

(Convenience translation of a report and financial statements originally issued in Turkish)

Akenerji Elektrik Üretim A.Ş.

Condensed consolidated financial statements for the interim period ended 1 January - 31 March 2024

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

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AKENERJİ ELEKTRİK ÜRETİM A.Ş.**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2024 AND 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TL”) based on the purchasing power of TL as of 31 March 2024 unless otherwise indicated.)

		Current period	Prior period
		Unaudited	Audited
	Notes	31 March 2024	31 December 2023
ASSETS			
Current assets			
Cash and cash equivalents		1.483.805.434	1.346.692.487
Financial investment		13.624.628	149.698.265
Trade receivables			
- Due from related parties	15	4.334.504	144.381.810
- Due from third parties		734.209.552	795.151.853
Other receivables			
- Due from third parties		29.452.393	17.647.147
Inventories		127.180.149	148.864.338
Prepaid expenses		128.851.988	174.766.613
Derivative instruments		7.281.415	3.983.179
Current income tax assets	9	4.141.637	3.714.002
Other current assets		100.512.657	122.767.495
Total current assets		2.633.394.357	2.907.667.189
Non - current assets			
Other receivables			
- Due from third parties		25.523.221	27.508.640
Financial investments		1.447.600	863.488
Inventories		41.410.950	46.805.376
Property, plant and equipment	4	32.154.629.240	32.496.830.559
Right of use assets		291.099.933	244.494.116
Intangible assets	5	474.001.777	474.942.436
Prepaid expenses		2.156.467	290.366.616
Deferred tax assets	9	5.514.074	12.157.288
Other non-current assets		257.379.119	260.808.071
Total non - current assets		33.253.162.381	33.854.776.590
TOTAL ASSETS		35.886.556.738	36.762.443.779

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

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2024 AND 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TL”) based on the purchasing power of TL as of 31 March 2024 unless otherwise indicated.)

		Current period	Prior period
		Unaudited	Audited
	Notes	31 March 2024	31 December 2023
LIABILITIES			
Current liabilities			
Short term portion of long term borrowings			
- <i>Bank loans</i>	3	7.219.734.466	7.768.921.111
- <i>Lease payables</i>	3	50.563.597	58.559.147
Trade payables			
- <i>Due to related parties</i>	15	104.846.249	205.676.373
- <i>Due to third parties</i>		727.780.278	949.747.950
Employee benefit obligations		16.034.447	13.578.778
Other payables			
- <i>Other payables to third parties</i>		232.673.494	289.168.592
Derivative instruments	7	12.110.129	43.676.366
Current income tax liabilities		46.272	829.489
Deferred income		53.549	65.831
Short term provisions			
- <i>Provisions for employee benefits</i>		11.449.662	34.272.935
- <i>Other short - term provisions</i>	6	79.168.578	97.752.897
Total current liabilities		8.454.460.721	9.462.249.469
Non - current liabilities			
Long term borrowings			
- <i>Bank loans</i>	3	9.783.801.246	10.057.900.000
- <i>Lease payables</i>	3	273.223.761	279.769.046
Other payables			
- <i>Due to third parties</i>		596.384.103	614.545.691
Long term provisions			
- <i>Provisions for employee benefits</i>		41.293.488	39.217.579
Deferred tax liabilities	9	709.180.389	451.593.335
Total non - current liabilities		11.403.882.987	11.443.025.651
EQUITY			
Share capital	8	729.164.000	729.164.000
Adjustments to share capital	8	9.655.720.212	9.655.720.212
Share premiums		933.746.102	933.746.102
Other comprehensive income/(expense) not to be reclassified to profit/loss			
Gains/losses on revaluation and remeasurement			
- <i>Increase on revaluation of property, plant and equipment</i>		2.434.204.851	2.462.616.204
- <i>Losses on re-measurement of defined benefit plans</i>		(37.514.270)	(37.264.573)
Restricted reserves			
- <i>Legal reserves</i>	8	202.083.144	202.083.144
- <i>Other reserves</i>		(13.460.145)	(13.460.145)
Accumulated profit/losses		1.952.975.068	(3.874.479.947)
Net profit for the period		171.294.068	5.799.043.662
Total equity		16.028.213.030	15.857.168.659
TOTAL LIABILITIES AND EQUITY		35.886.556.738	36.762.443.779

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

AKENERJİ ELEKTRİK ÜRETİM A.Ş.**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE INTERIM PERIODS BETWEEN 1 JANUARY – 31 MARCH 2024 AND 2023**

(Amounts expressed in Turkish Lira (“TL”) based on the purchasing power of TL as of 31 March 2024 unless otherwise indicated.)

		Current period	Prior period
		Unaudited	Unaudited
		1 January -	1 January -
	Notes	31 March 2024	31 March 2023
Revenue	10	5.056.771.734	9.914.642.337
Cost of sales (-)	10	(5.057.468.063)	(9.496.865.575)
Gross profit/loss		(696.329)	417.776.762
General administrative expenses (-)		(128.384.981)	(94.259.308)
Other operating income	12	92.443.073	127.943.799
Other operating expenses (-)	12	(89.142.263)	(37.940.605)
Operating profit/loss		(125.780.500)	413.520.648
Income from investing activities	13	12.074.743	10.219.020
Expenses from investing activities (-)	13	(53)	(586.148)
Operating profit/(loss) before financial income/loss		(113.705.810)	423.153.520
Financial income	14	178.542.931	93.808.562
Financial expenses (-)	14	(1.658.278.113)	(825.233.977)
Monetary gain/(loss)		2.027.729.873	1.912.957.048
Profit before tax		434.288.881	1.604.685.153
Tax income/(expense)			
Current income tax expense (-)	9	(20.147)	(13.004.400)
Deferred tax income/(expense)	9	(262.974.666)	(233.743.821)
Net profit for the period		171.294.068	1.357.936.932
Net loss attributable to:			
Equity holders of the parent		171.294.068	1.357.936.932
Earnings profit per share - TL		0,235	1,862

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

AKENERJİ ELEKTRİK ÜRETİM A.Ş.**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIODS BETWEEN 1 JANUARY - 31 MARCH 2024 AND 2023**

Amounts expressed in Turkish Lira ("TL") based on the purchasing power of TL as of 31 March 2024 unless otherwise indicated.)

	Current period	Prior period
	Unaudited	Unaudited
	1 January -	1 January -
	Notes 31 March 2024	31 March 2023
Net profit for the period	171.294.068	1.357.936.932
Other comprehensive income/(expense)		
To be reclassified to profit or loss		
Gains/(losses) on cash flow hedging	-	1.701.311
Deferred tax effect	-	(257.987)
Not to be reclassified to profit or loss		
Actuarial gain/(loss) arising from defined benefit plans	(332.929)	(15.338.917)
Deferred tax effect	83.232	3.067.783
Other comprehensive expense	(249.697)	(10.827.810)
Total comprehensive expense	171.044.371	1.347.109.122

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

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE INTERIM PERIODS BETWEEN 1 JANUARY – 31 MARCH 2024 AND 2023**

(Amounts expressed in Turkish Lira (“TL”) based on the purchasing power of TL as of 31 March 2024 unless otherwise indicated.)

				Other comprehensive income /(expenses) not to be reclassified to profit or loss		Other comprehensive income /(expenses) to be reclassified to profit or loss	Restricted reserves				
	Share capital	Adjustments to share capital	Share premiums	Increase on revaluation of property, plant and equipment	Gains/(losses) on re-measurement of defined benefit plans	Gains/(losses) on cash flow hedging	Other reserves	Legal reserves	Retained earnings/(accumulated losses)	Net profit for the period	Total equity
1 January 2023	729.164.000	9.158.399.396	933.936.973	3.953.438.886	(35.162.645)	(3.696.505)	(13.462.892)	202.124.451	(6.408.394.691)	2.422.573.378	10.938.920.351
Transfers	-	-	-	-	-	-	-	-	2.422.573.378	(2.422.573.378)	-
Total comprehensive expense	-	-	-	-	(12.271.134)	1.443.324	-	-	-	1.357.936.932	1.347.109.122
Other adjustments (*)	-	-	-	(44.469.963)	-	-	-	-	44.469.963	-	-
31 March 2023	729.164.000	9.158.399.396	933.936.973	3.908.968.923	(47.433.779)	(2.253.181)	(13.462.892)	202.124.451	(3.941.351.350)	1.357.936.932	12.286.029.473
1 January 2024	729.164.000	9.655.720.212	933.746.102	2.462.616.204	(37.264.573)	-	(13.460.145)	202.083.144	(3.874.479.947)	5.799.043.662	15.857.168.659
Transferler	-	-	-	-	-	-	-	-	5.799.043.662	(5.799.043.662)	-
Total comprehensive expense	-	-	-	-	(249.697)	-	-	-	-	171.294.068	171.044.371
Other adjustments (*)	-	-	-	(28.411.353)	-	-	-	-	28.411.353	-	-
31 March 2024	729.164.000	9.655.720.212	933.746.102	2.434.204.851	(37.514.270)	-	(13.460.145)	202.083.144	1.952.975.068	171.294.068	16.028.213.030

(*) As of 31 March 2024, the depreciation difference between the acquisition cost and the carrying values of the assets subject to revaluation method amounting to TL 28.411.353 (31 March 2023: TL 44.469.963), were reclassified to accumulated losses from revaluation fund of property, plant and equipment.

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

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIODS BETWEEN 1 JANUARY - 31 MARCH 2024 AND 2023**

(Amounts expressed in Turkish Lira (“TL”) based on the purchasing power of TL as of 31 March 2024 unless otherwise indicated.)

