearned financial income due to sales with maturity"). Trade receivables, net of unrealized finance income, are calculated by discounting future cash inflows of receivables carried at the original invoice amount using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Effective interest method is calculating the present value in accordance with the compound interest basis. The rate determined by compound interest basis and applied in this method is named "effective interest rate". Short term receivables with indefinite interest rate are carried at cost unless the effect of imputing interest is significant (Note 6).

When calculating the impairment of trade receivables, which are recognised based on the cost amortised in financial statements and do not include an important financing component, Group preferred to adopt "simplified approach" in TFRS 9.

TAS 39, "Financial Instruments" valid before 1 January 2018: Instead of "realised credit losses model" in Accounting and Measurement Standard, "expected credit loss model" was defined in TFRS 9 "Financial Instruments". Expected credit loss is estimated by weighting credit losses, expected to occur throughout the expected life of financial instruments, based on previous statistics. When calculating the expected credit losses, credit losses in the previous years and forecasts of the Group are considered.

The Group evaluates to recognize provision for doubtful receivables, whose payment was not made within the ordinary commercial activity cycle of the Group, considering whether the trade receivable is subject to administrative and/or legal proceeding, whether or not they have a guarantee and there is an objective finding. The amount of such provision is the difference between the book value of the receivable and the collectible amount. The collectible amount is the current value of the expected cash flow, including the amounts to be collected from guarantees and collaterals, which is discounted based on the original effective interest rate of the initial receivable.

When trade receivables are not impaired for certain reasons along with realised impairment losses, Group recognises expected credit loss provision equal to lifetime expected credit loss for trade receivables as per TFRS 9. Expected credit loss is calculated by expected credit loss rates determined based on previous credit loss experiences of the Group and prospective macroeconomic indicators. Changes in expected credit loss provisions are recognised under other income and expenses from operating activities (Note 20, 6).

If there is a partial or whole collection over the doubtful receivable amount subsequent to the recognition of a provision for doubtful receivables, the collected portion is recognized as other income from operating activities following the write-down of the total provision amount (Note 6; 20).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Inventories

Inventories are valued at the lower of cost or estimated selling price less estimated costs necessary to make a sale (net realizable value). Cost elements included in inventory are purchasing costs and other costs necessary to prepare the asset for its intended use. Cost elements included in inventories are materials, labor and production overheads. The unit cost of inventories is determined on the weighted average basis. The inventories item includes the solar panels that Sunflower trades.

When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in the consolidated statement of profit or loss in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of the changing economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the initial impairment.

Property, plant and equipment

Property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on property, plant and equipment on a straight-line basis (except land) (Note 8). Land is not subject to depreciation since useful life is assumed to be infinite.

The estimated useful lives of the tangible assets are as follows;

	Years
Land and land improvements	50 years
Buildings	50 years
Wind turbines, transformers and switchyard	10 - 30 years
Solar panels	20 years
Motor vehicles	4 - 5 years
Furniture and fixtures	4 - 11 years

Expected useful life, residual value and depreciation method are reviewed annually for possible effects of changes in estimates and are recognized prospectively if there is a change in estimates.

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount provided to allocate provision. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset plus the residual value of the related assets as of the statement of financial position date. Repair and maintenance expenses are charged to the statement of profit or loss as they are incurred. Capital expenditures that increase the present value of the future cash flows expected to be derived from property, plant and equipment by increasing its capacity is added to the cost of tangible fixed asset. Gain and losses regarding sale of property, plant and equipment are accounted as other income and expenses from investing activities.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Property, plant and equipment (Continued)

Construction in progress for the installation of electricity energy production, which is classified under property, plant and equipment, includes the following cost elements in brief:

- Purchase price after deducting discounts, including import duties and non-refundable taxes,
- Any costs related to the conditions that the asset will be placed and installed in order to work properly as the management aimed,
- Costs related to employee benefits arising from the construction or by the direct acquisition of tangible assets,
- Costs related to the preparation of the place,
- Costs associated with the first delivery,
- Setup and installation costs,
- Professional fees,
- General and administrative expenses that are directly related to the acquisition or construction of fixed assets,
- Expropriation costs for the construction of the power plant.

Intangible assets and related amortization

Intangible assets are carried at cost and amortized by using the straight-line method (Note 9).

Estimated useful lives of intangible assets that have a finite useful life are as follows:

Rights	39 - 49 years

Intangible assets with estimated useful lives are tested to determine whether there is an indication that the intangible assets may be impaired and if the carrying value of the intangible asset is higher than the recoverable amount, the carrying value of the intangible asset is written down to its recoverable amount provided to allocate provision. The amount recoverable from an intangible asset is either the discounted net cash flows generated from the use of that intangible asset or the net sales value of that intangible asset depending whether the former or the latter being higher. Provision for impairment is recognised under the statement of profit or loss in the related period.

Goodwill

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

The cash-generating unit, where the goodwill is allocated, is tested for impairment annually. If there is any indication that the unit is impaired, the impairment test is performed more frequently.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Goodwill (Continued)

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated financial statements. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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

Impairment of assets excluding goodwill and intangible assets with infinite useful lives

At each statement of consolidated financial position date, the Group evaluates whether there are any indications that an asset other than goodwill or infinite life intangible assets may be impaired. When an indication of impairment exists, carrying value of the assets is compared with the net realizable value which is the higher of value in use and fair value less costs to sell. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment exists if the carrying value of an asset or a cash generating unit including that asset is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. Impairment losses are recognized in the statement of profit or loss.

Business Combinations

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

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

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with TAS 12 *Income Taxes* and TAS 19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment arrangements of the acquire or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquire are measured in accordance with TFRS 2 *Share-based Payment* at the acquisition date;

- Assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Business Combinations (Continued)

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

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

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with if it is found to be within the standart of TFRS 9 *Financial Instruments: Recognition and Measurement*, the mentioned conditional price is measured at its fair value and the gain or loss arising out of the change is recognised under profits, losses or other comprehensive income. Those not covered under the scope of TFRS 9, is recognized in profit or loss as per TAS 37 *Provisions* or other suitable "TAS".

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Business Combinations (Continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date (Note 3).

Legal mergers between entities controlled by the Group are not considered within the scope of TFRS 3 "Business Combinations". Therefore, goodwill is not calculated in such mergers. Besides, transactions occurring between the parties in legal mergers are subject to adjustments during the preparation of the consolidated financial statements. In the accounting of share transfers under common control, assets and liabilities subject to business combination are included in the consolidated financial statements with their carrying values. Mergers between entities under common control are recognized by "Pooling of Interests" method. In applying the "Pooling of Interests" method, the consolidated financial statements are adjusted as if the acquisition was performed as of the beginning at the relevant reporting period in which the common control is carried out and they are presented comperatively as of the beginning of the relevant reporting period. As a result of these transactions, no goodwill or negotiable purchase effect is calculated (Note 3). Business combinations under common control are not within the scope of TFRS 3 "Business Combinations" and the Group does not recognize any goodwill with respect to such transactions. If the carrying amount of the acquired net assets on the date of the merger exceeds the transferred value, the difference is considered as the additional capital contributions of the shareholders and reflected to the Share Premiums. On the contrary, when the net transaction consideration exceeds the carrying amount of the net assets of the entity on the date of the transaction, the difference is reflected in "Effects of Mergers of Entities Under Common Control" as an item decreasing the equity.

Leases

If a contract regulates the right to control the use of an asset that is defined in the contract for a certain period and for a specific price, this contract is considered as a lease in its nature or includes a lease transaction. At the beginning of a contract, the Group assesses whether the contract is a lease or include a lease transaction. The Group considers the following conditions when assessing whether or not a contract transfers the right to control the use of a defined asset for a specified period of time:

a) The existence of a clearly or implicitly identifiable asset that constitutes the subject of the lease,
b) The lessee has the right to obtain almost all of the economic benefits from the use of the defined asset that constitutes the subject of the lease,
c) The lessee has the right to manage the use of the defined asset that constitutes the subject of the lease. According to circumstances listed below, the tenant is deemed to have the right to manage the defined asset constituting the subject of the lease;
   i. The lessee has the right to operate the property for the duration of its use (or to direct others to operate the property in its own way) and the lessor does not have the right to change these operating instructions or
   ii. Designing the asset (or certain features of the asset) in advance in a manner of how and for what purpose the asset will be used during its occupancy by the lessee.

In case that the contract fulfils these conditions, the Group reflects a right of use asset and a lease liability to the consolidated financial statements at the date of the lease's actual start.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Leases (Continued)

The right of use assets

The right-of-use asset is initially recognized by the cost method and includes the followings:

a) The first measurement amount of the lease liability to be recognized as the right of use asset,
b) Deduction of all leasing incentives related to the lease, from the first measurement amount of the lease liability recorded as a right of use asset,
c) All direct costs, that are related to the lease, incurred by the Group to be added to the first measurement amount of the lease liability, which will be recognized as a right of use asset, and
d) Estimated costs to be incurred by the Group shall be added to the initial measurement amount in relation to the dismantling and transporting of the defined asset constituting the subject of the lease, the restoration of the area in which it is placed, or the restoration of the defined asset as required by the terms and conditions of the lease.

In applying the cost method, the Group measures the right of use asset by:

a) deducting the accumulated depreciation and accumulated impairment losses and,
b) measuring the cost of the lease in accordance with the re-measurement of the lease liability.

The Group applies depreciation provisions in "TAS 16 Property, Plant and Equipment" while depreciating the right of use asset. In order to determine whether the right of use asset has been impaired or not and to recognize any impairment losses the "TAS 36 Impairment of Assets" standard is implemented.

Lease liability

At the effective date of the lease, the Group measures its leasing liability at the present value of the lease payments not realized at that date. If the interest rate on the lease can be easily determined, this rate is used in discount; if the implied interest rate cannot be easily determined, the payments are discounted by using the alternative borrowing interest rate of the lessee.

Lease payments that are included in the measurement of the lease liability of the Group and the payments that have not occurred on the date when the lease is actually started consist of the following:

a) Amount deducted from all types of rental incentive receivables from fixed payments,
b) Lease payments based on an index or a rate, lease payments made using an index or a rate at the time the initial measurement was actually started,
c) The penalty for termination of the lease in cases the lessee shows a sign of it will use an option to terminate the lease.

After the effective date of the lease, the Group measures its lease liability as follows:

a) Increasing the book value by reflecting interest on lease liability,
b) Reducing the book value by reflecting the lease payments made
c) Re-measures the book value to reflect any re-evaluations and reconfigurations, if any. The Group reflects the remeasured amount of the lease obligation to the consolidated financial statements as adjustment in the use of right.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Leases (Continued)

Extension and early termination options

A lease obligation is determined by considering the extension of the contracts and early termination options. Most of the extension and early termination options included in the contracts consist of options that are jointly applicable by the Group and the lessor. However, if such extension and early termination options are at the Group's discretion in accordance with the contract and the use of the options is reasonably certain, the lease term shall be determined by taking this issue into account. If there is a significant change in the conditions, the evaluation is reviewed by the Group.

Facilitative applications

Contracts related to IT equipment leases (mainly printer, laptop, mobile phone, etc.), which are determined by the Group as low value, short-term lease agreements with a period of 12 months and less, have been assessed under the exemption granted by the TFRS 16 "Leases", and payments for these contracts are recognized as an expense in the period in which they are incurred.

