

(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 - 30 June 2023



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

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

To the General Assembly of Akenerji Elektrik Üretim A.Ş.

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Akenerji Elektrik Üretim A.Ş. (the “Company”) and its subsidiaries (collectively referred as the “Group”) as at 30 June 2023 and the related condensed consolidated interim statements of profit or loss, the condensed consolidated statement of other comprehensive income, the condensed consolidated statement of changes in equity and cash flows for the six-month period then ended. The management of the Group is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with Turkish Accounting Standard 34 (“TAS 34”) “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements (“SRE”) 2410, “Review of interim financial information performed by the independent auditor of the entity”. A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and the objective of which is to express an opinion on the consolidated financial statements. Consequently, a review on the interim condensed consolidated financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to conclude that the accompanying interim condensed consolidated financial information of Akenerji Elektrik Üretim A.Ş. is not prepared, in all material respects, in accordance with TAS 34.

Additional explanation for convenience translation into English

Turkish Financial Reporting Standards differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies by 30 June 2023. Accordingly, the accompanying interim condensed consolidated financial information are not intended to present fairly the consolidated financial position and results of operations of the Group in accordance with IFRS.

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

Çağlar Sürücü, SMMM
Partner

Istanbul, 15 August 2023

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

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AKENERJİ ELEKTRİK ÜRETİM A.Ş.**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2023 AND 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Current period	Prior period
		Limited reviewed	Audited
	Notes	30 June 2023	31 December 2022
ASSETS			
Current assets			
Cash and cash equivalents		1.441.332.440	1.248.911.631
Financial investment		93.534.883	80.821.510
Derivative instruments	7	23.824.074	-
Trade receivables			
- Due from related parties	15	96.498.529	568.320.563
- Due from third parties		571.381.581	1.647.782.560
Other receivables			
- Due from third parties		24.755.623	6.388.819
Inventories		68.334.335	36.401.172
Prepaid expenses		77.758.049	125.214.113
Current income tax assets	9	1.902.415	2.008.870
Other current assets		87.659.658	38.692.237
Total current assets		2.486.981.587	3.754.541.475
Non - current assets			
Other receivables			
- Due from third parties		33.351.699	31.277.493
Financial investments		100.000	100.000
Inventories		33.670.682	26.130.255
Property, plant and equipment	4	18.175.865.799	18.304.784.854
Right of use assets		88.009.968	41.316.820
Intangible assets	5	158.523.448	149.586.152
Prepaid expenses		79.028.324	142.837.928
Deferred tax assets	9	5.343.296	5.814.865
Other non-current assets		93.598.930	122.313.398
Total non - current assets		18.667.492.146	18.824.161.765
TOTAL ASSETS		21.154.473.733	22.578.703.240

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

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2023 AND 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Current period	Prior period
		Limited reviewed	Audited
	Notes	30 June 2023	31 December 2022
LIABILITIES			
Current liabilities			
Short term portion of long-term borrowings			
- Bank loans	3	991.211.099	673.037.183
- Lease payables	3	45.045.944	28.848.894
Trade payables			
- Due to related parties	15	46.527.017	221.018.207
- Due to third parties		526.988.050	2.110.965.786
Employee benefit obligations		8.937.774	5.073.874
Other payables			
- Other payables to third parties		216.387.572	208.276.779
Derivative instruments	7	5.075.445	20.733.192
Current income tax liabilities	9	8.477.425	1.609.716
Deferred income		27.894.112	21.671.026
Short term provisions			
- Provisions for employee benefits		14.696.592	20.010.000
- Other short - term provisions	6	77.590.225	71.547.325
Total current liabilities		1.968.831.255	3.382.791.982
Non - current liabilities			
Long term borrowings			
- Bank loans	3	13.413.795.610	10.827.793.031
- Lease payables	3	233.706.934	160.241.385
Other payables			
- Due to third parties		511.440.788	430.338.432
Derivative instruments	7	-	1.634.321
Long term provisions			
- Provisions for employee benefits		38.584.915	34.611.874
Deferred tax liabilities	9	1.682.144.123	2.014.005.753
Total non - current liabilities		15.879.672.370	13.468.624.796
EQUITY			
Share capital	8	729.164.000	729.164.000
Adjustments to share capital	8	101.988.910	101.988.910
Share premiums		50.220.043	50.220.043
Other comprehensive income/(expense) not to be reclassified to profit/loss			
Gains/losses on revaluation and remeasurement			
- Increase on revaluation of property, plant and equipment		12.611.847.055	12.903.686.572
- Losses on re-measurement of defined benefit plans		(28.247.302)	(19.450.305)
Other comprehensive income/(expense) to be reclassified to profit/loss			
Losses on hedges			
- Losses on cash flow hedging		(717.988)	(1.949.699)
Restricted reserves			
- Legal reserves	8	12.053.172	12.053.172
- Other reserves		(4.322.722)	(4.322.722)
Accumulated losses		(7.752.263.992)	(6.473.542.581)
Net loss for the period		(2.413.751.068)	(1.570.560.928)
Total equity		3.305.970.108	5.727.286.462
TOTAL LIABILITIES AND EQUITY		21.154.473.733	22.578.703.240