		Current period Unaudited 1 January – 31 March 2024	Prior period Unaudited 1 January – 31 March 2023
	Notes		
A. Cash flows from operating activities		(115.924.930)	197.908.595
Net profit for the period		171.294.068	1.357.936.932
Adjustments to reconcile net profit/(loss) for the period		(142.182.354)	(1.046.171.388)
Adjustments for depreciation and amortisation expenses	11	413.155.726	431.935.459
Adjustments for provisions			
- Adjustments for litigation provisions	6	(7.178.800)	852.132
- Adjustments for other provisions	6	(4.395.834)	(42.523.614)
- Adjustments for provisions for employee benefits		18.774.189	23.679.113
Adjustments for unrealized foreign exchange differences		1.245.347.949	369.961.512
Adjustments for tax (income)/expense		(262.994.813)	(246.748.221)
Adjustments for (gain)/loss on sale of property, plant and equipment and impairment		(20.952)	(5.929)
Adjustments for fair value of derivative financial instruments		(40.876.928)	(9.777.851)
Adjustments for financial investments		(11.362.956)	(10.093.527)
Adjustments for interest income		(53.573.531)	(119.478.167)
Adjustments for interest expense		460.945.127	468.167.771
Monetary gain/loss		(1.900.001.531)	(1.912.140.066)
Changes in working capital		(110.920.771)	(24.852.497)
Increase/decrease in trade receivables from related parties		129.038.526	782.070.894
Increase/decrease in trade receivables from third parties		(38.788.411)	1.235.980.311
Increase/decrease in other receivables from third parties		(16.756.381)	(15.523.880)
Increase/decrease in inventories		(12.124.424)	(41.953.227)
Increase/decrease in prepaid expenses		43.086.280	231.655.056
Increase/decrease in other assets		(26.130.517)	(27.765.019)
Increase/decrease in trade payables to related parties		(78.718.974)	(209.151.905)
Increase/decrease in trade payables to third parties		(103.991.840)	(1.931.245.015)
Increase/decrease in derivative financial instruments		11.939.213	2.824.648
Increase/decrease in deferred income		(3.903)	(10.303.978)
Increase/decrease in employee benefit obligations		4.509.160	(338.493)
Increase/decrease in other payables to third parties		(22.979.500)	(41.101.889)
Cash flows from operating activities		(81.809.057)	286.913.047
Payments related to provisions for employee benefits		(30.000.361)	(58.807.658)
Tax (payments)/receipts		(4.115.512)	(30.196.794)
B. Cash flows from investing activities		74.624.997	(229.510.771)
Cash outflows due to purchase of property, plant and equipment	4,13	(55.975.391)	(222.376.691)
Cash outflows due to purchase of intangible assets	4	(5.588.460)	(2.888.695)
Cash inflows due to sale of property, plant and equipment	5	20.952	25.706
Other cash changes		136.167.896	(4.271.091)
C. Cash flows from financing activities		7.380.517	(472.390.128)
Cash outflows due to repayment of borrowings		-	(166.320.885)
Payments of lease liabilities		(37.372.746)	(38.178.069)
Interest paid		(5.991.459)	(4.353.783)
Interest received		53.573.531	40.593.222
Other cash inflows/(outflows) (*)		(2.828.809)	(304.130.613)
Net increase/(decrease) in cash and cash equivalents		(33.919.416)	(503.992.304)
Monetary gain/loss through cash and cash equivalents		172.339.821	234.674.245
Cash and cash equivalents at the beginning of the period (*)	3	1.316.419.280	2.250.665.714
Cash and cash equivalents at the end of the period (*)	3	1.454.839.685	1.981.347.655

(*) Cash and cash equivalents at the beginning of the period and at the end of the period does not include interest accruals and restricted deposits, and the changes in restricted deposits are provided in “Other cash inflows/(outflows)”.

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

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIODS ENDED 31 MARCH 2024 AND 2023

(Amounts expressed in Turkish Lira ("TL") based on the purchasing power of TL as of 31 March 2024 unless otherwise indicated.)

NOTE 1 - ORGANISATION OF GROUP AND NATURE OF OPERATIONS

Akenerji Elektrik Üretim A.Ş. ("the Company" or "Akenerji") is engaged in establishing, renting and operating facilities of electrical energy production plant, producing electricity and trading electricity to the customers. The Company was established by Akkök Sanayi Yatırım ve Geliştirme A.Ş. in 1989 (Akkök Sanayi Yatırım ve Geliştirme A.Ş. is registered as Akkök Holding A.Ş. on 13 May 2014). On 14 May 2009, the Company has become a joint venture between Akkök Holding A.Ş. and CEZ a.s.

The Company is registered in Turkey and its registered address is as follows;

Miralay Şefik Bey Sokak No: 15 Akhan Kat: 3-4 Gümüşsuyu/Istanbul - Turkey

The Company is registered to the Capital Markets Board ("CMB"), and its shares are publicly traded in Istanbul Stock Exchange ("ISE"). As of 31 March 2024, 25,28% the publicly listed shares are 25,28% of total shares (31 March 2023: 25,28%).

As of 31 March 2024, the number of employees employed by Akenerji and its subsidiaries (Akenerji and its subsidiaries will be referred called as the "Group") is 312 (31 December 2023: 319).

These condensed consolidated financial statements for the interim period 31 March 2024 have been approved for the issue by the Board of Directors at 7 June 2024.

The nature of business and registered addresses of the entities included in the consolidation ("Subsidiaries") are presented below:

Subsidiaries	Nature of business	Registered address
Akenerji Elektrik Enerjisi İthalat-İhracat ve Toptan Ticaret A.Ş. ("Akenerji Toptan")	Electricity trading	Gümüşsuyu / Istanbul
Akel Kemah Elektrik Üretim ve Ticaret A.Ş. ("Akel Kemah")	Electricity production and trading	Gümüşsuyu / Istanbul
Akenerji Doğalgaz İthalat İhracat ve Toptan Ticaret A.Ş. ("Akenerji Doğalgaz")	Natural gas trading	Gümüşsuyu / Istanbul
Akel Sungurlu Elektrik Üretim A.Ş. ("Akel Sungurlu")	Electricity production	Gümüşsuyu/Istanbul
5ER Enerji Tarım Hayvancılık A.Ş. ("5ER Enerji")	Electricity production	Gümüşsuyu/Istanbul
Akenerji Company For Electric Energy Import And Export and Wholesale Trading/Contribution Branch ("Akenerji Toptan Khabat")	Electricity trading	Erbil/Irak
Aken Europe B.V. ("Aken B.V.")	Electricity trading	Amsterdam/Netherlands

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE PERIODS ENDED 31 MARCH 2024 AND 2023**

(Amounts expressed in Turkish Lira (“TL”) based on the purchasing power of TL as of 31 March 2024 unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

Principles of Preparation of Interim Condensed Consolidated Financial Statements

The interim consolidated financial statements of the Group have been prepared in accordance with the Turkish Accounting Standards/Turkish Financial Reporting Standards, (“TAS/TFRS”) issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) in line with the communiqué numbered II - 14.1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) announced by the Capital Markets Board of Turkey (“CMB”) published on Official Gazette dated 13 June 2013 and numbered 28676. TFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards (“IFRS”) by the communiqués announced by POA.

The condensed interim consolidated financial statements are presented in accordance with, “Announcement regarding with TAS/TFRS Taxonomy” which was published on 4, October 2022 by POA and the format and mandatory information recommended by CMB.

In accordance with the TAS 34 “Interim Financial Reporting”, entities are allowed to prepare a complete or condensed set of interim financial statements. In this respect, the Group has preferred to prepare condensed consolidated financial statements in the interim periods. Accordingly, these interim condensed consolidated financial statements does not include all required explanatory notes as should be provided and should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2023.

The Group and its Turkish subsidiaries, associates and joint ventures maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code (“TCC”), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. The consolidated financial statements are based on the statutory records, which are maintained under historical cost conventions except for the derivative financial instruments, financial investments and revaluated property, plant and equipment presented a fair values, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS/TFRS.

Adjustment of consolidated financial statements in hyperinflation periods

It has been decided that institutions registered in CMB and import companies obligated to apply financial statement adjustments stated in TAS/TFRS are required to apply hyperinflation accounting by implementing TAS 29 to financial statements for the year ended 31 December 2023, according to the rule number 81/1820 declared by CMB dated in 28 December 2023.

A statement has been made by POA at 23 November 2023 regarding the scope and implementation of TAS 29. POA stated that corporations implementing TAS/TFRS are required to present their financial statements for the year 31 December 2023 and forward adjusted to the inflation impact according to the accounting principles stated in TAS 29.

TAS 29 is implemented to any financial statements of a company whose functional currency is the currency of a hyperinflation economy, including consolidated financial statements. If an economy experiences hyperinflation, then according to TAS 29, a company whose functional currency is the currency of a hyperinflation economy needs to present its financial statements in terms of unit of measurement effective at the end of period.

Under these circumstances, inflation adjustments are made according to TAS 29 upon consolidated financial statements for the years 31 March 2024, 31 December 2023, 31 March 2023.

Financial statements and figures of previous years are restated in line with purchasing power of the functional currency and as a result, financial statements and figures of previous years are presented in terms of unit of measurement effective at the end of period according to TAS 29.

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIODS ENDED 31 MARCH 2024 AND 2023

(Amounts expressed in Turkish Lira ("TL") based on the purchasing power of TL as of 31 March 2024 unless otherwise indicated.)