Financial assets

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

(a) Financial assets carried at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than 12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Group's financial assets carried at amortized cost comprise "trade receivables", "other receivables" and "cash and cash equivalents" in the statement of financial position.

Impairment

Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision is not provided to the trade receivables as a result of a specific event, Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectation based on the macroeconomic indications.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Financial assets (Continued)

(b) Financial assets carried at fair value

Assets that are held by the management for collection of contractual cash flows and for selling the financial assets are measured at their fair value. If the management do not plan to dispose these assets in 12 months after the statement of financial position, they are classified as non-current assets. Group makes a choice that cannot be changed later for the equity instruments during the initial recognition and elect profit or loss or other comprehensive income for the presentation of fair value gain and loss.

Financial assets at fair value through profit or loss consist of “derivative instruments” in statement of financial position. Derivative instruments are recognised as asset if their fair value is positive and as liability if their fair value is negative. Group’s derivative instruments consist of transactions concerning cross currency and interest swap. Financial assets that are measured by their fair value and associated with the profit or loss statement are initially reflected on the statement of financial position with their costs including the transaction cost. These financial assets are valued based on their fair value after they are recognised. Realised or unrealised profit and losses are recognised under “financing income/(expense)”. Financial assets including the derivative products not determined as hedging instruments are classified as financial assets whose fair value difference is reflected as profit or loss (Note 15).

(c) Financial assets carried at value through other comprehensive income

Financial assets carried at fair value through other comprehensive income comprise of “financial assets” in the statement of financial position. In addition, trade receivables collected from factoring companies due to without recourse factoring activities are classified as financial assets carried at fair value through other comprehensive income since the collection risk of these receivables are transferred to the factoring companies and management’s business plan for them is “hold to sell”. When the financial assets carried at fair value through other comprehensive income are sold, fair value gain or loss classified in other comprehensive income is classified to retained earnings.

Derivative financial instruments and hedge accounting

Derivative financial instruments are comprised of cross currency and interest swap agreements. Derivative financial instruments are subsequently remeasured at their fair value. Fair values of derivative financial instruments are obtained from quoted market prices or discounted cash flow models as appropriate. Based on positive or negative fair value, derivative financial instruments are carried as assets or liabilities in the statement of financial position respectively (Note 15).

In the case of future cash flows being subject to cash flow hedges and related transactions being effective, the effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in equity directly whereas the ineffective portion is recognized immediately in the statement of profit or loss.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Derivative financial instruments and hedge accounting (Continued)

If the cash flow hedge of a firm commitment or an expected forward transaction result in the recognition of an asset or liability, at the initial recognition of this asset or liability the gain or loss previously recognized under equity related to derivatives is included in the measurement of the initial amount of the asset or liability. In a hedge accounting that does not result in the recognition of an asset or a liability, the amounts previously recognized under equity are transferred to statement of profit or loss in the period in which the hedged item has an effect on profit or loss. The changes in the fair value of derivatives that do not meet the criteria for hedge accounting are recognized in the statement of profit or loss.

The Group utilizes foreign exchange derivatives to protect future significant transactions and cash flows from financial risk. Group has signed various forward exchange contracts regarding the management of fluctuations in exchange rates and fuel prices. The derivative instruments purchased are mainly denominated in foreign currencies in which the Group operates.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in equity remains in equity until the forecast transaction or firm commitment affects profit or loss. If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or losses previously recognized in equity are transferred to the statement of profit or loss.

Financial borrowings and borrowing costs

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in the profit or loss as finance expense over the period of the borrowings. The borrowing costs which are directly related with the acquisition, manufacturing or production of a specialty good (means that a long period of time is required to make available for sale and use as purposed) are capitalized as a part of the related asset (Note 5).

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. If trade payable is less than or equal to 1 year (or if it is longer as long as it is in the Group's normal operational cycle), these payables are classified as short-term payables, Otherwise, these are classified as long-term payables (Note 6).

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Share capital and dividends

Ordinary shares are classified as equity. Dividend income is recognized by the Group as income when the right to receive the dividend arises in the consolidated financial statements. Dividend distribution to the Group's shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Ordinary General Assembly (Note 16).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Taxation

Taxation on income includes current period income taxes and deferred taxes. Current year tax liability consists of tax liability on period income calculated according to currently enacted tax rates and tax legislation in force as of statement of financial position date and includes adjustments related to the previous year's tax liabilities. Turkish tax legislation does not allow the parent company to file a tax return over the consolidated financial statements of its subsidiaries. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated separately for all companies included in the scope of consolidation.

Deferred income tax is provided, using the liability method, on temporary differences arising between the statutory tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities (Note 22).

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

Current and deferred tax

Tax is included in the statement of profit or loss, unless it is related to an operation that is accounted directly under equity. Otherwise, tax is accounted under equity as well as the related transaction (Note 22).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Employment termination benefits

The provision for employment termination benefit represents the present value of the estimated total reserves of the future probable liability of the Group arising from the retirement of the employees measured in accordance with the Turkish Labour and Press Labour Laws (Note 12).

According to the amendment in TAS 19, the Group calculated employment benefit in accordance with the report prepared by the actuarial firm and recognised all actuarial loss and gains in the other comprehensive statement of profit or loss as of the statement of financial position date.

Provisions, contingent assets and liabilities

Provisions are recognized when the Group has a present legal or constructive obligation or a result of past events, it is probable that on outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Contingent liabilities are assessed continually to determine whether an outflow of resources comprising economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously treated as a contingent liability, a provision is recognized in the financial statements of the period in which the change in probability occurs except in the extremely rare circumstances where no reliable estimate can be made.

If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised by the Group in the consolidated financial statements of the period in which the change occurs.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in financial tables and are treated as contingent assets or liabilities. A contingent asset is disclosed where an inflow of economic benefit is probable.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably (Note 11).

Revenue recognition

The Group earns electricity sales income by generating electricity with solar and wind power plants and selling it. Since electricity is a service provided in a series that the client receives and consumes simultaneously, it is recognised as one performance obligation, point of time and through the output method (Note 17).

When the Group meets its performance obligation by transferring a product or service that it previously committed to, the revenue is recognised in consolidated financial statements. When the customer takes control of an asset, the asset is deemed to have been transferred.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Revenue recognition (Continued)

The Group recognises revenue based on the following five principles:

- Identification of customer contracts,
- Identification of performance obligations,
- Determination of the transaction price in the contracts,
- Allocation of transaction price to the performance obligations,
- Recognition of revenue when the performance obligations are satisfied.

If all the below-mentioned conditions are met, Group recognises an agreement made with the client as revenue:

- Parties to the agreement approved the agreement (in writing, orally or in other means in line with commercial practices) and committed to meet their respective obligations,
- Group can define the rights of each party concerning the goods or services to be transferred,
- Group can define payment conditions concerning the goods or services to be transferred,
- The agreement is commercial in essence.
- It is possible that the Group will collect money in return for goods and services to be transferred to the client.

When determining whether the money can be collected, Group only considers its client's ability and intention to pay the money in time. At the beginning of the agreement, Group evaluates the goods or services committed to the client in the agreement and defines each commitment to transfer goods or services as performance obligation.

At the beginning of the agreement, Group evaluates the goods or services committed to the client in the agreement and defines each commitment to transfer goods or services as performance obligation as follows:

a) Different goods or service (goods or service packages) or
b) A group of different goods or services which are similar in a great extent and transferred to the client with the same method.

A group of different goods or services are subject to the same transfer method if the below conditions are met:

a) Each different product or service that the Group committed to transfer to the client must meet required conditions and constitute a performance obligation to be met in time and
b) As per the relevant paragraph of the standard, using the same method to measure the progress of the Group in meeting its obligation to transfer each product or service included in the group to the client.

The Group signed a Balancing Group agreement to manage imbalances arising in the electricity market operated by EPİAŞ. Should a positive or negative imbalance arise in the production estimates entered in the system the day before the electricity delivery date, the entity managing the Balancing Group can purchase and sell on behalf of the Group in the intraday market (IDP). As a result of these transactions, invoices for income or expense of IDP transactions reflected to the Group by EPİAŞ according to the monthly Settlement results are then directly reflected to the entity managing the balancing group.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Revenue recognition (Continued)

Because the entity managing the Balancing Group bears all other imbalance costs on the system, there is no other imbalance cost. IDP amounts coming from EPİAŞ are recognised as expense as a result of the Settlement reflected by the Group to the entity managing the Balancing Group, and for IDP receivable amounts are recognised as income since the Group is invoiced by the entity managing the Balancing Group. Such income and expense transactions are offset in these financial statements.

Related Parties

A related party is a person or entity that is related to the entity that is preparing its consolidated financial statements.

(a) A person or a close member of that person's family is related to a reporting entity if that person,

- i. has control or joint control over the reporting entity,
- ii. has significant influence over the reporting entity; or,
- iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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

- i. The entity and the reporting entity are members of the same company (which means that each parent, subsidiary and fellow subsidiary is related to the others),
- ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member),
- iii. Both entities are joint ventures of the same third party,
- iv. One entity is a joint venture of a third party and the other entity is an associate of the third entity,
- v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity related to the reporting entity, If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity,
- vi. The entity is controlled or jointly controlled by a person identified in (a),
- vii. (a) person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

Under the guidance of the explanations mentioned above and also in compliance with TAS 24, Group directly or indirectly has participation, including any entities under common control; real persons and/or legal entities that have direct or indirect individual or joint control over the company and their close family members (relatives up to second-degree) and legal entities having direct or indirect individual or joint control by them and legal entities having significant effect over the Group or their key management personnel: Group's subsidiaries and members of the Board of Directors, key management personnel and their close family members (relatives up to second-degree) and real persons and/or legal entities that are directly or indirectly controlled individually or jointly (Note 23).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Statement of cash flows

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

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

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

The cash flows due to financing activities indicate the cash obtained from financial arrangements and used in their repayment.

Cash and cash equivalents include cash and bank deposits and the investments that are readily convertible into cash and highly liquid with three months or less to maturity.

Earnings/(loss) per share

Earnings/(loss) per share is determined by dividing net income/(loss) by the weighted average number of shares that have been outstanding during the period concerned.

In Turkey, companies can increase their issued capital by making a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings. For the purpose of earnings per share computations, such bonus share issuances are regarded as issued shares for all of the periods presented in the consolidated financial statements (Note 25).

Segment reporting

The information used by group management to evaluate performance and allocate resources belongs to the “energy production” section in Turkey, which operates in a single line of work. Therefore, no segment reporting footnote is presented.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, under finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis under other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised under other comprehensive income.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Summary of significant accounting policies (Continued)

Events after the reporting period

The Group adjusts the amounts recognised in the consolidated financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influences on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements (Note 27)**.**

2.1.8 Critical Accounting Estimates, Assumptions and Decisions

The evaluation, expectation and estimation of accounting are made by considering past experience, other factors and reasonable expectations for situations in the future. These expectations and estimations may vary even if management made their estimation using their best knowledge. Estimations which can affect assets and liabilities in the next financial reporting period stated below.

a) Useful lives of tangible and intangible fixed assets

Estimated useful lives of tangible and intangible fixed assets are related to the judgement based on experience with similar assets. Future financial benefits derived from assets are essentially the benefits gained from use. However, other factors, such as technical or commercial impairment and wear and tear, generally reduce the financial benefits of assets. Management evaluates the remaining useful lives of the assets based on the current technical status of the assets and the estimated period when the assets will bring benefits to the Group. The following key factors are taken into account: (a) estimated period of use of the assets, (b) estimated physical wear and tear based on operational factors and the maintenance schedule, (c) technical or commercial impairment due to changes in market conditions.

b) Deferred Tax

The Group recognises deferred tax assets and liabilities because of the differences between taxable financial statements and financial statements prepared as per TFRSs published by POA. Deferred tax assets which are partially or wholly recoverable were projected under the current conditions. In the assessment, future profit projections, expire dates of unused tax losses and other tax assets and approaches to be implemented as per tax legislation were considered.