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

AKENERJİ ELEKTRİK ÜRETİM A.Ş.**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE INTERIM PERIODS BETWEEN 1 JANUARY - 30 JUNE 2023 AND 2022**

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated.)

		Current period		Prior period	
		Limited reviewed		Limited reviewed	
	Notes	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Revenue	10	8.896.653.448	3.888.016.532	3.305.284.038	1.672.499.897
Cost of sales (-)	10	(8.231.723.789)	(3.300.374.965)	(2.912.896.443)	(1.519.112.290)
GROSS PROFIT		664.929.659	587.641.567	392.387.595	153.387.607
General administrative expenses (-)	11	(122.906.697)	(62.256.246)	(69.499.421)	(36.660.418)
Other operating income	12	267.725.322	326.926.102	196.949.962	126.131.770
Other operating expenses (-)	12	(157.902.310)	(284.259.122)	(137.023.276)	(94.069.923)
OPERATING PROFIT		651.845.974	568.052.301	382.814.860	148.789.036
Income from investing activities	13	7.978.465	17.991	1.984.558	-
Expenses from investing activities (-)	13	(536.912)	-	(536.912)	-
OPERATING PROFIT BEFORE FINANCIAL INCOME/ (EXPENSE)		659.287.527	568.070.292	384.262.506	148.789.036
Financial income	14	393.603.866	249.800.018	339.819.582	154.430.084
Financial expenses (-)	14	(3.779.827.082)	(2.257.672.974)	(3.280.568.673)	(1.323.477.962)
LOSS BEFORE TAX		(2.726.935.689)	(1.439.802.664)	(2.556.486.585)	(1.020.258.842)
Tax (Expense)/Income					
Current income tax expense (-)	9	(16.314.132)	(213.318)	(8.683.525)	(213.318)
Deferred tax income	9	329.498.753	223.556.954	272.508.898	166.215.578
NET LOSS FOR THE PERIOD		(2.413.751.068)	(1.216.459.028)	(2.292.661.212)	(854.256.582)
Net loss attributable to:					
Equity holders of the parent		(2.413.751.068)	(1.216.459.028)	(2.292.661.212)	(854.256.582)
		(2.413.751.068)	(1.216.459.028)	(2.292.661.212)	(854.256.582)
Earnings losses per shares (1.000 shares)		(3,310)	(1,668)	(3,144)	(1,172)

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

AKENERJİ ELEKTRİK ÜRETİM A.Ş.**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIODS BETWEEN 1 JANUARY - 30 JUNE 2023 AND 2022****(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated.)**

	Current period	Prior period		
	Limited	Limited		
	reviewed	reviewed		
	1 January -	1 January -	1 April -	1 April -
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Net loss for the period	(2.413.751.068)	(1.216.459.028)	(2.292.661.212)	(854.256.582)
Other comprehensive income/(expense)				
To be reclassified to profit or loss				
Gains on cash flow hedging	1.539.646	1.539.664	774.071	774.086
Deferred tax effect	(307.935)	(307.935)	(154.823)	(154.818)
Not to be reclassified to profit or loss				
Actuarial gain/(loss) arising from defined benefit plans	(10.996.246)	(4.263.968)	(1.840.748)	(3.106.026)
Deferred tax effect	2.199.249	852.794	368.149	621.205
Other comprehensive expense	(7.565.286)	(2.179.445)	(853.351)	(1.865.553)
Total comprehensive expense	(2.421.316.354)	(1.218.638.473)	(2.293.514.563)	(856.122.135)