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

The adjustments made in accordance with TAS 29 were made using the adjustment coefficient obtained from the Consumer Price Index (CPI) of Turkey published by the Turkish Statistical Institute (TÜİK). As of March 31, 2024, the indices and adjustment coefficients used in the adjustment of the consolidated financial statements are as follows:

Date	Index	Adjustment correlation	3 year cumulative inflation ratios
31 March 2024	2.139,47	1,000	%211
31 December 2023	1.859,38	1,151	%268
31 March 2023	1.269,75	1,685	%152

Procedure of TAS 29 is presented below:

- All accounts, excluding accounts that are presented with current purchasing power at the current period, are restated with their related price index correlation. Same method is applied for previous years.
- Monetary balance sheet accounts are not restated because these accounts are presented with current purchasing power at the current period. Monetary accounts are accounts that are either received or paid in cash.
- Fixed assets, subsidiaries and similar assets are restated through their historic cost, in a way not exceeding their market value. Same method is applied to depreciation and amortization accounts. Equity balances are restated with price correlations according to the dates these balances.
- All income statement accounts, excluding income statement accounts that are counterparty to non-monetary accounts of balance sheet, are restated based on the price correlations of the date they entered financial statements.
- Net monetary profit or loss resulting from inflation is the difference of adjustments made to non-monetary balance sheet accounts, equity accounts and income statement accounts. Net monetary profit or loss is then included in net profit or loss.

Impact of TAS 29 is summarized below:

i. *Restatement of Financial Statements*

Accounts that are not presented in terms of unit of measurement effective at the end of period within financial statements are restated. In relation to this, monetary accounts are not restated because they are presented in terms of unit of measurement effective at the end of period. Non-monetary accounts are required to be restated unless they are presented by their current value at the end of reporting period.

Net monetary profit or loss resulting from restatement of non-monetary accounts are included in income statement and they are also presented in other comprehensive income statement.

ii. *Restatement of Income Statement*

All accounts of income statement are presented by the unit of measurement at the end period. Therefore, all accounts are restated by applying monthly price index changes.

Cost of sales is restated with adjusted inventory balances.

Depreciation and amortization expenses are restated with adjusted balances of fixed assets and right of use assets.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE PERIODS ENDED 31 MARCH 2024 AND 2023**

(Amounts expressed in Turkish Lira ("TL") based on the purchasing power of TL as of 31 March 2024 unless otherwise indicated.)

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

iii. *Restatement of Cash Flow*

All accounts of income statement are presented by the unit of measurement at the end period.

iv. *Consolidated Financial Statements*

A subsidiary's financial statements whose functional currency is a currency of a hyperinflation economy need to be restated before integrated into parent company's consolidated financial statements based on price correlations. If the subsidiary is based in a foreign economy, restatement is made by closing foreign exchange (FX) rates.

v. *Comparative Balances*

Balances of previous periods are restated with price correlations in order to present them in terms of unit of measurement effective at the end of period.

vi. *Comparative Information and Restatement of Previous Periods' Consolidated Financial Statements*

Group's financial statements are prepared comparatively to previous periods in order to detect financial position and performance trends. If necessary, comparative information is restated and material differences are explained in order to establish compliance with the presentation of current period consolidated financial statements.

2.2 Basis of consolidation

- a) The consolidated financial statements include the accounts of the parent company, Akenerji, and its Subsidiaries on the basis set out in sections (b) to (c) below. The financial statements of the companies included in the scope of consolidation have been prepared at the date of the consolidated financial statements and have been prepared in accordance with TAS/IFRS by applying uniform accounting policies and presentation. The results of operations of Subsidiaries are included or excluded from their effective dates of acquisition or disposal respectively.
- b) Subsidiaries are companies in which Akenerji has the power to control the financial and operating policies for the benefit of itself, either through the power to exercise more than 50% of voting rights related to shares in the companies as a result of shares owned directly and/or indirectly by itself.

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

The table below sets out all Subsidiaries and demonstrates the proportion of ownership interest and effective interest rate of the Group over the subsidiary as of 31 March 2024 and 31 December 2023:

Subsidiaries	Effective shareholding (%)		Ownership interest (%)	
	31 March 2024	31 December 2023	31 March 2024	31 December 2023
Akenerji Toptan	100,00	100,00	100,00	100,00
Ak-el Kemah	100,00	100,00	100,00	100,00
Akenerji Doğalgaz	100,00	100,00	100,00	100,00
Akel Sungurlu (*)	-	-	100,00	100,00
5ER Enerji (*)	-	-	100,00	100,00
Akenerji Toptan Khabat (**)	-	-	100,00	100,00
Aken B.V. (***)	100,00	-	100,00	100,00

(*) Akenerji Toptan has a free purchase options of Akel Sungurlu and 5ER Enerji's shares at any time and Akenerji Toptan has the controlling power within the scope of the capacity lease agreement and usufruct right agreement, so Akel Sungurlu and 5ER Enerji has been consolidated in the financial statements using the full consolidation method.

(**) Branch of the Subsidiary, which operate in a different country, are separately presented.

(***) It was established on July 31, 2023, and has been incorporated into the consolidated financial statements using the full consolidation method.

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are deconsolidated from the date that the control ceases. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Carrying values of the Subsidiaries' shares held by the Company are eliminated against the related equity of subsidiaries. Intercompany transactions and balances between Akenerji and its subsidiaries are eliminated on consolidation. Dividends arising from shares held by the Company in its subsidiaries are eliminated from income for the period and equity, respectively.

2.3 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of 31 March 2024 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and Turkey Financial Reporting Interpretations Committee's ("TFRIC") interpretations effective as of 1 January 2024.

i) The new standards, amendments and interpretations which are effective as at 31 March 2024 are as follows:

- **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.

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

- **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.
- **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.
- **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.

The amendments did not have a significant impact on the financial position or performance of the Group.

ii) Standards, amendments and interpretations that are issued but not effective as at 31 March 2024

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the interim condensed consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

- **TFRS 17, 'Insurance Contracts';** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which permitted a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts. The mandatory effective date of the Standard postponed to accounting periods beginning on or after January 1, 2025 with the announcement made by the POA.
- **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

The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

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

2.4 Restatement and errors in the accounting policies and estimates

Any change in the accounting policies resulted from the first time adoption of a new standard is made either retrospectively or prospectively in accordance with the transition requirements. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. If changes in accounting estimates are related to only one period, they are recognised in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively.

2.5 Comparatives and restatement of prior year financial statements

The Group prepares comparative consolidated financial statements, to enable readers to determine financial position and performance trends. For the purposes of effective comparison, comparative financial statements can be reclassified when deemed necessary by the Group, where descriptions on significant differences are disclosed.

2.6 Critical accounting estimates and judgments

The preparation of condensed consolidated financial statements necessitates the use of estimates and judgments that affect asset and liability amounts reported as of the balance sheet date, explanations of contingent liabilities and assets; and income judgments and expense amounts reported for the accounting period. Although these estimates and assumptions are based on all management information related to the events and transactions, actual results may differ from them.

The estimates and judgments that are material to the carrying values of assets and liabilities are outlined below:

Deferred tax assets for the carry forward tax losses:

Deferred tax assets are accounted for only where it is likely that related temporary differences and accumulated losses will be recovered through expected future profits or will be offsetted from the deferred tax liabilities incurred on the temporary differences will be recovered at the same date.

As a result of the studies performed, the Group recognized no deferred tax assets on carry forward tax losses (31 December 2023: None) as of 31 March 2024. Carry forward tax losses amounting to TL 4.720.524.863 (31 December 2023: TL 3.300.749.425) (Note 9). As of 31 March 2024, the deferred tax asset has not been calculated by taking into account the foreseeable future profit expectations prepared by the Group and the deferred tax liabilities in the relevant periods.

Explanations for revaluation method and fair value measurement

The Group has chosen revaluation method instead of historical cost model as an accounting policy among application methods mentioned under TAS 16 for lands, land improvements, buildings, machinery and equipment belong to its power plants commencing from 30 September 2015.

An independent valuation firm has been authorized for revaluation because using of long-term price expectation, electricity generation expectation, discount rate, profit margin between electricity and natural gas prices ("spark spread"), and capacity utilization rate forecasts which are sensitive to sectoral and economic variables and also complexity of inputs and calculations. As of 31 December 2023, the fair value which is determined with valuation study by an independent valuation company which has CMB license, is used for lands, land improvements, buildings, machinery and equipment. In the aforementioned valuation and impairment studies, "income reduction method - discounted cash flow analysis " was applied.

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

Income Approach, discounted cash flow analysis (Level 3) is used by the valuation company for valuation reports of 31 December 2023 aims to determine fair value of lands, land improvements, buildings, machineries and equipment of Uluabat hydroelectric power plant (HPP), Ayyıldız wind farm power plant (WFPP), Burç HPP, Feke I HPP, Feke II HPP, Bulam HPP, Gökçaya HPP, Sungurlu biomass power plant (BPP), Himmətli HPP and Erzin Natural Gas Combined Cycle Power Plant (NGCCPP) which are belong to Akenerji assets.

Since long term electricity prices and spark spreads are the most important inputs of "Income Approach - discounted cash flow analysis", an independent consultancy and technology firm, which operates in energy market, has been hired. The most important inputs of model determine long term electricity prices are; long term electricity demand, entrance of new plants, exit of old plant, renewable total capacity, evolution of capacity factor, carbon market expectations, natural gas and coal prices, evolution of electricity import - export, and development in the efficiency of thermal plants.