2.1.9 Financial statements of subsidiaries operating abroad

The financial statements of subsidiaries operating abroad have been prepared in accordance with the laws and regulations of the countries in which they operate and have been prepared with adjustments made for the purpose of fair presentation in accordance with Turkish Accounting Standards. In this context, the Group's subsidiaries operating abroad prepare their financial statements in the functional currency Euro, assets and liabilities are translated into Turkish Lira at the exchange rate prevailing on the date of the consolidated balance sheet, and income and expenses are translated into Turkish Lira at the average exchange rate. Translation differences resulting from the use of closing and average rates and indexation effects resulting from the indexation of the income statements in accordance with TAS 29 are recognized in other comprehensive income and in equity under the currency translation reserve.

NOTE 3 – GOODWILL

	31 December 2023	31 December 2022
Goodwill	131,060,469	131,060,469
	131,060,469	**131,060,469**

Movement of goodwill is as follows:

	2023	2022
1 January	**131,060,469**	**131,060,469**
Addition during the year	-	-
31 December	**131,060,469**	**131,060,469**

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Banks (*)	66,002,716	1,085,983,819
- Demand deposits	3,864,046	135,644
- Time deposits (less than 3 months)	62,138,670	1,085,848,175
	66,002,716	**1,085,983,819**

(*) As of 31 December 2023, the Group's overnight time deposits are 37% in TRL, 1% in USD and 1% in EUR (effective interest rate in EUR as of 31 December 2022 is 1%, effective interest rate in USD as of 31 December 2022 is 1%) and their maturities are less than 3 months. The Group has no blocked deposits as of 31 December 2023 (31 December 2022: None).

Cash and cash equivalents included in the cash flow statements in 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
Cash and cash equivalents	66,002,716	1,085,983,819
Interest accruals(-)	(63,898)	(6,229,764)
Total	**65,938,818**	**1,079,754,055**

NOTE 5 - SHORT AND LONG-TERM BORROWINGS

The summary on short and long-term bank borrowings is as follows:

Short-term portion of long-term borrowings:	**31 December 2023**	**31 December 2022**
Short-term portion of long-term bank borrowings from third parties	117,211,882	110,578,454
Lease liabilities from third parties	690,951	1,425,235
Lease liabilities from related parties	206,060	502,340
	118,108,893	**112,506,029**

Long-term borrowings:	**31 December 2023**	**31 December 2022**
Long-term bank borrowings from third parties	621,322,828	732,100,874
Lease liabilities from third parties	33,739,747	23,122,370
Lease liabilities from related parties	297,746	580,628
	655,360,321	**755,803,872**

NOTE 5 - SHORT AND LONG-TERM BORROWINGS (Continued)

a) Bank borrowings

Details of the bank borrowings as of 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023		
	Interest rate per annum (%)	**Original currency**	**TRY**
Short-term portion of long-term bank borrowings:			
- EUR denominated bank borrowings	Libor+0.65 - 0.80	3,591,865	117,211,882
Long term bank borrowings:			
- EUR denominated bank borrowings	Libor+0.65 - 0.80	19,039,943	621,322,828
Total bank borrowings			**738,534,710**

	31 December 2022		
	Interest rate per annum (%)	**Original currency**	**TRY**
Short-term portion of long-term bank borrowings:			
- EUR denominated bank borrowings	Libor+0.65 - 0.80	3,360,386	110,578,454
Long term bank borrowings:			
- EUR denominated bank borrowings	Libor+0.65 - 0.80	22,247,931	732,100,874
Total bank borrowings			**842,679,328**

The redemption schedule of long-term bank borrowings as of 31 December 2023 and 31 December 2022 is as follows:

	31 December 2023	**31 December 2022**
In 2 years	104,685,006	105,563,578
In 3 years	104,685,006	105,563,578
In 4 years	104,685,006	105,563,578
More than 5 years	307,267,810	415,410,140
	621,322,828	**732,100,874**

As of 31 December 2023 and 31 December 2022, the Group's financial liabilities with floating interest rates is as follows:

	31 December 2023	**31 December 2022**
Financial borrowings with fixed floating rates	738,534,710	842,679,328
	738,534,710	**842,679,328**

NOTE 5 - SHORT AND LONG-TERM BORROWINGS (Continued)

a) Bank borrowings (Continued)

The Group have a financial commitment to comply with in its loan agreements. In accordance with the bank loan agreement, the measurement date of financial ratios is 31 December 2023.

As of 31 December 2023, the remaining credit limit of the Group in banks is TRY 6,006,943,766 (31 December 2022: TRY 4,296,098,543).

Commitments related to financial liabilities are presented in Note 11.

The movement of the financial borrowings as of 31 December 2023 and 2022 is as follows:

	2023	2022
1 January	**842,679,328**	**1,711,409,586**
Additions	-	280,113,962
Payments	(96,000,726)	(715,016,847)
Interest accruals	23,608,995	5,023,908
Unrealized exchange rate difference	299,507,856	230,728,526
Monetary Gain/(Loss)	(331,260,743)	(669,579,807)
31 December	**738,534,710**	**842,679,328**

The reconciliation of the net financial borrowings as of 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
Cash and cash equivalents (Note 4)	66,002,716	1,085,983,819
Short-term borrowings	(117,211,882)	(110,578,454)
Long-term borrowings	(621,322,828)	(732,100,874)
Short-term lease liabilities	(897,011)	(1,927,575)
Long-term lease liabilities	(34,037,493)	(23,702,998)
Net financial (liability)/assets	**(707,466,498)**	**217,673,918**

NOTE 5 - SHORT AND LONG-TERM BORROWINGS (Continued)

a) Bank borrowings (Continued)

	Long and short-term borrowings	Lease liabilities	Cash and cash equivalent	Net financial (asset)/liabilities
1 January 2023	**842,679,328**	**25,630,573**	**(1,085,983,819)**	**(217,673,918)**
Cash flow effect	(96,000,726)	21,542,058	1,892,027,406	1,817,568,738
Foreign currency adjustment	299,507,856	-	(292,238,077)	7,269,779
Interest accruals	23,608,995	2,148,042	6,165,866	31,922,903
Monetary Gain/(Loss)	(331,260,743)	(14,386,169)	(585,974,092)	(931,621,004)
31 December 2023	**738,534,710**	**34,934,504**	**(66,002,716)**	**707,466,498**

	Long and short-term borrowings	Lease liabilities	Cash and cash equivalent	Net financial (asset)/liabilities
1 January 2022	**1,711,409,586**	**42,992,815**	**(430,149,140)**	**1,324,253,261**
Cash flow effect	(434,902,885)	(5,888,153)	(945,965,534)	(1,386,756,572)
Foreign currency adjustment	230,728,526	-	(270,724,788)	(39,996,262)
Interest accruals	5,023,908	3,242,074	(6,229,441)	2,036,541
Monetary Gain/(Loss)	(669,579,807)	(14,716,163)	567,085,084	(117,210,886)
31 December 2022	**842,679,328**	**25,630,573**	**(1,085,983,819)**	**(217,673,918)**

Lease liabilities

Details of the lease liabilities as of 31 December 2023 and 31 December 2022 are as follows:

		31 December 2023	
	Interest rate per annum (%)	**Original Currency**	**TRY**
Short-term portion of long-term lease liabilities:			
TRY denominated lease borrowings from third parties	18,79 – 22,55	690,951	690,951
TRY denominated lease liabilities from related parties	18,00	206,060	206,060
Total short-term portion of long-term lease liabilities:			**897,011**
Long-term lease liabilities:			
TRY denominated lease liabilities from third parties	18,79 – 22,55	33,739,747	33,739,747
TRY denominated lease liabilities from related parties	18,00	297,746	297,746
Total long-term lease liabilities			**34,037,493**
Total lease liabilities			**34,934,504**

NOTE 5 - SHORT AND LONG-TERM BORROWINGS (Continued)

b) Lease liabilities (Continued)

		31 December 2022	
	Interest rate per annum (%)	**Original Currency**	**TRY**
Short-term portion of long-term lease liabilities:			
TRY denominated lease liabilities from third parties	18,79 - 22,55	1,425,235	1,425,235
TRY denominated lease liabilities from related parties	18,00	502,340	502,340
Total short-term portion of long-term lease liabilities:			**1,927,575**
Long-term lease liabilities:			
TRY denominated lease liabilities from third parties	18,79 - 22,55	23,122,370	23,122,370
TRY denominated lease liabilities from related parties	18,00	580,628	580,628
Total long-term lease liabilities			**23,702,998**
Total lease liabilities			**25,630,573**

The movement of the lease liabilities as of 31 December 2023 and 2022 are as follows:

	2023	**2022**
1 January	**25,630,573**	**42,992,815**
Additions	28,769,305	270,277
Payments	(7,128,857)	(5,996,311)
Interest expense	2,148,042	3,242,074
Early termination	(98,390)	(162,119)
Monetary Gain/(Loss)	(14,386,169)	(14,716,163)
31 December	**34,934,504**	**25,630,573**

NOTE 6 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables

	31 December 2023	**31 December 2022**
Trade receivables from third parties	138,305,148	138,617,809
Trade receivables from related party	3,466	3,036
	138,308,614	**138,620,845**

The movement of provision for doubtful receivables during the current year is as follows:

	2023	**2022**
1 January 2022	**-**	**(511,192)**
Provisions no longer required	-	511,192
31 December	**-**	**-**

The average maturity of short-term trade receivables is 27 days as of 31 December 2023 (31 December 2022: 27 days).

Short-term trade payables

	31 December 2023	**31 December 2022**
Trade payables to third parties	1,064,929	963,957
Trade payables to related party	69,270,399	27,821,357
	70,335,328	**28,785,314**

The average maturity of trade payables is 26 days as of 31 December 2023 (31 December 2022: 26).

NOTE 7 - OTHER RECEIVABLES AND PAYABLES

Other short-term payables to third parties

	31 December 2023	**31 December 2022**
Investment expense accruals (*)	144,032,126	-
Taxes and funds payable	15,351,870	6,840,294
Deposits and guarantees received	690,171	-
Other short-term payables	134,986	27,578
	160,209,153	**6,867,872**

(*) It includes the expense accruals allocated for the amount that has been finalized but not yet invoiced as of December 31, 2023, within the scope of the capacity increase of our wind energy power plant completed by our Company in Bursa Province, Nilüfer District, Korubasi Neighbourhood.