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

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE INTERIM PERIODS BETWEEN 1 JANUARY - 30 JUNE 2023 AND 2022**

(Amounts expressed in Turkish Lira ("TL"), 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				Total equity	
	Share capital	Adjustments to share capital	Share premiums	Increase on revaluation of property, plant and equipment	Losses on re-measurement of defined benefit plans	Gains/(losses) on cash flow hedging	Other reserves	Legal reserves	Retained earnings/(accumulated losses)		Net loss for the period
1 January 2022	729.164.000	101.988.910	50.220.043	7.497.657.048	(3.786.335)	(4.433.563)	(4.322.722)	12.053.172	(4.270.074.525)	(2.530.261.924)	1.578.204.104
Transfers	-	-	-	-	-	-	-	-	(2.530.261.924)	2.530.261.924	-
Total comprehensive expense	-	-	-	-	(3.411.174)	1.231.729	-	-	-	(1.216.459.028)	(1.218.638.473)
Other adjustments (*)	-	-	-	(163.447.229)	-	-	-	-	163.447.229	-	-
30 June 2022	729.164.000	101.988.910	50.220.043	7.334.209.819	(7.197.509)	(3.201.834)	(4.322.722)	12.053.172	(6.636.889.220)	(1.216.459.028)	359.565.631
1 January 2023	729.164.000	101.988.910	50.220.043	12.903.686.572	(19.450.305)	(1.949.699)	(4.322.722)	12.053.172	(6.473.542.581)	(1.570.560.928)	5.727.286.462
Transfers	-	-	-	-	-	-	-	-	(1.570.560.928)	1.570.560.928	-
Total comprehensive expense	-	-	-	-	(8.796.997)	1.231.711	-	-	-	(2.413.751.068)	(2.421.316.354)
Other adjustments (*)	-	-	-	(291.839.517)	-	-	-	-	291.839.517	-	-
30 June 2023	729.164.000	101.988.910	50.220.043	12.611.847.055	(28.247.302)	(717.988)	(4.322.722)	12.053.172	(7.752.263.992)	(2.413.751.068)	3.305.970.108

(*) As of 30 June 2023, the depreciation difference between the acquisition cost and the carrying values of the assets subject to revaluation method amounting to TL 291.839.517 (30 June 2022: TL 163.447.229), were reclassified to accumulated losses from revaluation fund of property, plant and equipment.

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

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIODS BETWEEN 1 JANUARY - 30 JUNE 2023 AND 2022**

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated.)

		Current period	Prior period
		Limited reviewed	Limited reviewed
	Notes	1 January - 30 June 2023	1 January - 30 June 2022
A. Cash flows from operating activities		1.249.969.671	804.763.146
Net loss for the period		(2.413.751.068)	(1.216.459.028)
Adjustments to reconcile net loss for the period		3.773.831.314	2.251.915.336
Adjustments for depreciation and amortisation expenses	11	421.782.630	255.325.838
Adjustments for provisions			
- Adjustment for provisions for employee benefits		23.393.316	10.492.560
- Adjustments for litigation provisions	6	420.280	(1.684.173)
- Adjustments for other provisions	6	5.622.620	(2.331.037)
Adjustments for interest income		(51.550.516)	(15.099.095)
Adjustments for interest expense		591.611.993	609.976.178
- Adjustments for fair value of derivative financial investments		(7.940.410)	-
- Adjustments for (gain)/loss on sale of property, plant and equipment		(9.300)	-
Adjustments for unrealized foreign exchange differences		3.148.553.056	1.594.143.733
Fair value adjustments			
-Adjustments for fair value of derivative financial instruments		(44.867.734)	24.434.968
Adjustments for tax income	9	(313.184.621)	(223.343.636)
Changes in working capital		(65.040.678)	(218.441.414)
Increase/decrease in trade receivables from related parties		471.822.034	(38.375.979)
Increase/decrease in trade receivables from third parties		1.076.400.979	(53.633.852)
Increase/decrease in other receivables from related parties		-	(456.680)
Increase/decrease in other receivables from third parties		(20.441.010)	(9.207.830)
Increase/decrease in inventories		(39.473.590)	(3.780.355)
Increase/decrease in prepaid expenses		189.804.432	(114.071.929)
Increase/decrease in other assets		(20.252.953)	(110.016.218)
Increase/decrease in trade payables to related parties		(174.491.190)	(16.075.839)
Increase/decrease in trade payables to third parties		(1.583.977.736)	203.702.751
Increase/decrease in derivative financial instruments		3.751.592	(36.957.493)
Increase/decrease in deferred income		6.223.086	394.245
Increase/decrease in employee benefit obligations		3.863.900	821.879
Increase/decrease in other payables		21.729.778	(40.784.114)
Cash flows from operating activities		1.295.039.568	817.014.894
Payments related to provisions for employee benefits		(35.729.929)	(10.427.528)
Tax (payments)/receipts		(9.339.968)	(1.824.220)
B. Cash flows from investing activities		(380.683.634)	(49.655.789)
Cash inflows due to sale of property, plant and equipment		538.667	46.429
Cash outflows due to purchase of property, plant and equipment	4	(366.254.823)	(49.567.833)
Cash outflows due to purchase of intangible assets	5	(10.194.515)	(134.385)
Other cash outflows		(4.772.963)	-
C. Cash flows from financing activities		(663.010.724)	(529.436.278)
Cash outflows due to repayment of borrowings	3	(409.626.479)	(247.783.000)
Payments of lease liabilities	3	(22.105.139)	(14.555.956)
Interest paid	3	(296.684.126)	(240.832.271)
Interest received		51.550.516	15.099.095
Other cash inflows/(outflows) (*)		13.854.504	(41.364.146)
Net increase/(decrease) in cash and cash equivalents		206.275.313	225.671.079
Cash and cash equivalents at the beginning of the period (*)		1.187.099.480	617.938.309
Cash and cash equivalents at the end of the period (*)		1.393.374.793	843.609.388