Change in the spark spreads used in model affect the generation for Erzin natural gas combined cycle power plant. For generation, feasibility studies, which is calculated with 50-year hydrology information and historical data used for hydros, Sungurlu and Ayyıldız. The discount rate used in valuation models prepared on the basis of USD has been determined as reel 10,31% which is in line with the current macroeconomic market conditions. The increase in the discount rate has a negative effect on the fair value of the power plants.

2.7 Going concern

The Group considers it appropriate to prepare its consolidated financial statements on a going concern basis in a foreseeable future.

20% increase in natural gas tariffs as of October 2023, while maintaining electricity market ceiling prices intact, has put pressure on natural gas power plants' generation and profit margins. On the other hand, the high hydrology in the first quarter of 2024 has led to an increase in electricity production from run-of-the-river hydroelectric power plants. The termination of the Resource-Based Support Mechanism in October 2023 has also provided a limited positive contribution to the profit margins of hydroelectric plants. Meanwhile, the Group has continued its overseas physical electricity exports and financial electricity products transactions in the first quarter of 2024. In light of all these developments, the Group's Earnings Before Interest, Taxes, Depreciation, and Amortization ("EBITDA") reached TL 287.4 million (31 March 2023: TL 845.5 million) as of 31 March 2024, thanks to its balanced portfolio.

Natural gas purchases have an important role within the production costs due to the operational activities of the Group's Erzin combined-cycle natural gas power plant. Natural gas supply has continued to be provided by Botaş in 2024. Despite fluctuations in global natural gas prices, Botaş tariffs have not changed since the increase in October 2023. Additionally, the increased natural gas transmission service/capacity fees at the beginning of 2024, and the decline in power plant consumption due to electricity market conditions along with import costs are closely monitored, with ongoing efforts to explore opportunities for reducing natural gas costs on a monthly basis.

The Group holds a loan of TL and USD taken at 11 November 2019 which signed with Yapı ve Kredi Bankası A.Ş. as the implementation of "Financial Restructuring" and has decreased its USD 859 million loan to USD 454 million (accrued interest excluded) by debt service payments and early capital payments made before their maturity. The repayment schedule for third and fourth portions of the loan which was restructured in 2019, was arranged through installments until 2032 according to the estimated cash-generating capacity of the Group. This has been a factor that reduced the pressure on the cash flow, thereby positively affecting the financial sustainability and competitive strength of the Group. In addition, decreasing the tranches of USD liabilities within total bank loans from 87% to 55% has also significantly reduced the foreign currency risk the Group is exposed to.

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

As of 31 March 2024, Group's current liabilities exceed its current assets by TL 5.821 million. The main reason behind this excess is the 2024 portions of long-term loans, worth TL 7.220 million (Note 3). Group expects to cover a significant portion of this loan with cash generated from operations, alongside its existing cash. Group assesses every opportunity to benefit itself and provides a positive effect on cash flow continuously with finance institutions. Group approaches debt coverage proactively, considering both its short-term and long-term liabilities. Considering the high limits of working capital the Group has, liquidity risk is minimized.

As a result of actions taken in order to increase both operating profit and cash flows from operating activities, Group prepares its consolidated financial statements on a going concern basis for the foreseeable future.

2.8 Seasonality of Group's operations

Business volume shows seasonal changes according to the structure of the industry in which the Group operates. In the hydroelectric power plants, business volumes are higher in the second quarters and for the wind power plant, business volume are higher in the first quarters of the year. Seasonality does not have a significant impact on the remaining business volume of the Group.

NOTE 3 – BORROWINGS

The details of borrowings of the Group as of 31 March 2024 and 31 December 2023 are as follows:

	31 March 2024	31 December 2023
Short-term portion of long term borrowings		
-Bank loans	7.219.734.466	7.768.921.111
-Lease liabilities	50.563.597	58.559.147
Total short-term portion of long term borrowings	7.270.298.063	7.827.480.258
Long term borrowings		
-Bank loans	9.783.801.246	10.057.900.000
-Lease liabilities	273.223.761	279.769.046
Total long term borrowings	10.057.025.007	10.337.669.046
Total short term and long term borrowings	17.327.323.070	18.165.149.304

Letters of guarantee given, pledges and mortgages related to financial liabilities are disclosed in Note 6.

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NOTE 3 - BORROWINGS (Continued)

As of 31 March 2024 and 31 December 2023, the original currencies and weighted average interest rates for short and long-term financial liabilities are as follows:

				31 March 2024
	Currency	Effective Interest rate %	Original Amount	Amount in TL
Short - term portion of long - term bank loans	USD	7,75	109.073.845	3.521.492.705
Short - term portion of long - term bank loans	TL	12,28	3.698.241.761	3.698.241.761
Short - term portion of long - term lease liabilities	EUR	7,25	1.507.535	52.465.674
Interest cost of short - term portion of long - term lease liabilities (-)	EUR	7,25	(308.856)	(10.748.914)
Short - term portion of long - term lease liabilities	TL	19,96	8.846.837	8.846.837
Total short-term borrowings				7.270.298.063
Long term bank loans	USD	7,75	303.041.042	9.783.801.246
Long - term lease liabilities	EUR	7,25	5.787.729	201.426.277
Interest cost of long - term lease liabilities (-)	EUR	7,25	(1.428.413)	(49.712.064)
Long - term lease liabilities	TL	19,96	121.509.548	121.509.548
Total long-term borrowings				10.057.025.007
				31 December 2023
	Currency	Effective Interest rate %	Original Amount	Amount in TL
Short - term portion of long - term bank loans	USD	7,75	107.306.258	3.634.748.364
Short - term portion of long - term bank loans	TL	12,28	4.134.172.747	4.134.172.747
Short - term portion of long - term lease liabilities	EUR	5,56	1.602.697	60.070.204
Interest cost of short - term portion of long - term lease liabilities (-)	EUR	5,56	(332.529)	(12.463.416)
Short - term portion of long - term lease liabilities	TL	18,76	10.952.359	10.952.359
Total short-term borrowings				7.827.480.258
Long term bank loans	USD	7,75	296.932.692	10.057.900.000
Long - term lease liabilities	EUR	5,56	6.530.108	244.753.075
Interest cost of long - term lease liabilities (-)	EUR	5,56	(1.599.486)	(59.949.878)
Long - term lease liabilities	TL	18,76	94.965.849	94.965.849
Total long-term borrowings				10.337.669.046

AKENERJİ ELEKTRİK ÜRETİM A.Ş.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 3 - BORROWINGS (Continued)

As of 31 March 2024, all of the Euro finance lease liabilities of the Group are subject to floating interest rate of Euribor + 3,4% (31 December 2023: All of the Euro finance lease liabilities of the Group are subject to floating interest rate of Euribor + 3,4%).

The details of redemption schedule of the long term bank borrowings as of 31 March 2024 and 31 December 2023 are as follows:

	31 March 2024	31 December 2023
Up to 1 - 2 years	1.316.350.161	1.353.228.458
Up to 2 - 3 years	1.429.745.589	1.469.800.723
Up to 3 - 4 years	1.497.458.941	1.539.411.104
Up to 4 - 5 years	1.308.818.355	1.345.485.645
More than 5 years	4.231.428.200	4.349.974.070
	9.783.801.246	10.057.900.000

The principal repayment schedule of the Group's long-term finance lease obligations as of 31 March 2024 and 31 December 2023 is as follows:

	31 March 2024	31 December 2023
Up to 1-2 years	48.786.913	47.159.916
Up to 2-3 years	44.358.958	47.037.648
Up to 3-4 years	44.787.684	44.792.586
Up to 4-5 years	26.250.263	48.502.918
Up to 5-6 years	1.649.184	3.848.036
Up to 6-7 years	1.135.845	2.483.606
Up to 7-8 years	1.278.404	890.284
Up to 8-9 years	429.271	1.001.617
Up to 9-10 years	732.850	933.688
More than 10 years	103.814.389	83.118.747
	273.223.761	279.769.046

As of 31 March 2024 and 2023, the movements of borrowings are as follows:

	2024	2023
1 January	18.165.149.304	19.696.975.150
Cash flow impact	(43.364.204)	(208.852.737)
Change in unrealized foreign exchange differences	1.245.347.949	369.961.512
Change in interest accruals	385.082.821	450.251.113
Change in lease liabilities	53.562.937	74.729.913
Monetary gain	(2.478.455.737)	(8.305.641.174)
31 March	17.327.323.070	12.077.423.777

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NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2024	Additions	Transfers(***)	Disposals	31 March 2024
Cost					
Lands	2.253.672	-	-	-	2.253.672
Land improvements (*)	19.341.352.824	6.737.557	-	-	19.348.090.381
Buildings	4.399.452.530	86.000	-	-	4.399.538.530
Machinery and equipment (**)	16.867.323.595	7.085.874	149.617.123	-	17.024.026.592
Motor vehicles	24.339.206	1.601.415	-	-	25.940.621
Furnitures and fixtures	178.789.716	401.520	-	-	179.191.236
Leasehold improvements	117.335.179	-	-	-	117.335.179
Construction in progress	354.748.334	40.063.025	(149.617.123)	-	245.194.236
	41.285.595.056	55.975.391	-	-	41.341.570.447
Accumulated depreciation					
Land improvements	(3.343.937.284)	(156.240.540)	-	-	(3.500.177.824)
Buildings	(625.225.914)	(31.568.398)	-	-	(656.794.312)
Machinery and equipment	(4.653.072.725)	(206.162.998)	-	-	(4.859.235.723)
Motor vehicles	(16.130.586)	(1.099.503)	-	-	(17.230.089)
Furnitures and fixtures	(132.310.199)	(1.839.115)	-	-	(134.149.314)
Leasehold improvements	(18.087.789)	(1.266.156)	-	-	(19.353.945)
	(8.788.764.497)	(398.176.710)	-	-	(9.186.941.207)
Net book value	32.496.830.559				32.154.629.240

(*) Within the capacity increase project of Ayyıldız wind power plant, the cost of land improvement acquired through finance lease on 27 January 2017 is amounting to TL 3.536.646. As of 31 March 2024, the total amount of accumulated depreciation of related land improvement is TL 674.755.