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT

Movements of the property, plant and equipment for the periods ended 31 December 2023 and 2022 are as follows:

	1 January 2023	Additions	Transfers	Disposals	31 December 2023
Cost					
Land and land improvements	120,227,555	2,759,057	7,270,438	-	130,257,050
Buildings	50,968,448	-	-	-	50,968,448
Wind turbines, transformer and switchyard	5,774,027,807	-	653,538,638	-	6,427,566,445
Motor vehicles	3,181,646	66,329	-	-	3,247,975
Furniture and fixtures	134,993,003	2,460,079	-	(75,365)	137,377,717
Construction in progress (*)	149,850,493	1,310,684,014	(667,144,326)	-	793,390,181
Leasehold improvements	18,697,216	25,732	135,057	-	18,858,005
Other fixed assets	10,370	-	-	-	10,370
Total cost	**6,251,956,538**	**1,315,995,211**	**(6,200,193)**	**(75,365)**	**7,561,676,191**
Accumulated depreciation					
Land and land improvements	(28,516,423)	(7,611,242)	-	-	(36,127,665)
Buildings	(9,285,301)	(1,026,071)	-	-	(10,311,372)
Wind turbines, transformer and switchyard	(2,014,663,085)	(293,366,194)	-	-	(2,308,029,279)
Motor vehicles	(2,191,261)	(480,530)	-	-	(2,671,791)
Furniture and fixtures	(47,736,946)	(9,662,218)	-	35,361	(57,363,803)
Leasehold improvements	(788,465)	(427,722)	-	-	(1,216,187)
Other fixed assets	(10,370)	-	-	-	(10,370)
Total accumulated depreciation	**(2,103,191,851)**	**(312,573,977)**	**-**	**35,361**	**(2,415,730,467)**
Net book value	**4,148,764,687**				**5,145,945,724**

(*) "Taşpınar Combined Renewable Electricity Generation Facility (Auxiliary Source Solar Power Plant Addition) Project", which is being built by our company in Bursa Province, Nilüfer District, Korubaşı Neighborhood, and investments as part of the capacity expansion of our wind power plant in Mersin Province, Mut District, Özlü and Gezende Neighborhood.

As of 31 December 2023, there are no capitalized borrowing costs in property, plant and equipment (31 December 2022: None). As of December 31, 2023, there were no mortgages on property, plant and equipment (December 31, 2022: None). The Group has no property, plant and equipment acquired through finance leases.

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2022	Additions	Transfers	Disposals	31 December 2022
Cost					
Land and land improvements	114,599,699	5,627,856	-	-	120,227,555
Buildings	50,968,448	-	-	-	50,968,448
Wind turbines, transformer and switchyard	5,768,084,960	2,853,236	3,089,611	-	5,774,027,807
Motor vehicles	2,378,048	803,598	-	-	3,181,646
Furniture and fixtures	133,278,264	1,714,739	-	-	134,993,003
Construction in progress	49,049,898	105,935,726	(5,135,131)	-	149,850,493
Leasehold improvement	18,446,409	250,807	-	-	18,697,216
Other fixed assets	10,370	-	-	-	10,370
Total cost	**6,136,816,096**	**117,185,962**	**(2,045,520)**	**-**	**6,251,956,538**
Accumulated depreciation					
Land and land improvements	(21,180,907)	(7,335,516)	-	-	(28,516,423)
Buildings	(8,259,230)	(1,026,071)	-	-	(9,285,301)
Wind turbines, transformer and switchyard	(1,727,147,088)	(287,515,997)	-	-	(2,014,663,085)
Motor vehicles	(1,648,219)	(543,042)	-	-	(2,191,261)
Furniture and fixtures	(37,871,981)	(9,864,965)	-	-	(47,736,946)
Leasehold improvement	(407,829)	(380,636)	-	-	(788,465)
Other fixed assets	(10,370)	-	-	-	(10,370)
Total accumulated depreciation	**(1,796,525,624)**	**(306,666,227)**	**-**	**-**	**(2,103,191,851)**
Net book value	**4,340,290,472**				**4,148,764,687**

NOTE 9 - INTANGIBLE ASSETS

Movements of the intangible assets for the periods ended 31 December 2023 and 2022 are as follows:

	1 January 2023	Additions	Transfers	Disposals	31 December 2023
Cost					
Rights (*)	19,286,580	-	6,200,193	(1,056,530)	24,430,243
Licenses	3,311,856,134	16,349	-	-	3,311,872,483
Total cost	**3,331,142,714**	**16,349**	**6,200,193**	**(1,056,530)**	**3,336,302,726**
Accumulated amortization					
Rights	(4,477,491)	(603,539)	-	87,612	(4,993,418)
Licenses	(738,990,613)	(70,780,819)	-	-	(809,771,432)
Total accumulated amortization	**(743,468,104)**	**(71,384,358)**	**-**	**87,612**	**(814,764,850)**
Net book value	**2,587,674,610**				**2,521,537,876**

(*) As of 31 December 2023, there are 557,961 tons of carbon credit sales rights.

	1 January 2022	Additions	Transfers	Disposals	31 December 2022
Cost					
Rights	17,124,700	1,633,745	2,045,519	(1,517,384)	19,286,580
Licenses	3,247,315,782	64,540,352	-	-	3,311,856,134
Total cost	**3,264,440,482**	**66,174,097**	**2,045,519**	**(1,517,384)**	**3,331,142,714**
Accumulated amortization					
Rights	(4,033,138)	(444,353)	-	-	(4,477,491)
Licenses	(668,716,356)	(70,274,257)	-	-	(738,990,613)
Total accumulated amortization	**(672,749,494)**	**(70,718,610)**	**-**	**-**	**(743,468,104)**
Net book value	**2,591,690,988**				**2,587,674,610**

NOTE 10 - RIGHT OF USE ASSETS

	1 January 2023	Additions	Disposals	31 December 2023
Cost:				
Land	50,791,302	26,291,824	-	77,083,126
Motor vehicles	1,642,857	-	-	1,642,857
Offices	8,365,748	-	-	8,365,748
	60,799,907	**26,291,824**	**-**	**87,091,731**
Accumulated amortization:				
Land	(5,642,283)	(3,437,822)	-	(9,080,105)
Motor vehicles	(1,642,857)	-	-	(1,642,857)
Offices	(1,809,363)	(1,011,222)	-	(2,820,585)
	(9,094,503)	**(4,449,044)**	**-**	**(13,543,547)**
Net book value	**51,705,404**			**73,548,184**

	1 January 2022	Additions	Disposals	31 December 2022
Cost:				
Land	50,791,302	-	-	50,791,302
Motor vehicles	1,642,857	-	-	1,642,857
Offices	8,365,748	-	-	8,365,748
	60,799,907	**-**	**-**	**60,799,907**
Accumulated amortization:				
Land	(4,223,084)	(1,419,199)	-	(5,642,283)
Motor vehicles	(1,507,268)	(135,589)	-	(1,642,857)
Offices	(383,109)	(1,426,254)	-	(1,809,363)
	(6,113,461)	**(2,981,042)**	**-**	**(9,094,503)**
Net book value	**54,686,446**			**51,705,404**

NOTES 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Other short-term provisions:

	31 December 2023	31 December 2022
EMRA claim provision	-	7,201,315
Provision for lawsuit	946,251	1,926,771
	946,251	**9,128,086**

b) Other long term provisions:

	31 December 2023	31 December 2022
EMRA claim provision	-	9,946,331
	-	**9,946,331**

EMRA claim provision

Based on the Investigation Report of EMRA Audit Department dated May 31, 2021 and numbered 381; Although the necessary defenses have been made by our Company in due time in relation to this report, Şah WPP operating within our Company has been subjected to the Investigation Report dated December 30, 2021 on the grounds that excess feed-in-tariff (YEKDEM) income has been obtained in violation of the legislation by exceeding the maximum amount of generation that can be realized hourly with the installed power (electrical) registered in our licenses and provisionally accepted, EMRA board decisions numbered 10696-30 (board decision regarding the warning of the company due to violation of legislation), 10696-31 (board decision regarding the collection of the total amount of YEK by Epiaş), 10696-32 (board decision regarding the warning of the company due to violation of legislation), 10696-33 (board decision regarding the collection of the total amount of YEK by Epiaş) regarding Mersin WPP. As of December 31, 2022, the Group has carried a total provision of TRY17,147,646 for the related amount.

Between January 1 and May 31, 2022, EPİAŞ deducted the corresponding amount as a retroactive adjustment item from the settlement amount of the relevant months, depending on the repayment plan. In the appeals we filed before the Ankara Administrative Court regarding the annulment of the relevant resolutions, it was decided to suspend the execution of the board resolutions numbered 10696-31 and 10696-33 regarding the collection of the total amount of YEK on July 05 and 18, 2022. The amounts deducted from the settlement amount in the previous periods as a result of these decisions were repaid to our company by EPİAŞ. As a result of the proceedings before the Ankara Administrative Court, the decisions of the Board of Directors numbered 10696-31 and 10696-33 were annulled as unlawful in December 2022. EMRA submitted the district court's decision to the Regional Administrative Court, a higher instance, for review. EMRA's appeal was also rejected, whereupon the decisions in question were appealed to the Council of State. As a result of the appeal, the annulment of the Board decisions became final. This time, however, citing the same investigation report for the same action periods, EMRA stated: "The difference between the unit price paid for each settlement period under YEKDEM and the market clearing price of the relevant settlement period and the lesser of the market clearing price and the marginal price of the fog marginal price and the price calculated on the basis of the production surpluses, together with the interest to be calculated in accordance with Article 1 of the Law No. 3095 on Legal Interest and Default Interest for the period until April 29, 2016, For the period after April 29, 2016, EPİAŞ will collect the amount together with the interest to be calculated in accordance with Article 51 of the Law No. 6183 on the Procedure for Collection of Public Receivables", and two separate board decisions were issued for Şah WPP and Mersin WPP. Authorized for collection, EPİAŞ deducted the amount of TRY 6,861,978.62 as GDDK from the October 2023 settlement amount in one go.

NOTES 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Actions for annulment have been filed with the Ankara Administrative Court to have the resolutions of the Board of Directors annulled. As of December 31, 2023, the Group canceled the provision of TRY 10,406,835 that was booked in December 2021. The local court has issued suspension orders in the reversal cases. EPİAŞ has refunded the total amount of TRY 6,861,978.62, which was collected as a retroactive adjustment item due to the suspension orders, with the settlement of February 2024.

c) Conditional Liabilities, Guarantee, Pledge, Mortgage, Bail and other

Collateral, Pledge and Mortgage ("CPM") positions as of 31 December 2023 and 31 December 2022 are presented below:

31 December 2023	**TRY equivalent**	**TRY**	**EUR**
A, GPM's given for companies own legal personality			
- Guarantee (1)	328,097,832	92,004,452	7,247,931
- Pledge	-	-	-
- Mortgage	-	-	-
B, GPM's given on behalf of fully consolidated companies	-	-	-
C, GPM's given for continuation of its economic activities on behalf of third parties	-	-	-
D, Total amount of other GPM's	-	-	-
i, Total amount of GPM's given on behalf of the majority shareholder	-	-	-
ii, Total amount of GPM's given to on behalf of other group companies which are not companies which are not in scope of B and C	-	-	-
iii, Total amount of GPM's given on behalf of third parties which are not in scope of C	-	-	-
Total	**328,097,832**	**92,004,452**	**7,247,931**

31 December 2022	**TRY equivalent**	**TRY**	**EUR**
A, GPM's given for companies own legal personality			
- Guarantee (1)	617,377,753	339,123,291	8,455,920
- Pledge	-	-	-
- Mortgage	-	-	-
B, GPM's given on behalf of fully consolidated companies	-	-	-
C, GPM's given for continuation of its economic activities on behalf of third parties	-	-	-
D, Total amount of other GPM's			
i, Total amount of GPM's given on behalf of the majority shareholder	-	-	-
ii, Total amount of GPM's given to on behalf of other group companies which are not companies which are not in scope of B and C	-	-	-
iii, Total amount of GPM's given on behalf of third parties which are not in scope of C	-	-	-
Total	**617,377,753**	**339,123,291**	**8,455,920**

(1) Represents the guarantee letters provided. The Group provided guarantee letters to the Energy Market Regulation Authority and financial institutions.