(*) 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 condensed consolidated financial statements.

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TL"), 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 30 June 2023, 25,28% the publicly listed shares are 25,28% of total shares (31 December 2022: 25,28%).

As of 30 June 2023, the number of employees employed by Akenerji and its subsidiaries (Akenerji and its subsidiaries will be referred called as the "Group") is 319 (31 December 2022: 291).

These condensed consolidated financial statements for the interim period 1 January - 30 June 2023 have been approved for the issue by the Board of Directors at 15 August 2023.

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

Principles of Preparation of Interim Condensed Consolidated Financial Statements

The accompanying consolidated financial statements are prepared in accordance with Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" ("the Communiqué") of Capital Market Board ("CMB") of Turkey published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Accounting Standards / Turkish Financial Reporting Standards ("TAS"/"TFRS") issued by Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA").

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2023**

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated.)

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

The condensed consolidated financial statements are presented in accordance with "Announcement regarding with TAS/IFRS 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 2022.

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/IFRS.

POA made an announcement on January 20, 2022 in order to eliminate the hesitations about for the entities which apply Turkish Financial Reporting Standards ("IFRS") will apply TAS 29, "Financial Reporting in Hyperinflationary Economies" (IAS 29 Financial Reporting in Hyperinflationary Economies) or not for the year ended 30 June 2023. In accordance with the announcement, companies that apply IFRS shall not adjust financial statements for TAS 29 - Financial Reporting in Hyperinflationary Economies. Afterwards, no new statement was made by the POA about the TMS 29 application. As of the preparation date of the consolidated financial statements, POA did not make an additional announcement and no adjustment was made to the consolidated financial statements in accordance with TAS 29.

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.

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated.)

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 30 June 2023 and 31 December 2022:

Subsidiaries	Effective shareholding (%)		Ownership interest (%)	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
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

(*) 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.

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 interim condensed consolidated financial statements as at 30 June 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TAS/IFRS and IFRIC interpretations effective as of 1 January 2023. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at 30 June 2023 are as follows:

- Narrow scope amendments to TAS 1, Practice statement 2 and TAS 8;
- Amendment to TAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;
- IFRS 17, 'Insurance Contracts';
- Amendment to TAS 12 - International tax reform - pillar two model rules;

These standards do not have a significant impact on the financial position and performance of the Group.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ii) Standards, amendments and improvements issued but not yet effective and not early adopted as at 30 June 2023

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.

- Amendment to TAS 1 – Non current liabilities with covenants;
- Amendment to TFRS 16 – Leases on sale and leaseback;
- Amendments to TAS 7 and TFRS 7 on Supplier finance arrangements;
- TSRS S1, 'General requirements for disclosure of sustainability-related financial information';
- TSRS S2, 'Climate-related disclosures';

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

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 2022: None) as of 30 June 2023. Carry forward tax losses amounting to TL 3.019.618.923 (31 December 2022: TL 1.947.611.587) (Note 9). As of 30 June 2023, 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.