(**) Within the capacity increase project of Ayyıldız wind power plant, the cost of machinery and equipment acquired through finance lease on 27 January 2017 is amounting to TL 351.319.150. As of 31 March 2024, the total amount of accumulated depreciation of the related machinery and equipment is TL 254.706.383.

(***) Consist of capitalized GES Phase -1.

Current period depreciation expense amounting to TL 397.384.516 has been included in cost of sales and TL 792.194 has been included in general administrative expenses.

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NOTE 4 – PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2023	Additions	Transfers	Disposals	31 March 2023
Cost					
Lands	1.963.957	-	-	-	1.963.957
Land improvements (*)	21.774.975.590	954.071	-	-	21.775.929.661
Buildings	4.148.832.134	-	-	-	4.148.832.134
Machinery and equipment (**)	15.383.784.830	10.447.940	-	-	15.394.232.770
Motor vehicles	20.825.627	70.768	-	-	20.896.395
Furnitures and fixtures	158.657.688	5.104.020	-	(153.106)	163.608.602
Leasehold improvements	43.071.842	-	-	-	43.071.842
Construction in progress	690.550.690	205.799.892	-	-	896.350.582
	42.222.662.358	222.376.691	-	(153.106)	42.444.885.943
Accumulated depreciation					
Land improvements	(2.633.242.070)	(178.201.735)	-	-	(2.811.443.805)
Buildings	(504.800.275)	(29.940.115)	-	-	(534.740.390)
Machinery and equipment	(3.896.174.670)	(183.706.469)	-	-	(4.079.881.139)
Motor vehicles	(12.823.150)	(822.785)	-	-	(13.645.935)
Furnitures and fixtures	(123.315.263)	(566.348)	-	63.796	(123.817.815)
Leasehold improvements	(14.882.858)	(395.939)	-	-	(15.278.797)
	(7.185.238.286)	(393.633.391)	-	63.796	(7.578.807.881)
Net book value	35.037.424.072				34.866.078.062

(*) Within the capacity increase project of Ayyıldız wind power plant, the cost of land improvement acquired through finance lease on 27 January 2017 is amounting to TL 3.536.646. As of 31 March 2023, the total amount of accumulated depreciation of related land improvement is TL 581.685.

(**) Within the capacity increase project of Ayyıldız wind power plant, the cost of machinery and equipment acquired through finance lease on 27 January 2017 is amounting to TL 351.319.150. As of 31 March 2023, the total amount of accumulated depreciation of the related machinery and equipment is TL 219.574.468.

Current period depreciation expense amounting to TL 392.264.457 has been included in cost of sales and TL 1.368.934 has been included in general administrative expenses.

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NOTE 4 - PROPERTY, PLANT AND EQUIPMENT (Continued)

There are no borrowing costs capitalized in the cost of construction in progress for the period ended 31 March 2024 (31 March 2023: None).

Details of the guarantees, pledges and mortgages on property, plant and equipment as of 31 March 2024 and 31 December 2023 are disclosed in Note 6.

NOTE 5 - INTANGIBLE ASSETS

	1 January 2024	Additions	31 March 2024
Costs			
Rights	6.624.163	5.588.460	12.212.623
Licenses	860.191.145	-	860.191.145
	866.815.308	5.588.460	872.403.768
Accumulated amortisation			
Rights	(6.336.134)	(1.315.589)	(7.651.723)
Licenses	(385.536.738)	(5.213.530)	(390.750.268)
	(391.872.872)	(6.529.119)	(398.401.991)
Net book value	474.942.436		474.001.777
	1 January 2023	Additions	31 March 2023
Costs			
Rights	6.561.720	2.888.695	9.450.415
Licenses	827.465.004	-	827.465.004
	834.026.724	2.888.695	836.915.419
Rights	(6.317.870)	(1.252.830)	(7.570.700)
Licenses	(361.695.892)	(6.317.951)	(368.013.843)
	(368.013.762)	(7.570.781)	(375.584.543)
Net book value	466.012.962		461.330.876

Current period amortisation expense amounting to TL 5.705.716 (31 March 2023: TL 6.129.367) has been included in cost of sales and remaining TL 823.403 (31 March 2023: TL 1.441.414) has been included in general administrative expenses.

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NOTE 6 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES**a) Other short - term provisions**

As of 31 March 2024, there are various lawsuits against or in favor of the Group. The Group management estimates the outcomes of these lawsuits and the financial effects thereof, and the required provisions are accounted for based on these estimates. The amount of provisions for the lawsuits as of 31 March 2024 is TL 42.709.231 (31 December 2023: TL 56.897.716).

	31 March 2024	31 December 2023
Litigation provision	42.709.231	56.897.716
Periodical maintenance provisions	36.459.347	40.855.181
	79.168.578	97.752.897

The movements of litigation provision are as follows:

	2024	2023
1 January	56.897.716	81.811.087
Current period charges	1.375.556	1.047.108
Interest charges of litigation provision	-	48.146
Released provisions (Note 12)	(8.554.356)	(243.122)
Monetary gain	(7.009.685)	(33.628.028)
31 March	42.709.231	49.035.191

b) Contingent liabilities**- Guarantees given**

The commitments and contingent liabilities of the Group that are not expected result in a significant loss or liability to the Group are summarized below:

		31 March 2024		31 December 2023	
	Original currency	Original Amount	TL equivalent	Original Amount	TL Equivalent
Letters of guarantees given	TL	299.823.897	299.823.897	177.142.448	177.142.448
	USD	871.408	28.133.756	2.693.232	91.226.931
	EUR	4.343.122	151.150.641	4.343.122	162.783.301
			479.108.294		431.152.680

Guarantees given, in general, are comprised of the letters of guarantees given to the several institutions and organizations within the operations of the Group (to EMRA, vendors whom electricity purchased and electricity transmission and distribution related government authorities, to the tax authorities within the scope of VAT returns) and to the judicial authorities for some of the on-going lawsuits.

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

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NOTE 6 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Guarantees, pledges, mortgages (“GPM”) given by the Group as of 31 March 2024 and 31 December 2023 are as follows:

	Currency	31 March 2024		31 December 2023	
		Original currency	TL equivalent	Original currency	TL equivalent
GPMs given by the Group					
A. GPMs given					
for companies' own legal entity	TL	6.718.284.741	6.718.284.741	7.562.456.058	7.562.456.058
	USD	918.387.008	29.650.491.908	920.208.832	31.169.920.501
	EUR	4.343.122	151.150.635	4.343.122	162.783.295
B.Total amount of GPM given for the subsidiaries and associates in the scope of consolidation					
	-	-	-	-	-
C.Total amount of GPM given for the purpose of maintaining operating activities					
	-	-	-	-	-
D.Total other GPMs given					
i) Total amount of CPMB's given on behalf of the majority shareholder					
	-	-	-	-	-
ii) Total amount of CPMB's given to on behalf of other which are not in scope of B and C.					
	-	-	-	-	-
iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C.					
	-	-	-	-	-
		36.519.927.284		38.895.159.854	

Details of the guarantees given by Akenerji for its own legal entity as of 31 March 2024 are as follows:

As of 11 November 2019, within the scope of financial restructuring between our company Akenerji (“Borrower”) and Yapı ve Kredi Bankası A.Ş., a total of USD 859 million refinancing loan agreement for the maturity of 13 years has been concluded, in order to provide refinancing and maturity extension of all existing debts of our company. In addition to the related loan agreement, Akenerji signed agreements for the Transfer of Receivables, Transfer of Epiş Receivables, Real Estate and Supreme Rights to constitute the collateral of the refinancing loans amounting to USD 465 million and TL 2.271.037.258. In accordance with the Movable Pledge Agreements signed between Akenerji and the Bank, a movable pledge with a total value of TL 6.418.460.843 and a second order of USD 917.515.600 has been established, creating an upper limit for Akenerji. In addition, Yapı ve Kredi Bankası A.Ş. has been determined as a pledge creditor in the insurance policies of power plants as a crew.

As of 31 March 2024, GPMs given by the Group to equity ratio is 228% (31 December 2023: 245%).

- Sales and purchase commitments

Electricity sales and purchase commitments:

Within the scope of electricity energy sales agreements made with energy companies, the Group has committed to sell 252.759 MWh of energy physically in 2024, and within the scope of the related commitment, 252.759 MWh of energy has been sold as of 31 March 2024.

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NOTE 6 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The Group has committed to purchase 68.754 MWh of physical electricity energy within the scope of electricity energy purchase agreements with energy companies in 2024 and as of 31 March 2024, 42.330 MWh of the electricity enerjji was committed to be purchased is completed.

As of 31 March 2024, the Group does not have any physical purchase or sales electricity protocols that it has committed to perform in 2024 and beyond.

Natural gas purchase commitments

In the first quarter of 2024, the Group has fulfilled approximately 27.5% of its annual commitment. Given the current market conditions, water levels, and overall consumption forecasts, it is anticipated that all take-or-pay obligations for 2024 will be met.