NOTES 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

c) Conditional Liabilities, Guarantee, Pledge, Mortgage, Bail and other (Continued)

The details of these guarantee letters are as follows:

	31 December 2023		31 December 2022	
	Original currency	**TRY equivalent**	**Original currency**	**TRY equivalent**
Letter of guarantees - TRY	92,004,452	92,004,452	339,123,291	339,123,291
Letter of guarantees - EUR	7,247,931	236,093,380	8,455,920	278,254,462
Total		**328,097,832**		**617,377,753**

d) Letters of guarantee and collateral bills received

The letters of guarantee and collateral bills received consist of guarantee letters received from the responsible entity for imbalance and subcontractors related to Taşpınar WPP. The details of the Group's letters of guarantee and collateral bills are as follows:

	31 December 2023		31 December 2022	
	Original currency	**TRY equivalent**	**Original currency**	**TRY equivalent**
Guarantee letter – TRY	349,219,227	349,219,227	292,379,567	292,379,567
Guaranteed bill - TRY	10,000	10,000	16,477	16,477
Total		**349,229,227**		**292,396,044**

NOTES 12 - PROVISION FOR EMPLOYMENT BENEFITS

Short-term provision for employee benefits:

	31 December 2023	31 December 2022
Provision for unused vacation	5,624,201	3,221,902
	5,624,201	**3,221,902**

The movements of the provisions for the unused vacations is as follows:

	2023	2022
1 January 2023	**3,221,902**	**3,325,766**
Period cost	3,668,842	1,197,323
Monetary Gain/(Loss)	(1,266,543)	(1,301,187)
31 December	**5,624,201**	**3,221,902**

NOTES 12 - PROVISION FOR EMPLOYMENT BENEFITS (Continued)

Long-term provision for employee benefits:

	31 December 2023	31 December 2022
Provisions for employment termination benefits	9,272,917	6,719,173
	9,272,917	**6,719,173**

Except for the following legal obligations of the Group in Turkey. The Group does not have any pension commitments.

Under the Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies and achieves the retirement age. As of 31 December 2023, the maximum amount payable equivalent to one month of salary is TRY 23,489.83 (31 December 2022: TRY 15,371.40) for each year of service. The retirement pay provision ceiling TRY 23,489.83 which is effective from 1 July 2023, is taken into consideration in the calculation of provision for employment termination benefits (31 December 2022: 1 January 2023: TRY 15,371.40).

Provision for employment termination benefits is calculated by estimating the present value of the future probable obligation arising from the retirement of the employees of the Group.

The standard TAS 19 "Employee Benefits" envisages the development of actuarial valuation methods in order to estimate the provision of severance pay. Accordingly, the following actuary estimations were used in the calculation of the provision.

The main assumption is that the maximum liability amount for each year of service will increase in parallel with inflation. Therefore, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Therefore, in the accompanying financial statements as of 31 December 2023, the provisions are calculated by estimating the present value of the future probable obligation arising from the retirement of the employees.

Discount rate applied as 25% (1) (31 December 2022: 10.60%), inflation rate is applied as 6% (31 December 2022: 9.90%) and increase in wages applied as 22% (31 December 2022: 9.90%) in the calculation (2).

Age of retirement is based on considering the Group's historical average age of retirement;

(1) The Turkish government bond market lacks depth and yield volatility is quite high. Therefore, the discount rate and salary increase rate determined by the company were used in the actuarial valuation. It was checked whether the financial assumptions to be used are consistent with the yields on government bonds and treasury bills with maturities of 10 years or more.

(2) Calculation of employee termination benefits are determined by considering the 2023 inflation rate reports of the Central Bank of Republic of Turkey.

NOTES 12 - PROVISION FOR EMPLOYMENT BENEFITS (Continued)

Long-term provision for employee benefits: (Continued)

The movement of provision for employment termination benefits within the period is as follows:

	2023	2022
1 January 2023	**6,719,173**	**4,582,338**
Service cost	690,058	517,347
Interest cost	471,228	530,126
Severance payment (-)	(1,004,397)	(12,200)
Actuarial loss/(gain)	5,038,190	2,894,376
Monetary Gain/(Loss)	(2,641,335)	(1,792,814)
31 December	**9,272,917**	**6,719,173**

Payables related to employee benefits:

	31 December 2023	31 December 2022
Social security premiums payable	1,251,673	882,469
Payables to personnel	8,165,208	5,912,959
	9,416,881	**6,795,428**

NOTES 13 - PREPAID EXPENSES

Short-term prepaid expenses

	31 December 2023	31 December 2022
Prepaid expenses (**)	26,586,649	25,090,341
Advances given	1,738,876	2,865,197
	28,325,525	**27,955,538**

Long-term prepaid expenses

	31 December 2023	31 December 2022
Advances given (*)	782,427,286	145,615,674
Prepaid expenses (**)	70,489,094	82,720,399
	852,916,380	**228,336,073**

(*) As of December 31, 2023, this includes advance payments made for the capacity expansion of our wind power plant in the Özlü and Gezende districts of the Mut district in the province of Mersin.

(**) The corresponding balances of TRY 6,411,904 in short-term prepaid expenses and TRY 43,288,150 in long-term prepaid expenses consist of prepaid insurance for the new EUR 20,000,000 10-year loan raised from foreign sources in 2021.

NOTE 14 - OTHER ASSETS

Other current assets

	31 December 2023	31 December 2022
Value added tax ("VAT")	-	122,329,990
Job advances	171,145	110,984
Other	339,621	43,532
	510,766	**122,484,506**

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 15 - DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2023			31 December 2022		
	Notional Amount	**Currency**	**Fair value asset**	**Notional amount**	**Currency**	**Fair value asset**
Cross currency and interest swap (*)	236,093,380	TRY	107,044,548	168,567,920	TRY	107,235,900
			107,044,548			**107,235,900**

(*) The Group has used derivative instruments for some of its loans in other currencies in order to avoid financial risk as it earns USD indexed income within the scope of YEKDEM. The Group has a cross currency and interest swap transaction with a maturity date of 31 July 2029 in return for the loan with a nominal amount of EUR 7,247,937 (TRY 236,093,380) with equal principal repayment every 6 months.

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 16 - EQUITY

Paid Capital:

The ultimate shareholders of the Group are Aydın Doğan and Doğan Family (Işıl Doğan, Arzuhan Yalçındağ, Vuslat Sabancı, Hanzade V, Doğan Boyner and Y, Begümhan Doğan Faralyalı). The shareholders of the Group and the historical values of shares in equity at 31 December 2023 and 31 December 2022 are as follows:

Shareholder	Share (%)	31 December 2023	Share (%)	31 December 2022
Doğan Şirketler Grubu Holding A.Ş.	70.00	378,000,000	70.00	374,354,018
Publicly traded on Borsa İstanbul (1)	30.00	162,000,000	30.00	160,437,440
Nominal equity (2)	**100**	**540,000,000**	**100**	**534,791,458**

(1) In accordance with the "CMB" Resolution No: 31/1059 issued on 30 October 2014 and 21/655 issued on 23 July 2010, it is regarded that 161,751,224 shares corresponding to 29.95% of Galata Wind's capital are outstanding as of 11 March 2024 based on the Central Security Depository's ("CSD") records,

(2) Within the scope of the transactions regarding the increase of the Group's issued capital amounting to TRY 534,791,457.65 to TRY 540,000,000, within the registered capital ceiling amounting to TRY 1,000,000,000, which is fully covered from retained earnings in the "Extraordinary Reserves" account; Issue Certificate regarding Capital Increase was approved by the Capital Markets Board's decision dated 13 July 2023 and numbered 38/813, and the amendment of Article 6 of the Group's Articles of Association titled "Capital" was registered by the Istanbul Trade Registry on 26 July 2023 and it was published in the Turkish Trade Registry Gazette dated 26 July 2023 and numbered 10879.

The Group's authorized share capital consist of 540,000,000 shares with a nominal value of 1 TRY per share (31 December 2022: 53,479,145,765 shares / 1 Kurus).

Share premiums/ (discounts)

This account represents the differences that occur when the carrying amount of the net assets of the entities, acquired in a business combination transaction involving entities under common control, exceeds the transferred price at the date of the merger.

	31 December 2023	31 December 2022
Share premiums	14,733,306	14,733,306
Total	**14,733,306**	**14,733,306**

Restricted reserves

Restricted reserves are reserved from the prior period profit due to legal or contractual obligations or for certain purposes other than the profit distribution (for example, to obtain the tax advantage of gain on sale of associates). Restricted reserves are in the scope of solo legal records in accordance with TCC and TPL.

General Statutory Legal Reserves are reserved in accordance with the Article 519 of Turkish Commercial Code and used in accordance with the principles set out in this article. The afore-mentioned amounts should be classified in "Restricted Reserves" in accordance with the TAS.

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 16 - EQUITY (Continued)

The details of restricted reserves as of 31 December 2023 and 31 December 2022 as follows:

	31 December 2023	**31 December 2022**
Restricted Reserves	230,925,146	157,630,721
Total	**230,925,146**	**157,630,721**

Other Comprehensive Income and Losses that will not be Reclassified in Profit or Loss

The Group's actuarial losses of defined benefit plan that aren't reclassified in accumulated other comprehensive income and expenses are summarized below:

i. Actuarial gains (losses) on defined benefit plans

The provision for termination benefits is calculated by estimating the present value of the Group's probable future obligation arising from the retirement of employees. The Group has recognized all actuarial gains and losses relating to the provision for termination benefits in other comprehensive income. The valuation losses recognized in the balance sheet as a valuation difference in equity amount to TRY 6,094,143 (December 31, 2022: TRY 2,315,501 valuation losses).

Capital Reserves and Retained Earnings

Subsequent to the first inflation adjusted financial statements, equity items such as; "Capital, Emission Premiums, General Statutory Legal Reserves, Statutory Reserves, Special Reserves and Extraordinary Reserves" are carried at carrying value in the statement of financial position and their adjusted values based on inflation are collectively presented in equity accounts group.

In accordance with the CMB regulations, "Issued capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amounts. The valuation differences resulted due to the inflation adjustment shall be disclosed as follows:

- If the difference is due to the "Issued Capital" and has not yet been transferred to capital, it should be classified under "Capital adjustment difference";

- If the difference is due to "Restricted Reserves" and "Share Premium" and the amount has not been subject to dividend distribution or capital increase yet, it shall be classified under "Retained Earnings/(Losses)".

Other equity items are carried at the amounts valued in accordance with TAS.

Capital adjustment differences have no other use than to be included to the share capital.

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 16 - EQUITY (Continued)

Dividend Distribution

The Group makes decisions on the distribution of dividends and distributes them in accordance with the Turkish Commercial Code ("TCC"), tax laws, other relevant legislation, the Articles of Association and the resolutions of the General Assembly.