Other matters

Kemah Hydroelectric Power Plant project of the Group, with its high installed capacity of 198 MW, its reservoir capacity and its location, is one of Turkey's leading hydropower projects. The State Hydraulic Works Final Project approval process of the project, which is planned to be established in Erzincan and expected to generate an average of 560 GWh of electricity per year, was completed in 2017, the license was modified in 2020 and the pre - construction period was extended. The Project is still in process as of 31 March 2024 and it is among top priority projects of Akenerji Elektrik Üretim A.Ş. A part of current railway passes through the lake area of Kemah HPP will be under water (inundated) after the completion of the project. The relocation of this line will be made by the state as a public investment, and it will be included in the upcoming investment plan by Turkey Republic State Railways and the Ministry of Transport. The Group plans to make the necessary preparatory work for the project after mentioned relocation plan realized. Due to the aforementioned economic analysis and alternative assessments and ongoing relocation plans, construction of Kemah project has not begun as of 31 March 2024, thus the project is not presented in financial statements.

c) Contingent assets

Guarantees received

		31 March 2024		31 December 2023	
	Currency	Original Currency	TL Equivalent	Original currency	TL Equivalent
Letters of guarantees received	TL	245.957.931	245.957.931	430.850.319	430.850.319
	EUR	308.148	10.724.263	318.532	11.938.809
	USD	1.729.000	55.821.457	1.729.000	58.565.829
Notes of guarantees received	TL	1.752.432	1.752.432	19.513.323	19.513.323
	USD	745.824	24.079.226	745.824	25.263.042
	EUR	33.800	1.176.318	33.800	1.266.848
Cheques of guarantees received	GBP	5.675	230.782	5.675	244.489
	TL	106.000	106.000	121.967	121.967
	USD	16.650	537.552	16.650	563.980
Mortgages received	TL	3.242.000	3.242.000	3.730.363	3.730.363
			343.627.961	552.058.969	

Letters of guarantees received, in general, comprised of the letters of guarantees received from the customers in relation to the Group's electricity sales operations.

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NOTE 7 - DERIVATIVE FINANCIAL INSTRUMENTS

	31 March 2024		31 December 2023	
	Contract amount	Fair value	Contract amount	Fair value
Interest rate swaps				
- Short - term	677.993.400	7.281.415	20.197.144	3.983.179
Derivative financial assets	677.993.400	7.281.415	20.197.144	3.983.179
Forward contracts				
- Short - term	677.993.400	12.110.129	1.781.011.100	43.676.366
Derivative financial liabilities	677.993.400	12.110.129	1.781.011.100	43.676.366

Movement of derivative instruments during the period is as follows:

	2024	2023
1 January	(39.693.187)	(37.688.224)
To be reclassified to profit or loss		
- Financial income	31.600.990	7.449.859
- Monetary gain	3.263.483	12.078.530
31 March	(4.828.714)	(18.159.835)

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

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NOTE 8 - EQUITY

Share capital

Akenerji adopted the registered capital system applicable to the companies registered on the CMB and defined a limit to its registered capital for shares. As of 31 March 2024 and 31 December 2023 the share capital held is as follows:

	31 March 2024	31 December 2023
Limit on registered share capital (historical)	1.500.000.000	1.500.000.000
Issued capital	729.164.000	729.164.000

The Company’s shareholders and shareholding structure as of 31 March 2024 and 31 December 2023 are as follows:

	31 March 2024		31 December 2023	
	Share (%)	Amount	Share (%)	Amount
CEZ a.s.	37,36	272.425.943	37,36	272.425.943
Akkök Holding A.Ş.	20,43	148.989.090	20,43	148.989.090
Akarsu Enerji Yatırımları San. ve Ticaret A.Ş. ("Akarsu")	16,93	123.436.852	16,93	123.436.852
Publicly held	25,28	184.312.115	25,28	184.312.115
		729.164.000		729.164.000
Adjustment to share capital(*)		9.655.720.212		9.655.720.212
Total paid-in capital		10.384.884.212		10.384.884.212

(*) Adjustment to share capital” represents the restatement effect of cash and cash equivalent contributions to share capital measured in accordance with the TAS/IFRS promulgated by the POA. “Adjustment to share capital” has no use other than being transferred to paid-in share capital.

The share capital of the Company consists of 72.916.400.000 shares with a nominal value of 1 Kr for each where no privilege rights are provided for any kind of shares.

Hyperinflation adjustments made on equity according to TAS 29, published by CMB on 7 March 2024, are presented below:

Equity	PPE indexed accounting entries	CPE indexed accounting entries	Differences classified in retained earnings
Adjustments to share capital	11.638.363.215	9.655.720.212	(1.982.643.003)
Share premiums	1.346.262.550	933.746.102	(412.516.448)
Restricted reserves	293.965.705	202.083.144	(91.882.561)

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

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NOTE 8 – EQUITY (Continued)

Retained Earnings

Hyperinflation adjustments made on retained earnings according to TAS 29, published by CMB on 7 March 2024, are presented below:

Retained Earnings	Balances before hyperinflation accounting	Balances after hyperinflation accounting
31 December 2023	(7.898.178.865)	(3.941.351.350)
1 January 2023	(6.473.542.581)	(6.408.394.691)

Share premium

Share premiums presented in the consolidated financial statements represent the proceeds from the excess of the amount of shares compared to their nominal values.

Regal reserves

Turkish Commercial Code stipulates that the legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's paid - in share capital. Other legal reserve is appropriated out of 10% of the distributable income after 5% dividend is paid to shareholders. Under the TCC, legal reserves can only be used for compensating losses, continuing operations in severe conditions or preventing unemployment and taking actions for relieving its effects in case general legal reserves does not exceed half of paid - in capital or issued capital.

NOTE 9 - TAX ASSETS AND LIABILITIES

	31 March 2024	31 December 2023
Current income tax expenses	20.147	27.312.281
Prepaid taxes	(4.115.512)	(30.196.794)
Current income tax liabilities/ (Current income tax assets), net	(4.095.365)	(2.884.513)

Corporation tax

The Group is subject to corporate tax in Turkey. Necessary provisions have been made in the financial statements for the estimated tax liabilities of the Group related to the current period activity results.

The corporate tax rate in Turkey is 25% (31 December 2023: 25%). The corporate tax rate is applied to the net corporate income to be found as a result of adding the non-deductible expenses to the commercial earnings of the companies, and deducting the exemptions and deductions stated in the tax laws. Losses can be carried forward to offset against future taxable income for up to 5 years. However, the resulting losses cannot be deducted retrospectively from the profits of previous years.

In Turkey, there is no practice to reconcile with the tax authority on taxes payable. The corporate tax return is submitted until the evening of the 30th day of the fourth month following the end of the accounting period and is paid until the end of the month.

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NOTE 9 - TAX ASSETS AND LIABILITIES (Continued)

Companies in Turkey calculate temporary tax at the rate of 25% over their quarterly financial profits (31 December 2023: 25%) and declared until the 17th day of the second month following that period. pay by the evening of the seventeenth day. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated over the corporate tax return to be submitted in the following year. Despite the deduction, if there is an amount of advance tax paid, this amount can be refunded or deducted in cash.

Income tax withholding

Limited taxpayers, who earn income through a permanent establishment or representative and pay it to companies (dividends) resident in Turkey, not subject to withholding tax. Dividend payments made to persons other than these are subject to 10% withholding tax. The profit included to the capital is not a profit distribution.

The details of tax income / expense for the period ended 31 March 2024 and 2023 are as follows:

	1 January - 31 March 2024	1 January - 31 March 2023
Current income tax expense (-)	(20.147)	(13.004.400)
Deferred tax(expense)/income	(262.974.666)	(233.743.821)
	(262.994.813)	(246.748.221)

Deferred taxes

	31 March 2024	31 December 2023
Deferred tax assets	5.514.074	12.157.288
Deferred tax liabilities	(709.180.389)	(451.593.335)
Deferred tax assets, net	(703.666.315)	(439.436.047)

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising from its financial statements prepared in compliance with TAS and its statutory tax financial statements. The temporary differences usually result from the recognition of revenue and expenses in different reporting periods according to TAS and Tax Laws.

The tax rate used in the calculation of deferred tax assets and liabilities is 25% (31 December 2023: 25%)

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NOTE 9 - TAX ASSETS AND LIABILITIES (Continued)

The breakdown of cumulative temporary differences and the resulting deferred tax assets/liabilities provided using principal tax rates is as follows:

	Total temporary differences		Deferred tax assets/(liabilities)	
	31 March 2024	31 December 2023	31 March 2024	31 December 2023
Derivative financial instruments	(4.828.714)	(39.693.187)	1.207.179	9.923.297
Investment incentives (*)	(811.020.419)	(836.266.225)	202.755.105	209.066.557
Provisions for lawsuits	(42.709.231)	(56.897.716)	10.677.308	14.224.429
Provision for employment termination benefit	(28.334.513)	(31.071.119)	7.083.628	7.767.780
Adjustments to property, plant and equipment	3.792.653.986	2.725.799.779	(948.163.497)	(681.449.944)
Provision for unused vacation rights	(12.674.669)	(8.146.460)	3.168.667	2.036.616
Adjustments to borrowings	192.794.641	242.691.870	(48.198.660)	(60.672.968)
Other	(249.858.644)	(238.672.762)	67.803.955	59.668.186
Deferred tax assets/(liabilities), net			(703.666.315)	(439.436.047)

(*) Within the scope of former Article 19 of Income Taxation Law, the related amount of investment incentive is mainly due to investment expenditures of Ulubat HEPP.