At the Ordinary General Assembly Meeting of the Group held on March 29, 2023, in accordance with the provisions of the Turkish Commercial Code ("TCC"), Corporate Tax, Income Tax and other relevant legislation and the relevant provisions of the Group's Articles of Association, and taking into account the relevant articles of the Group's Articles of Association, a gross dividend of TRY 275,000,000.00.- (TRY 402,700,925.- in the financial statements as TRY 402,700,925.- in accordance with the Central Registry Agency A. Ş. rules applicable to "fractions" at the date of dividend distribution, it has been decided to distribute a gross dividend of TRY 275,000,000.00 (shown as TRY 402,700,925 in the financial statements), corresponding to 51.42% of the "Issued Capital", and to distribute a net cash dividend of TRY 247,500,000.00. Dividends were paid to shareholders as of May 9, 2023.

Within the scope of Article 20 of the Capital Markets Law No. 6362, the Third Section of the Capital Markets Board's Communiqué on Dividend Distribution No. II-19. 1 numbered II-19. 1 of the Capital Markets Board and the relevant provisions of the Capital Markets Board's "Dividend Guidelines"; within the scope of the last paragraph of Article 15 of our Company's Articles of Association, Article 11 of our Company's "Dividend Distribution Policy" and based on the authorization given to our Board of Directors by our Company's shareholders with the 13th agenda item of the Ordinary General Assembly Meeting of our Company held on March 29, 2023, a total of 125,000,000.00 Turkish Lira ("gross") and 112,500,000.00 Turkish Lira ("net") of the Company's "issued capital", corresponding to 23.15% gross and 20.83% net. 'Advance Dividend' distribution was made on December 28, 2023.

Presentation of Capital Adjustment Differences, Share-Related Premiums/Discounts and Restricted Reserves Allocated from Profit in Financial Statements in accordance with TAS 29 and TPC

Statutory reserves and special reserves, etc., classified under "Legal Reserves" and "Other Reserves", including "Capital Adjustment Differences", "Premiums (Discounts) on Shares" (Emission Premium) in the financial statements prepared in accordance with the CMB legislation, Starting from the TFRS balance sheets for the reporting period ending in 2023, it has been shown over the CPI, and in the TPC financial statements over the PPI.

	PPI Indexed Statutory Records	CPI Indexed Amounts	Difference Recorded Under Retained Earnings
Inflation Adjustments on Capital	3,902,344,973	2,334,167,990	1,568,176,983
Share Premiums/Discounts	-	14,733,306	(14,733,306)
Restricted Reserves	290,645,782	230,925,146	59,720,636

	Before Inflation Adjustments 1 January 2022	After Inflation Adjustments 1 January 2022	Before Inflation Adjustments 31 December 2022	After Inflation Adjustments 31 December 2022
Retained Earnings	433,100,291	2,805,540,461	266,523,248	2,438,405,170

Retained earnings in the consolidated balance sheets prepared in accordance with TFRS under the first transition to inflation amount to TRY 865,597,171 as of January 1, 2022 and the amount calculated on the basis of purchasing power as of December 31, 2023 is TL 2,342,927,531.

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 17 - REVENUE AND COST OF SALES

	1 January - 31 December 2023	**1 January - 31 December 2022**
Electricity sales from wind energy	1,615,377,158	2,009,704,890
Electricity sales from solar energy	203,789,398	220,203,740
Gain on sales of carbon emission certificate rights (*)	39,748,874	66,594,670
Other	117,378	326,732
Sales proceeds	**1,859,032,808**	**2,296,830,032**

(*) Wind and solar power plants generate electricity from renewable energy sources; so, they are able to issue emission reduction certificates because they do not emit CO_2 into the atmosphere. The corresponding revenues come from the sales of these acquired certificate rights. As of 31 December 2023, 231,949 tons of CO_2 certificates were sold (December 31, 2022: 339,231 tons).

	1 January - 31 December 2023	**1 January - 31 December 2022**
General production expenses	(290,022,217)	(222,697,352)
Service and maintenance expenses (*)	*(141,091,118)*	*(142,885,043)*
Distribution and system usage fees (**)	*(148,931,099)*	*(79,812,309)*
Amortization and depreciation expense	(386,169,373)	(378,454,824)
Insurance expenses	(13,300,523)	(8,379,118)
Personnel expenses	(19,297,931)	(11,605,328)
Security expenses	(13,727,549)	(10,654,190)
Consultancy expenses	(12,729,695)	(10,841,129)
Other	(18,038,954)	(9,777,910)
Cost of sales	**(753,286,242)**	**(652,409,851)**
Gross profit	**1,105,746,566**	**1,644,420,181**

(*) Includes annual maintenance expenses for turbines.

(**) Distribution and system usage fees paid based on the annual generation at the tariff defined by EMRA.

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 18 - OPERATING EXPENSES

a) General Administrative Expenses

	1 January - 31 December 2023	1 January - 31 December 2022
Personnel expenses	(41,879,151)	(28,198,681)
Consultancy expenses	(6,729,913)	(4,985,863)
Transportation expenses	(3,289,050)	(1,495,614)
Depreciation and amortization expenses	(1,304,097)	(1,512,711)
Various taxes	(218,168)	(203,412)
Other	(9,968,078)	(9,559,761)
	(63,388,457)	**(45,956,042)**

b) Marketing Expenses

	1 January - 31 December 2023	1 January - 31 December 2022
Personnel expenses	(14,459,558)	(8,931,813)
Consultancy expenses	(8,182,388)	(10,369,976)
Transportation expenses	(922,970)	(309,467)
Depreciation and amortization expenses	(933,909)	(398,344)
Other	(1,252,042)	(1,271,191)
	(25,750,867)	**(21,280,791)**

NOTE 19 - EXPENSES BY NATURE

Expenses are presented functionally for the periods ended 31 December 2023 and 2022, the details are given in Note 17 and Note 18.

Fees for Services Obtained from Independent Auditor/Independent Audit Firm

The description of the Group's fees for services rendered by independent audit firms, prepared in accordance with the resolution of the Board of Directors of POA published in the Official Gazette of March 30, 2021 and in accordance with the preparation principles based on the letter of POA dated August 19, 2021, is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Independent audit fee for the reporting period	696,879	630,708
	696,879	**630,708**

(Amount expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 20 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

a) Other income from operating activities

	1 January - 31 December 2023	**1 January - 31 December 2022**
Foreign exchange loss from operating activities	293,325,523	282,753,315
Interest income	157,462,409	45,611,601
Late interest income	486,407	4,350,597
Other	6,936,124	18,296,475
	458,210,463	**351,011,988**

b) Other expenses from operating activities

	1 January - 31 December 2023	**1 January - 31 December 2022**
Donation and grants (*)	(14,461,357)	(9,716,917)
Foreign exchange loss from operating activities	(1,087,446)	(12,028,527)
Other(**)	13,349,117	(1,696,182)
	(2,199,686)	**(23,441,626)**

(*) Includes donations and aids amounting to TRY 2,608,855 made for the earthquake disaster that occurred in our country on February 6, 2023. In addition, it includes donations made to Aydın Dogan Foundation of TRY 6,000,000.
(**) As of 31 December 2023, EMRA debt amounting to TRY 17,147,646 allocated in the previous period was reversed due to no legal case.

NOTE 21 – FINANCE INCOME AND EXPENSES, NET

	1 January - 31 December 2023	**1 January - 31 December 2022**
Foreign exchange (loss)/gain from bank borrowings, net	(382,964,392)	(250,150,618)
Interest expense on bank borrowings	(30,941,342)	(102,366,900)
Derivative transaction income / (expense)	65,754,162	42,572,297
Interest expense related to lease liabilities	(2,148,042)	(3,242,074)
Bank commission expenses	(3,700,004)	(4,314,297)
Other	(2,904,940)	(10,351,008)
	(356,904,558)	**(327,852,600)**

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 22 - TAXATION ON INCOME

	31 December 2023	31 December 2022
Current income tax expense	140,897,284	172,710,123
Less: Prepaid taxes	(114,973,592)	(163,192,714)
Total tax (liabilities)/ asset	**25,923,692**	**9,517,409**

Corporate tax is payable on the total income of the Group after adjusting for certain disallowable expenses, corporate income tax exemptions (exemption for participation in subsidiaries, etc.) and corporate income tax deductions (such as research and development expenditures deduction). No further tax is payable unless there is dividend distribution.

Companies calculate corporate tax quarterly at the rate of 25% over their corporate income and these amounts are disclosed by the end of 14th day and paid by the end of the 17th day of the second month following each calendar quarter-end, Advance taxes paid in the period are offset against the following period's corporate tax liability, If there is an outstanding advance tax balance as a result of offsetting, the related amount may either be refunded in cash or used to offset against for other payables to the government.

Provisional tax with the "Law on the Establishment of Additional Motor Vehicle Tax and Amendments to Certain Laws and the Decree Law No. 375 for the Compensation of Economic Losses Caused by the Earthquakes Occurring on 6/2/2023" published in the Official Gazette dated 15 July 2023 and numbered 32249. and the corporate tax rate has been increased to 25% (30% for Banks and Other Financial Institutions). This rate has been decided to be applied to provisional and corporate tax declarations submitted after October 1, 2023 (2022: 23%). Article 35 of Law No, 7256 and Corporate Tax Law With the provision added to Article 32, it is stated that the corporations whose shares are offered to the public at a rate of at least 20% for the first time in Borsa Istanbul Equity Market will be offered with a discount of 2 points for the corporate tax rate for 5 accounting periods, starting from the accounting period in which they are first offered to the public. As of 31 December 2023, the company's corporate tax rate has been calculated over 23%. As per this law, deferred tax assets and obligations were calculated in the financial statements dated 31 December 2023, applying a tax rate of 25% for temporary differences' portion.

In Turkey there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate.

Tax authorities can review accounting records within five years and if they determine any errors on the accounting records, tax payable can be reassessed as a result of another tax assessment.

Deferred income taxes

The Group recognizes deferred tax assets and liabilities based on temporary differences between its financial statements prepared in accordance with Turkish Financial Reporting Standards. The temporary differences arise from the accounting treatment in different reporting periods based on the applicable tax laws and the transfer of financial losses.

Deferred taxes are calculated on temporary differences that are expected to be realized or settled based on taxable income in future years using the liability method at tax rates enacted at the statement of financial position date as disclosed in the table and explanations above.

Deferred tax assets and liabilities are presented net in the Group's consolidated financial statements as they are also presented net in the financial statements of the subsidiaries, each of which is an individual taxpayer. Temporary differences, deferred tax assets and deferred tax liabilities are presented in the table below on the basis of gross amounts.

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 22 - INCOME TAXES (Continued)

Deferred income taxes (Continued)

The composition of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred tax has been provided at 31 December 2023 and 31 December 2022 using the enacted tax rates are as follows.

	Cumulative temporary differences		Deferred tax assets / (liabilities)	
	31 December 2023	**31 December 2022**	**31 December 2023**	**31 December 2022**
Net differences between the tax base and carrying values of property, plant and equipment	4,170,754,320	4,229,004,129	(1,042,688,580)	(845,800,826)
Lease liabilities	(34,934,503)	(25,630,576)	8,733,626	5,126,115
Right of use asset	7,541,880	17,208,719	(1,885,470)	(3,441,744)
EMRA claim provision	-	(17,147,646)	-	3,429,529
Derivative instrument	96,637,713	107,235,896	(24,159,428)	(21,447,179)
Exchange rate effects on monetary liabilities	(1,305,955)	(1,505,802)	326,489	301,160
Provision for employment termination benefits	(2,478,143)	(3,824,800)	619,536	764,960
Exchange rate effects on monetary assets	-	409,008	-	(81,802)
Provision for lawsuit	946,251	(1,926,771)	(236,563)	385,354
Other	49,023,759	56,068,880	(12,255,941)	(11,213,776)
Deferred tax asset / (liabilities), net			**(1,071,546,331)**	**(871,978,209)**

Conclusions of netting has been reflected to consolidated statement of financial position of Galata and its subsidiaries which are separate taxpayer companies, have booked their deferred tax assets and liabilities by netting in their financial statements that were prepared in accordance with the TAS. Temporary differences and deferred tax assets and liabilities shown above have been prepared based on gross values.

Movements for net deferred taxes for the periods ended at 31 December 2023 and 2022 are as follows:

Deferred tax liability	**2023**	**2022**
Opening balance as of 1 January	(871,978,209)	(966,303,955)
Recognised under profit or loss statement	(200,827,670)	93,746,871
Accounted under equity	1,259,548	578,875
Closing balance as of 31 December	**(1,071,546,331)**	**(871,978,209)**

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 22 - INCOME TAXES (Continued)

The taxes on income reflected to statement of profit or loss for the periods ended 31 December 2023 and 2022 are summarized below:

	1 January - 31 December 2023	1 January - 31 December 2022
Income tax expense	(180,686,031)	(233,889,617)
Deferred tax (expense)/income	(200,827,670)	93,746,871
Total tax expense	**(381,513,701)**	**(140,142,746)**

The reconciliation of the taxation on income in the statement of profit or loss for periods ended 31 December 2023 and 2021 and the tax calculated at the corporate tax rate based on the income before minority interests and taxation on income are as follows:

	31 December 2023	31 December 2022
Profit before tax	1,005,061,436	1,604,769,934
Tax rate of 23% (31 December 2022: 21%)	(251,265,359)	(337,001,686)
Tax effect of fixed assets revalution	320,384,470	317,688,414
Prepaid tax for revaluation of fixed assets	-	(20,059,091)
Exceptions and deductions	3,450,630	2,511,474
Effect of tax rate changes	(10,424,436)	15,504,906
Non-deductible expenses	(4,134,606)	(5,822,477)
Tax base increase expenses	(3,980,581)	-
Tax impact arising from accounting for asset purchase (Gökova License)	-	(11,439,652)
Inflation accounting effects (*)	(441,819,290)	(96,613,649)
Other	6,275,471	(4,910,985)
Tax expense recognized in statement of profit or loss	**(381,513,701)**	**(140,142,746)**

(*) It consists of the deferred tax effect of temporary differences resulting from the adjustments for inflation accounting, in accordance with the Communiqué No. 32415 (2nd iteration) of the Tax Procedure Act of December 30, 2023.

NOTE 23 - RELATED PARTY DISCLOSURES

As of the date of consolidated statement of financial position, due from and to related parties and related party transactions for the periods ending 31 December 2023 and 31 December 2022 are disclosed below:

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 23 - RELATED PARTY DISCLOSURES (Continued)

i) Related party balances

	31 December 2023			31 December 2022		
	Receivable		Payable	Receivable		Payable
Related party balances	**Current Trade**	**Short-term Other receivables**	**Current Trade**	**Current Trade**	**Short-term Other receivables**	**Current Trade**
Değer Merkezi Hizmetler ve Yönetim Danışmanlığı A.Ş. (1)	-	-	853,954	-	-	908,644
Aytemiz Akaryakıt Dağıtım, A.Ş. (2)	-	-	-	-	-	40,071
Suzuki Motorlu Araçlar Pazarlama A.Ş.	-	-	105,367	-	-	4,044
D-Market Elektronik Hizm,Tic A.Ş. (3)	-	-	8,958	-	-	8,438
Doğan Trend	-	-	90,761	-	-	2,760
Doğan Tempus Bilişim Teknolji Reklam ve Matbaa Hizmetleri A.Ş.	-	-	1,128	-	-	-
Karel İletişim Hizmetleri A.Ş.	-	-	4,761	-	-	-
Gökova Elektrik Üretim ve Ticaret A.Ş.	750	-	-	-	-	-
Boyabat Elektrik Üretim ve Ticaret A.Ş.	1,358	-	-	1,846	-	-
Aslancık Elektrik Üretim A.Ş.	1,358	-	-	1,190	-	-
	3,466	-	**1,064,929**	**3,036**	-	**963,957**

(1) Financial, legal, information technology and other consultancy service purchases and overhead bills such as vehicle and office rent, cleaning, heating and building maintenance,

(2) Payables related to purchase of fuel oil,

(3) Warehouse rent expenses,

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 23 - RELATED PARTY DISCLOSURES (Continued)

i) Related party balances (Continued)

Short-term portions of long-term lease liabilities from related parties

	31 December 2023	31 December 2022
Değer Merkezi Hizmetler ve Yönetim Danışmanlığı A.Ş. (*)	206,060	502,340
	206,060	**502,340**

(*) Represents the lease liabilities recognised in accordance with TFRS 16 standard.

Long-term lease liabilities to related parties:

	31 December 2023	31 December 2022
Değer Merkezi Hizmetler ve Yönetim Danışmanlığı A.Ş. (*)	297,746	580,628
	297,746	**580,628**

(*) Represents the lease liabilities recognised in accordance with TFRS 16 standard.

(Amount expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 23 - RELATED PARTY DISCLOSURES (Continued)

ii) Related party transactions

	1 January – 31 December 2023			1 July – 31 December 2022		
Transactions with related parties	**Purchases of Goods and services**	**Sales of Goods and services**	**Financial Expenses**	**Purchases of Goods and services**	**Sales of Goods and services**	**Financial Expenses**
Aydın Doğan Vakfı	6,000,000	-	-	8,238,646	-	-
Değer Merkezi Hizmetler ve Yönetim Danışmanlığı A.Ş.(1)	5,372,548	-	-	5,492,854	-	-
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş.	714,419	-	-	770,879	-	-
Suzuki Motorlu Araçlar Pazarlama A.Ş.	1,032,486	-	-	1,226,555	-	-
Doğan Trend Otomotiv Ticaret Hizmetve Teknoloji A.Ş.	967,805	-	-	585,357	-	-
Aytemiz Akaryakıt Dağıtım. A.Ş.	848,963	-	-	780,636	-	-
D-Market Elektronik Hizm.Tic A.Ş.	346,821	-	-	255,190	-	-
Doğan Şirketler Grubu Holding A.Ş.	-	-	-	165,913	-	-
Other	-	26,782	-	11,813	10,079	454,670
	15,283,042	**26,782**	**-**	**17,527,843**	**10,079**	**454,670**

(1) Financial, legal, information technology and other consultancy service purchases and overhead bills such as vehicle and office rent, cleaning, heating and building maintenance.

NOTE 23 - RELATED PARTY DISCLOSURES (Continued)

Benefits provided for the key management

The key management team of the Group is made up of members of the Board of Directors, General Manager, Deputy General Manager and directors. Benefits provided for the key management members within the period are as the follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Salaries and other short term benefits	16,561,854	13,358,727
	16,561,854	**13,358,727**

NOTE 24 - FINANCIAL INSTRUMENTS

Financial investments

Short-term financial investments

Group’ financial assets of the classified under short-term financial investments are as follows:

Assets recorded at fair value in Statement of profit and loss:	31 December 2023	31 December 2022
Investment funds	88,290,984	-
Private sector bonds (*)	-	125,720,818
Total	**88,290,984**	**125,720,818**

(*) The Group has purchased two short-term private sector bonds with a total nominal value of USD 2,500,000 and USD 1,500,000 on 29 September 2022 and 14 October 2022, respecitively.

Long term financial investments

	31 December 2023		31 December 2022	
	TRY	%	TRY	%
Enerji Piyasaları İşletme A.Ş.	488,537	<1	488,537	<1
	488,537		**488,537**	

NOTE 25 - EARNING/LOSS PER SHARE

	1 January - 31 December 2023	1 January - 31 December 2022
Net profit for the period attributable to equity holders of the Parent Company	623,547,735	1,464,627,187
Weighted average number of shares with face value of TRY 1 each	540,000,000	540,000,000
Earning per Share	**1,155**	**2,712**

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments and financial risk management

The Group's activities expose it to a variety of financial risks; these risks are credit risk, market risk including the effects of changes in debt and equity market prices, foreign currency exchange rates, fair value interest rate risk and cash flow interest rate risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments in a limited manner to hedge these exposures.

a) Market risk

a.1) Foreign currency risk

The Group is exposed to foreign currency risk due to conversion of its foreign currency denominated liabilities to local currency. This risk monitored and limited by analyzing foreign currency position.

The Group is exposed to foreign exchange risk arising primarily from the USD and EUR.

	31 December 2023	31 December 2022
Foreign currency assets	134,130,975	227,345,938
Foreign currency liabilities	(751,444,696)	(860,416,892)
	(617,313,721)	**(633,070,954)**

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Net foreign currency position

The table below summarizes the foreign currency position risk of the Group as of 31 December 2023 and 31 December 2022. The carrying amounts of foreign currency assets and liabilities held by the Group in terms of foreign currencies (in terms of TRY) are as follows:

		31 December 2023		
		TRY Equivalent (Functional currency)	**USD**	**EUR**
1.	Trade receivables	-	-	-
2a.	Monetary financial assets	134,130,975	4,554,586	1,601
2b.	Non-monetary financial assets	-	-	-
3.	Other	-	-	-
4.	**Current assets (1+2+3)**	**134,130,975**	**4,554,586**	**1,601**
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)**	**134,130,975**	**4,554,586**	**1,601**
10.	Trade payables	12,909,986	437,756	-
11.	Financial liabilities	117,211,882	-	3,591,865
12a.	Other monetary liabilities	-	-	-
12b.	Other non-monetary liabilities	-	-	-
13.	**Short term liabilities (10+11+12)**	**130,121,868**	**437,756**	**3,591,865**
14.	Trade payables	-	-	-
15.	Monetary liabilities	621,322,828	-	19,039,943
16a.	Other monetary liabilities	-	-	-
16b.	Other non-monetary liabilities	-	-	-
17.	**Long term liabilities (14+15+16)**	**621,322,828**	**-**	**19,039,943**
18.	**Total liabilities (13+17)**	**751,444,696**	**437,756**	**22,631,808**
19.	**Foreign Currency Derivative Instruments Net Asset / (Liability) Position (19a-19b)**	**-**	**-**	**-**
19a.	Effect of foreign currency denominated derivatives / Off-Balance Sheet (+)	**-**	**-**	**-**
19b.	Effect of foreign currency denominated derivatives / Off-Balance Sheet (-)	**-**	**-**	**-**
20.	**Net foreign currency position (9-18+19)**	**(617,313,721)**	**4,116,830**	**(22,630,207)**

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Net foreign currency position (Continued)