Details of tax losses on which deferred taxes are not recognized, along with the year it is incurred and the maximum year it can be utilized, are provided below (balances are presented in their historic cost):

Year incurred	Year can be used	31 March 2024	31 December 2023
2019	2024	133.261.859	133.261.859
2020	2025	262.766.427	262.766.427
2021	2026	1.181.821.985	1.181.821.985
2022	2027	220.741.282	220.741.282
2023	2028	1.502.157.872	1.502.157.872
2024	2029	1.419.775.438	-
		4.720.524.863	3.300.749.425

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NOTE 10 - REVENUE AND COST OF SALES**a) Revenue**

	1 January- 31 March 2024	1 January- 31 March 2023
Revenue on sharing of imbalance savings	2.498.555.005	3.217.737.811
Electricity sales revenue	2.074.890.931	5.330.989.993
Revenue on seconder frequency control	207.667.614	283.579.135
Revenue on loading orders	85.729.799	845.775.546
Revenue on capacity mechanism	19.611.169	68.747.263
Other revenues	170.317.216	167.812.589
	5.056.771.734	9.914.642.337

b) Cost of sales

	1 January- 31 March 2024	1 January- 31 March 2023
Direct raw materials consumed and cost of electricity purchased(*)	4.310.129.839	8.691.525.109
Depreciation and amortisation expenses	409.192.981	403.778.825
Personnel expenses	135.259.538	60.890.443
Maintenance and repair expenses	94.338.986	90.470.189
Insurance expenses	36.883.597	38.099.399
Other materials and spare parts consumed	33.398.975	1.630.171
Other expenses	38.264.147	210.471.439
	5.057.468.063	9.496.865.575

(*) Direct raw materials consumed comprised of cost of natural gas purchased, cost of energy purchased, imbalance sharing costs, system usage costs, and etc.

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NOTE 11- EXPENSES BY NATURE

	1 January- 31 March 2024	1 January- 31 March 2023
Direct raw materials consumed and cost of electricity purchased (*)	4.310.129.839	8.691.525.109
Depreciation and amortisation expenses (**)	413.155.726	431.935.459
Personnel expenses (***)	207.244.119	118.143.058
Maintenance and repair expenses	94.338.986	90.470.189
Insurance expenses (****)	37.636.935	38.591.649
Other materials and spare parts consumed	33.398.975	1.630.171
Consultancy expenses	10.898.779	6.710.252
Taxes and duties	7.675.827	8.340.838
IT expenses	6.967.923	5.802.635
Office expenses	4.517.239	4.021.078
Vehicle expenses	4.241.454	1.516.042
Travel expenses	2.797.806	1.004.933
Legal and notary expenses	694.215	498.473
Advertising and sponsorship expenses	284.782	415.021
Other expenses	51.870.439	190.519.974
	5.185.853.044	9.591.124.881

- (*) Direct raw materials consumed comprised of cost of natural gas purchased, cost of energy purchased, imbalance sharing costs, system usage costs, and etc.
- (**) Depreciation and amortization expenses amounting to TL 409.192.981 (31 March 2023: TL 403.778.825) is classified in cost of sales, TL 3.962.745 (31 March 2023: TL 4.289.036) of amortization and depreciation expenses is classified in general administrative expenses.
- (***) Personnel expenses amounting to TL 135.259.538 (31 March 2023: TL 60.890.443) is classified in cost of sales, TL 71.984.581 (31 March 2023: TL 57.252.615) is classified in general and administrative expenses.
- (****) Insurance expenses amounting to TL 36.883.597 (31 March 2023: TL 38.099.399) is classified in cost of sales, TL 753.338 (31 March 2023: TL 492.251) is classified in general and administrative expenses.

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NOTE 12 - OTHER OPERATING INCOME AND EXPENSE**a) Other operating income**

	1 January- 31 March 2024	1 January- 31 March 2023
Gain on futures and options markets	25.589.713	4.971.129
Delay interests received	21.175.857	79.244.269
Foreign exchange gains from trading activities	16.244.560	13.177.177
Provisions no longer required (*)	11.977.541	234.018
Income from insurance compensation	7.010	22.044.293
Other income	17.448.392	8.272.913
	92.443.073	127.943.799

(*) As of 31 March 2024, TL 8.158.101 (31 March 2023: 234.018) of the provisions no longer required from litigation provisions, TL 3.772.474 from no longer required premium provisions (31 March 2023: None) and TL 466.966 from other no longer required provisions (31 March 2023: None)

b) Other operating expense

	1 January- 31 March 2024	1 January- 31 March 2023
Losses on futures and options market	25.874.693	9.014.386
Foreign exchange losses from trading activities	22.541.248	10.452.130
Delay interests charged	13.833.993	12.036.772
Provisions for litigations	1.311.838	1.007.899
Other expenses	25.580.491	5.429.418
	89.142.263	37.940.605

NOTE 13 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES**a) Income from investing activities**

	1 January - 31 March 2024	1 January - 31 March 2023
Fair value difference gain on exchange rate protected deposit accounts	11.542.643	10.212.558
Profit on sale of property, plant and equipment	21.824	6.462
Other income	510.276	-
	12.074.743	10.219.020

b) Other operating expenses

	1 January - 31 March 2024	1 January - 31 March 2023
Loss on sale of property, plant and equipment	53	-
Fair value difference loss on exchange rate protected deposit accounts	-	586.148
	53	586.148

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NOTE 14 - FINANCIAL INCOME AND EXPENSES**a) Financial income**

	1 January - 31 March 2024	1 January - 31 March 2023
Foreign exchange gain	115.836.637	45.586.022
Interest income	32.397.674	40.233.898
Gain on derivative financial instruments	30.308.620	7.988.642
	178.542.931	93.808.562

b) Financial expenses

	1 January - 31 March 2024	1 January - 31 March 2023
Foreign exchange losses	1.176.656.146	346.955.563
Interest and commission expenses	460.945.127	468.167.771
Losses on derivative financial instruments	16.483.534	4.901.106
Other financial expenses	4.193.306	5.209.537
	1.658.278.113	825.233.977

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NOTE 15 - RELATED PARTY DISCLOSURES

a) Transaction with related parties

- Purchases from related parties

	1 January - 31 March 2024	1 January - 31 March 2023
Sakarya Elektrik Perakende Satış A.Ş. ("Sepaş") (1) (****)	131.214.758	323.515.069
Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş. ("Aktek") (2) (**)	9.467.084	5.902.167
Dinkal Sigorta Acenteliği A.Ş. ("Dinkal") (3) (**)	7.144.058	15.362.745
Aksa Akrilik Kimya Sanayi A.Ş. ("Aksa") (4) (**)	6.950.914	12.504.721
Ak-Han Bakım Yön. Serv. Hiz. Güv. Malz. A.Ş. ("Ak-Han") (5) (**)	6.753.573	5.958.477
Cez a.s. (6) (*)	3.474.009	15.399.574
Akkök Holding A.Ş. ("Akkök") (7) (*)	209.356	3.225.330
Other	100.104	-
	165.313.856	381.868.083

(1) Comprised of purchase of electricity and sharing of instability savings.

(2) Comprised of IT services received.

(3) Comprised of insurances purchased from insurance companies by the intermediary of Dinkal.

(4) Comprised of sharing of instability savings.

(5) Comprised of building maintenance and other services received.

(6) Comprised of purchase of electricity and risk sharing contracts.

(7) Comprised of rent service received.

- Sales to related parties

	1 January - 31 March 2024	1 January - 31 March 2023
Sepaş (1) (****)	151.427.888	3.197.085.618
Cez a.s (2) (*)	42.621.615	25.880.807
Aksa (3) (**)	9.218.989	19.914.323
Akiş Gayrimenkul Yatırım A.Ş. (4) (**)	393.115	-
Other	37.839	187.617
	203.699.446	3.243.068.365

(1) Comprised of sales of electricity and sharing of instability.

(2) Comprised of sales of electricity and risk sharing contracts.

(3) Comprised of sharing of instability.

(4) Comprised of service sales related to the installation of the solar power plant.

(*) Shareholder.

(**) Akkök Holding group company.

(***) Cez a.s. group company.

(****) Akkök Holding and Cez a.s. group company.

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NOTE 15 - RELATED PARTY DISCLOSURES (Continued)

b) Balances with related parties

- Short-term trade receivables from related parties

	31 March 2024	31 December 2023
Aksa ^{(1) (**)}	1.911.104	3.900.124
CEZ a.s. ^{(2) (*)}	1.854.623	2.330.380
Akiş Gayrimenkul Yatırım A.Ş. ^{(3) (**)}	442.883	-
Sepaş ^{(4) (****)}	125.894	138.116.871
Other	-	34.435
	4.334.504	144.381.810

(1) Comprised of receivables from sharing of instability.

(2) Comprised of receivables from sales of electricity and risk sharing.

(3) Comprised of receivables arising from service fees provided for the solar energy system.

(4) Comprised of receivables from sales of electricity and sharing of instability.

The average maturity days of trade receivables from related parties is 20 days.

- Short-term trade payables to related parties

	31 March 2024	31 December 2023
Dinkal ^{(1) (**)}	86.268.449	160.365.171
CEZ a.s. Turkey Daimi Tem. ^{(2) (****)}	5.261.593	5.666.529
Aktek ^{(3) (**)}	3.489.741	6.979.280
Aksa ^{(4) (**)}	2.627.540	2.952.878
Ak-Han ^{(5) (**)}	2.578.951	2.699.038
Akkök Holding A.Ş. ("Akkök") ^{(6) (*)}	2.229.970	2.657.707
CEZ a.s. ^{(7) (*)}	1.784.146	7.252.282
Akgirişim Mütahhitlik Müş. Ve Çevre Tekn. San. Ve Tic. A.Ş. ^{(8) (*)}	476.153	499.563
Akiş Gayrimenkul Yatırım A.Ş. ^{(9) (**)}	69.000	-
Sepaş ^{(10) (****)}	49.276	16.603.925
Other	11.430	-
	104.846.249	205.676.373

(1) Comprised of payables to Dinkal for the insurances purchased from insurance companies by the intermediary of Dinkal.

(2) Comprised of the payables related to consultancy services received.

(3) Comprised of the payables related to IT services and equipment purchased.

(4) Comprised of the payables related to electricity and sharing of instability.

(5) Comprised of the payables related to office maintenance and management services received.

(6) Comprised of the payables related to consultancy and rent services received.

(7) Comprised of purchase of electricity and risk sharing contracts.

(8) Comprised of liabilities arising from the procurement of investment services

(9) Comprised of rental liabilities arising from land use

(10) Comprised of the payables related to electricity and sharing of instability.

(*) Shareholder.

(**) Akkök Holding group company.

(***) CEZ a.s. group company.

(****) Akkök Holding and CEZ a.s. group company.

The average maturity days of trade payables from related parties is 30 days.

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NOTE 15 - RELATED PARTY DISCLOSURES (Continued)

c) Key management compensation

For the purpose of these consolidated financial statements, key management compensation consists of the payments made to Group shareholders and top management (General Manager and Vice General Managers and directors).

	1 January - 31 March 2024	1 January - 31 March 2023
Bonus payment	8.646.294	14.310.446
Salaries and benefits	8.146.493	9.892.540
Attendance fee	720.715	605.305
	17.513.502	24.808.291

NOTE 16 - FINANCIAL RISK MANAGEMENT

- Foreign exchange risk

The Group is exposed to foreign exchange risk through the impact of rate changes in the translation of foreign currency denominated assets and liabilities to local currency. Foreign exchange risk arises from future obligations as well as foreign currency denominated assets and liabilities. These risks are monitored and limited by the monitoring of the foreign currency position. In order to manage this risk, foreign exchange purchases are made from spot markets and derivative instruments are used. The management limits the foreign currency position of the Group through analyzing it. The Group has reduced its exposure to currency risk by converting a significant portion of its USD denominated loans into TL with the refinancing it has made within the scope of Financial Restructuring on 11 November 2019. In addition to these, the Group has reduced its exposure to currency risk by creating a natural hedge mechanism from USD based revenues obtained within the scope of Turkish Renewable Energy Resources Support Mechanism.

The details of the foreign currency assets and liabilities as of 31 March 2024 and 31 December 2023 are as follows:

	31 March 2024	31 December 2023
Assets	1.524.910.224	1.469.497.080
Liabilities	(13.801.944.465)	(14.379.778.081)
Net financial position	(12.277.034.241)	(12.910.281.001)
Net position of derivative instruments	-	(2.026.056.338)
Foreign currency position (net)	(12.277.034.241)	(14.936.337.339)

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 16 – FINANCIAL RISK MANAGEMENT (Continued)

Assets and liabilities denominated in foreign currency held by the Group at 31 March 2024 and 31 December 2023 and their TL equivalent are as follows:

	31 March 2024				31 December 2023			
	TL Equivalent	USD	Euro	Other	TL Equivalent	USD	Euro	Other
Trade receivables	153.600.992	4.699.646	53.762	-	160.434.675	4.232.250	455.624	-
Monetary financial assets	1.346.072.866	35.559.765	5.689.528	73	1.281.883.831	34.884.922	2.674.325	73
Current assets	1.499.673.858	40.259.411	5.743.290	73	1.442.318.506	39.117.172	3.129.949	73
Monetary financial assets	25.236.366	-	725.135	-	27.178.574	-	725.135	-
Non-current assets	25.236.366	-	725.135	-	27.178.574	-	725.135	-
Total assets	1.524.910.224	40.259.411	6.468.425	73	1.469.497.080	39.117.172	3.855.084	73
Trade payables	207.006.532	5.960.093	419.011	-	343.052.241	9.430.298	630.270	-
Financial liabilities	3.563.209.465	109.073.845	1.198.679	-	3.682.355.154	107.306.258	1.270.168	-
Other monetary liabilities	23.290.042	721.380	-	-	36.890.883	1.089.105	-	-
Short-term liabilities	3.793.506.039	115.755.318	1.617.690	-	4.062.298.278	117.825.661	1.900.438	-
Financial liabilities	9.935.515.458	303.041.042	4.359.316	-	10.242.703.197	296.932.692	4.930.622	-
Other monetary liabilities	72.922.968	2.258.698	-	-	74.776.606	2.207.580	-	-
Long-term liabilities	10.008.438.426	305.299.740	4.359.316	-	10.317.479.803	299.140.272	4.930.622	-
Total liabilities	13.801.944.465	421.055.058	5.977.006	-	14.379.778.081	416.965.933	6.831.060	-
Net Asset(Liability) Position of Statement of Financial Position								
Derivative Instruments	-	-	-	-	(2.026.056.346)	(59.813.914)	-	-
Off statement of financial position foreign currency derivative assets	677.993.400	21.000.000	-	-	23.239.558	686.086	-	-
Off statement of financial position foreign currency derivative liabilities	677.993.400	21.000.000	-	-	2.049.295.904	60.500.000	-	-
Net foreign currency asset(liability) position	(12.277.034.241)	(380.795.647)	491.419	73	(14.936.337.347)	(437.662.675)	(2.975.976)	73
Net foreign currency asset(liability) position of monetary items	(12.277.034.241)	(380.795.647)	491.419	73	(12.910.281.001)	(377.848.761)	(2.975.976)	73
Total fair value of financial instruments used for foreign currency hedging	4.828.714	149.563	-	-	34.496.730	1.171.836	-	-
Export	192.871.084	4.896.318	1.203.550	-	1.208.547.180	17.029.604	24.833.311	-
Import	168.062.461	5.298.636	130.476	-	771.007.517	20.783.882	7.592.492	7.228

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NOTE 16 - FINANCIAL RISK MANAGEMENT (Continued)

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and EURO. As of 31 March 2024 and 2023, the following table shows the details of Group's sensitivity to a 10% increase and decrease in the TL against relevant foreign currencies, all other variables held constant. The sensitivity analysis includes only monetary items in open foreign currency at the end of the year.

	31 March 2024			
	Profit /Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
+/- 10% fluctuation of USD rate against to TL				
1- USD net asset/liability	(1.229.413.978)	1.229.413.978	(1.229.413.978)	1.229.413.978
2- Part of hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(1.229.413.978)	1.229.413.978	(1.229.413.978)	1.229.413.978
+/- 10% fluctuation of EUR rate against to TL				
4- EUR net asset/liability	1.710.251	(1.710.251)	1.710.251	(1.710.251)
5- Part of hedged from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	1.710.251	(1.710.251)	1.710.251	(1.710.251)
+/- 10% fluctuation of other currencies rate against to TL				
7- Other currencies net asset/liability	297	(297)	297	(297)
8- Part of hedged from other currencies risk (-)	-	-	-	-
9- Other currencies net effect (7+8)	297	(297)	297	(297)
Total (3+6+9)	(1.227.703.430)	1.227.703.430	(1.227.703.430)	1.227.703.430
	31 December 2023			
	Profit /Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
+/- 10% fluctuation of USD rate				
1- USD net asset/liability	(1.279.874.246)	1.279.874.246	(1.279.874.246)	1.279.874.246
2- Part of hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(1.279.874.246)	1.279.874.246	(1.279.874.246)	1.279.874.246
+/- 10% fluctuation of EUR rate				
4- EUR net asset/liability	(11.154.169)	11.154.169	(11.154.169)	11.154.169
5- Part of hedged from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(11.154.169)	11.154.169	(11.154.169)	11.154.169
+/- 10% fluctuation of other currencies rate against to TL				
7- Other currencies net asset/liability	314	(314)	314	(314)
8- Part of hedged from other currencies risk (-)	-	-	-	-
9- Other currencies net effect (7+8)	314	(314)	314	(314)
Total (3+6+9)	(1.291.028.101)	1.291.028.101	(1.291.028.101)	1.291.028.101

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NOTE 17 - FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. 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.

Following methods and assumptions were used to estimate the fair value of the financial instruments for which is practicable to estimate fair value:

Financial assets

The carrying values of financial assets including cash and cash equivalents which are accounted with their costs are estimated to be their fair values since they are short term.

The carrying values of trade receivables along with the related allowances for uncollectability are estimated to be their fair values.

Financial liabilities

The fair values of floating rate and short-term bank borrowings and other financial liabilities are estimated to converge to their fair values.

Fair value hierarchy table

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques does not contains observable market inputs

As of 31 March 2024, the Group has short-term liabilities from derivative financial instruments amounting to TL 12.110.129 (31 December 2023: TL 43.676.366) which are categorized as level 2. As of 31 March 2024, the Group does not have long-term liabilities from derivative financial instruments (31 December 2023:None). As of 31 March 2024, there is a short-term derivative financial asset amounting to TL 7.281.415 (31 December 2023: 3.983.179).

Fair value of the lands, land improvements, buildings, machinery and equipment of the Group's power plants were measured by a professional independent valuation company on 31 December 2023 through other valuation techniques involving direct and indirect observable inputs (Level 3) (Note 2.6).

NOTE 18 – SUBSEQUENT EVENTS

None.

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