		31 December 2022		
		TRY Equivalent (Functional currency)	USD	EUR
1,	Trade receivables	-	-	-
2a.	Monetary financial assets	227,345,938	7,365,572	171
2b.	Non-monetary financial assets	-	-	-
3.	Other	-	-	-
4.	**Current assets (1+2+3)**	**227,345,938**	**7,365,572**	**171**
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)**	**227,345,938**	**7,365,572**	**171**
10.	Trade payables	17,737,563	322,169	236,845
11.	Financial liabilities	110,578,455	-	3,360,386
12a.	Other monetary liabilities	-	-	-
12b.	Other non-monetary liabilities	-	-	-
13.	**Short term liabilities (10+11+12)**	**128,316,018**	**322,169**	**3,597,231**
14.	Trade payables	-	-	-
15.	Monetary liabilities	732,100,874	-	22,247,931
16a.	Other monetary liabilities	-	-	-
16b.	Other non-monetary liabilities	-	-	-
17.	**Long term liabilities (14+15+16)**	**732,100,874**	**-**	**22,247,931**
18.	**Total liabilities (13+17)**	**860,416,892**	**322,169**	**25,845,162**
19.	**Foreign Currency Derivative Instruments Net Asset / (Liability) Position (19a-19b)**	**709,012,773**	**14,110,400**	**8,350,000**
19a.	Effect of foreign currency denominated derivatives / Off-Balance Sheet (+)	709,012,773	14,110,400	8,350,000
19b.	Effect of foreign currency denominated derivatives / Off-Balance Sheet (-)	-	-	-
20.	**Net foreign currency position (9-18+19)**	**75,941,819**	**21,153,803**	**(17,494,991)**

The effect of the Group's foreign currency positions in Euro and US Dollars on the net profit/loss and shareholders' equity for the period, assuming a 20% appreciation and depreciation of TRY against foreign currencies and all other variables constant, are stated below:

	31 December 2023		31 December 2022	
	USD	EURO	USD	EURO
20% Appreciation	24,282,138	(147,696,493)	79,108,031	(69,752,180)
20% Depreciation	(24,282,138)	147,696,493	(79,108,031)	69,752,180

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

a) Interest rate risk

The Group is exposed to interest risk because of its interest generating liabilities. As of 31 December 2023 and 31 December 2022, the financial liabilities in the Group mainly consist of fixed rate borrowings.

Interest rate position	**31 December 2023**	**31 December 2022**
Financial instruments with fixed rate		
Financial assets		
Banks (Note 4)	62,138,670	1,085,848,175
Financial investments (Note 24)	88,290,984	125,720,818
Lease liabilities (Note 5)	34,934,504	25,630,573
Financial instruments with floating rate		
Bank borrowings (Note 5)	738,534,710	842,679,328

As of 31 December 2023, if interest rates on Euro denominated borrowings variable rate financial liabilities not protected by interest rate swap transactions had been higher/lower by 100 basis points with all other variables held constant, profit before income taxes would have been TRY 6,821,639 (31 December 2022: TRY 8,189,906) higher/lower, mainly as a result of additional interest expense on floating rate borrowings.

b) Credit risk

Credit risk involves the risk that counterparties may be unable to meet the terms of their agreements.

These risks are monitored by limiting the aggregate risk to any individual counterparty (excluding related parties) and receiving collateral when needed.

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

b) Credit risk (Continued)

31 December 2023	Trade receivables		Other receivables		
	Third party	**Related party**	**Third party**	**Related party**	**Cash on deposit**
Maximum net credit risk as of 31 December 2023	**138,305,148**	**3,466**	**647,444**	**-**	**66,002,716**
The part of maximum risk under guarantee with collateral	**-**	**-**	**-**	**-**	**-**
A, Net book value of financial assets that are either past due or not impaired	138,305,148	3,466	647,444	-	66,002,716
-Secured portion by guarantees	-	-	-	-	-
B, Book value of restructured otherwise accepted as past due and impaired financial assets	-	-	-	-	-
- Secured portion by guarantees	-	-	-	-	-
C, Net book value of financial assets that are past due and not impaired	-	-	-	-	-
- Secured portion by guarantees	-	-	-	-	-
D, Net book value of the impaired assets	-	-	-	-	-
- Past due (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- The secured part with net worth with collateral etc,	-	-	-	-	-
- Secured portion of the net book value by guarantees etc,	-	-	-	-	-

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

b) Credit risk (Continued)

31 December 2022

	Trade receivables		Other receivables		
	Third party	**Related party**	**Third party**	**Related party**	**Cash on deposit**
Maximum net credit risk as of 31 December 2022	**138,617,809**	**3,036**	**1,003,149**	**-**	**1,085,983,819**
The part of maximum risk under guarantee with collateral	-	-	-	-	-
A, Net book value of financial assets that are either past due or not impaired	138,617,809	3,036	1,003,149		1,085,983,819
-Secured portion by guarantees	-	-	-	-	-
B, Book value of restructured otherwise accepted as past due and impaired financial assets	-	-	-	-	-
- Secured portion by guarantees	-	-	-		-
C, Net book value of financial assets that are past due and not impaired					
- Secured portion by guarantees	-	-	-		-
D, Net book value of the impaired assets	-	-	-	-	-
- Past due (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- The secured part with net worth with collateral etc,	-	-	-	-	-
- Secured portion of the net book value by guarantees etc,	-	-	-	-	-

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

c) Liquidity risk

Conservative liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Due to the dynamic nature of the underlying business, the Group aims maintaining flexibility in funding by keeping committed credit lines available.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities and its derivative financial instruments. The tables below have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. Interests to be paid over these obligations are included in the table below. Derivative financial liabilities are based on undiscounted net cash inflows and outflows. Forwards are netted for future transactions that are to be paid gross and are realized by using undiscounted gross cash inflows and outflows.

31 December 2023	**Book value**	**Total Contractual Cash outflow**	**Less than 3 months**	**3-12 months**	**1 - 5 years**	**More than 5 years**
Short-term and long-term						
Financial liabilities (Note 5)	738,534,710	823,273,951	56,660,601	130,074,501	479,351,495	157,187,354
Lease liabilities (Note 5)	34,934,504	108,287,623	848,227	2,231,242	12,418,102	92,790,052
Trade payable to third parties						
Third parties (Note 6)	69,270,399	69,270,399	69,270,399	-	-	-
Trade payables to related parties (Note 23)	1,064,929	1,064,929	1,064,929	-	-	-
Other payables						
To third parties (Note 7)	160,209,153	160,209,153	160,209,153	-	-	-
Payables related to						
employee benefits (Note 12)	9,416,881	9,416,881	9,416,881	-	-	-
Total Liabilities	**1,013,430,576**	**1,171,522,936**	**297,470,190**	**132,305,743**	**491,769,597**	**249,977,406**

31 December 2022	**Book value**	**Total Contractual Cash outflow**	**Less than 3 months**	**3-12 months**	**1 - 5 years**	**More than 5 years**
Short-term and long-term						
Financial liabilities (Note 5)	842,679,328	877,385,418	53,449,268	108,271,882	441,066,823	274,597,445
Lease liabilities (Note 5)	25,630,573	178,589,697	161,021	4,806,933	20,025,039	153,596,704
Trade payable to third parties						
Third parties (Note 6)	27,821,357	27,821,357	27,821,357	-	-	-
Trade payables to related parties (Note 23)	963,957	963,957	963,957	-	-	-
Other payables						
To third parties (Note 7)	6,867,872	6,867,872	6,867,872	-	-	-
Payables related to						
employee benefits (Note 12)	6,795,428	6,795,428	6,795,428	-	-	-
Total Liabilities	**910,758,515**	**1,098,423,729**	**96,058,903**	**113,078,815**	**461,091,862**	**428,194,149**

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

d) Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments are determined by the Group, using available market information and appropriate valuation methodologies for each segment of the Group. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

The following methods and assumptions are used in the estimation of the fair value of the financial instruments for which it is practicable to estimate fair value:

Monetary assets

The fair values of balances denominated in foreign currencies, which are translated at the period end exchange rates, are considered to approximate carrying value.

The fair values of certain financial assets carried at amortised cost, including fair values of cash and due from banks are considered to approximate their respective carrying values due to their short-term nature and immateriality of losses on collectability, the fair value of investment securities has been estimated based on the market prices at the statement of financial position dates.

Trade receivables are disclosed at their amortized cost using the effective interest rate method and the carrying values of trade receivables along with the related allowances for collectability are estimated to be at their fair values.

Monetary liabilities

The fair value of bank borrowings and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Long-term borrowings, which are principally at variable rates, and denominated in foreign currencies, are translated at the period-end exchange rates and accordingly, their fair values approximate their carrying values.

Trade payables are disclosed at their amortized cost using the effective interest rate method and accordingly their carrying amounts approximate their fair values.

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Long-term borrowings, which are principally at variable rates, and denominated in foreign currencies, are translated at the period-end exchange rates and accordingly, their fair values approximate their carrying values.

Trade payables are disclosed at their amortized cost using the effective interest rate method and accordingly their carrying amounts approximate their fair values.

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

- Level 1: The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- Level 2: The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.
- Level 3: The fair value of the financial assets and financial liabilities are determined where there is no observable market data.

Based on the fair value hierarchy, the Group's financial assets and liabilities are categorized as follows:

		Fair value level as of reporting date		
Financial assets	**31 December 2023**	**Level 1 TRY**	**Level 2 TRY**	**Level 3 TRY**
Derivative instruments held for sale at fair value through profit or loss (Note 15)	195,335,532	-	195,335,532	-
Fair value difference other comprehensive financial reflected in the income statement assets	-	-	-	-
Total	**195,335,532**	-	**195,335,532**	-
Financial liabilities				
Derivative instruments held for sale at fair value through profit or loss (Note 15)	-	-	-	-
Fair value difference other comprehensive financial statements reflected in the income statement assets (Note 24)	-	-	-	-
Total	-	-	-	-

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

		Fair value level as of reporting date		
Financial assets	**31 December 2022**	**Level 1 TRY**	**Level 2 TRY**	**Level 3 TRY**
Derivative instruments held for sale at fair value through profit or loss (Note 15)	232,956,718	-	232,956,718	-
Fair value difference other comprehensive financial reflected in the income statement assets	-	-	-	-
Total	**232,956,718**	-	**232,956,718**	-
Financial liabilities				
Derivative instruments held for sale at fair value through profit or loss (Note 15)	-	-	-	-
Total	-	-	-	-

As of 31 December 2023 and 31 December 2022, the fair value level of derivative instruments in the statement of financial position is Level 2.

e) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the net liability/total equity ratio. Net liability is calculated as the total liability less cash and cash equivalents, derivative instruments and tax liabilities. Total equity is calculated as the total of net liability and the equity as shown in the statement of financial position.

Net liabilities/total equity rates at 31 December 2023 and 31 December 2022 are as below:

	31 December 2023	**31 December 2022**
Total liabilities (*)	1,029,273,946	939,774,008
Less: Cash and cash equivalence	(66,002,716)	(1,085,983,819)
Net debt	963,271,230	(146,209,811)
Total shareholders' equity	7,032,795,084	6,940,704,479
Total capital	7,996,066,314	6,794,494,668
Net Debt/Equity Ratio	**12.05%**	**(2.15)%**

(*) The amounts are calculated by deducting income tax payable, derivative financial instruments and deferred tax liability accounts from total liabilities.

NOTE 27 - SUBSEQUENT EVENTS

None.

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