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

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 belonging 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 2022, 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.

Income Approach, discounted cash flow analysis (Level 3) is used by the valuation company for valuation reports of 31 December 2022 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, Gökkaya HPP, Sungurlu biomass power plant (BPP), Himmetli 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 10,28% which is in line with the current macroeconomic market conditions.

2.7 Going concern

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

In 2023, the Group maintained its successful performance from 2022, leveraging its balanced, efficient, and flexible production portfolio, as well as its extensive trading experience in domestic and international markets. In the period ended on June 30, 2023, the Group's total generation amount increased by 47% with the high capacity utilization rate of Erzin power plant compared to the same period of the previous year. As of 30 June 2023, the Group's earnings before interest, taxes, depreciation, and amortization (EBITDA) reached TL 1.073.628.604 (30 June 2022: TL 823.378.139) and the cash flows generated from its operations amounted to TL 1.249.969.671 (30 June 2022: TL 804.763.146). The Group has met all its obligations to banks for the first half of 2023 using the cash flows generated from its operations. In addition, the Group has reduced its future financial obligations by paying off 15 million USD of its debt early using its cash surplus. "The 'Source-Based Support Mechanism' implemented as of April 2022, which caused a loss in revenue in especially our renewable production plants continued to decrease in the first half period of 2023. Despite the fact that, the Group has made a positive contribution to the consolidated gross profit with the revenues obtained from the ancillary services (Secondary Frequency Control, 0 -1 coded instructions, Capacity Mechanism, etc.) provided with a high level of operational availability.

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

Furthermore, the Group has continued its physical electricity export and financial electricity product transactions in 2023, concentrating its commercial activities in this area and significantly increasing its foreign currency income.

Natural gas purchases have an important place in the production costs due to the production activities of the Group's Erzin combined natural gas cycle power plant. In 2023; due to the high natural gas import costs and increasing exchange rate natural gas supply continues to be provided by Botaş. On the other hand, due to the expected high temperatures in 2023, the expected increase in gas demand in Europe and Asia, and the high storage occupancy rates, falling natural gas import prices are closely monitored and studies continue on opportunities to reduce natural gas costs on a monthly basis.

The Group has been extended its liabilities to 13 years by restructuring its USD 859 million loan and also restructuring the payment of the loan condition to 1.5 year without any payment as TL and USD on 11 November 2019 which signed with Yapı ve Kredi Bankası A.Ş. as the implementation of "Financial Restructuring". With the aforementioned Loan Agreement, the repayment schedule of the loan was arranged according to the estimated cash-generating capacity of the Group, which has been a factor that reduced the pressure on the cash flow, thereby positively affecting the financial sustainability and competitive strength of the Group. As of Financial Restructuring date 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.

As part of its daily operations, the Group considers all opportunities that could be in favor of the Group and may positively affect the cash flows of the Group. The Group prepares its consolidated financial statements with the assumption that the business will continue its activities in a predictable future, as a result of the actions it has taken to increase its operational profitability and cash flows from its operations, and Group does not foresee any risk regarding the continuity of the business.

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 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
Short-term portion of long term borrowings		
-Bank loans	991.211.099	673.037.183
-Lease liabilities	45.045.944	28.848.894
Total short-term portion of long term borrowings	1.036.257.043	701.886.077
Long term borrowings		
-Bank loans	13.413.795.610	10.827.793.031
-Lease liabilities	233.706.934	160.241.385
Total long term borrowings	13.647.502.544	10.988.034.416
Total short term and long term borrowings	14.683.759.587	11.689.920.493

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

AKENERJİ ELEKTRİK ÜRETİM A.Ş.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated.)

NOTE 3 - BORROWINGS (Continued)

As of 30 June 2023 and 31 December 2022, the original currencies and weighted average interest rates for short and long-term financial liabilities are as follows:

30 June 2023				
	Currency	Effective Interest rate %	Original Amount	Amount in TL
Short-term portion of long-term bank loans	USD	7,92	38.384.667	991.211.099
Short-term portion of long-term lease liabilities	EUR	3,40	1.462.413	41.172.783
Interest cost of short-term portion of long-term lease liabilities (-)	EUR	3,40	(214.453)	(6.037.712)
Short-term portion of long-term lease liabilities	TL	18,13	9.910.873	9.910.873
Total short-term borrowings				1.036.257.043
Long term bank loans	USD	7,92	388.206.201	10.024.687.555
Long term bank loans	TL	12,28	3.389.108.055	3.389.108.055
Long-term lease liabilities	EUR	3,40	6.570.084	184.974.134
Interest cost of long-term lease liabilities (-)	EUR	3,40	(1.077.693)	(30.341.358)
Long-term lease liabilities	TL	18,13	79.074.158	79.074.158
Total long-term borrowings				13.647.502.544
31 December 2022				
	Currency	Effective Interest rate %	Original Amount	Amount in TL
Short - term portion of long - term bank loans	USD	7,92	35.994.565	673.037.183
Short - term portion of long - term lease liabilities	EUR	3,40	1.420.291	28.313.363
Interest cost of short - term portion of long - term lease liabilities (-)	EUR	3,40	(232.741)	(4.639.663)
Short - term portion of long - term lease liabilities	TL	18,45	5.175.194	5.175.194
Total short - term borrowings				701.886.077
Long term bank loans	USD	7,92	407.946.823	7.627.912.080
Long term bank loans	TL	12,28	3.199.880.951	3.199.880.951
Long - term lease liabilities	EUR	3,40	7.225.092	144.031.482
Interest cost of long - term lease liabilities (-)	EUR	3,40	(1.180.309)	(23.529.337)
Long - term lease liabilities	TL	18,45	39.739.240	39.739.240
Total long - term borrowings				10.988.034.416

AKENERJİ ELEKTRİK ÜRETİM A.Ş.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated.)

NOTE 3 - BORROWINGS (Continued)

As of 30 June 2023, all of the Euro finance lease liabilities of the Group are subject to floating interest rate of Euribor + 3,4% (31 December 2022: 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 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
Up to 1 - 2 years	6.564.133.269	5.711.101.659
Up to 2 - 3 years	1.035.331.909	688.419.290
Up to 3 - 4 years	1.102.804.639	747.722.356
Up to 4 - 5 years	1.055.040.777	783.134.801
More than 5 years	3.656.485.016	2.897.414.925
	13.413.795.610	10.827.793.031

The principal repayment schedule of the Group's long-term finance lease obligations as at 30 June 2023 and 31 December 2022 is as follows:

	30 June 2023	31 December 2022
Up to 1-2 years	38.265.736	26.013.197
Up to 2-3 years	35.625.854	25.398.259
Up to 3-4 years	34.848.857	24.220.183
Up to 4-5 years	35.873.110	24.023.431
Up to 5-6 years	21.033.685	25.694.547
Up to 6-7 years	495.508	960.866
Up to 7-8 years	716.461	425.819
Up to 8-9 years	806.057	347.074
Up to 9-10 years	864.398	390.477
More than 10 years	65.177.268	32.767.532
	233.706.934	160.241.385

As of 30 June 2023 and 2022, the movements of borrowings are as follows:

	2023	2022
1 January	11.689.920.493	9.244.482.317
Foreign exchange differences	3.148.553.056	1.594.143.733
Current year interest expense	522.588.977	446.093.546
Changes in lease liabilities	51.112.805	10.601.424
Cash flow impact	(728.415.744)	(503.171.227)
30 June	14.683.759.587	10.792.149.793

AKENERJİ ELEKTRİK ÜRETİM A.Ş.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2023	Additions	Disposals	30 June 2023
Cost				
Lands	1.035.877	-	-	1.035.877
Land improvements (*)	10.819.596.251	930.059	-	10.820.526.310
Buildings	2.063.724.603	263.200	-	2.063.987.803
Machinery and equipment (**)	7.145.223.274	16.688.846	(541.366)	7.161.370.754
Motor vehicles	4.937.071	42.000	-	4.979.071
Furnitures and fixtures	18.626.274	3.565.646	(36.736)	22.155.184
Leasehold improvements	12.151.149	18.302.717	-	30.453.866
Construction in progress	206.821.032	247.918.849	-	454.739.881
	20.272.115.531	287.711.317	(578.102)	20.559.248.746
Accumulated depreciation				
Land improvements	(739.125.074)	(187.389.424)	-	(926.514.498)
Buildings	(148.233.301)	(31.268.066)	-	(179.501.367)
Machinery and equipment	(1.064.466.440)	(195.446.195)	33.429	(1.259.879.206)
Motor vehicles	(2.228.028)	(498.395)	-	(2.726.423)
Furnitures and fixtures	(11.644.610)	(1.213.847)	15.306	(12.843.151)
Leasehold improvements	(1.633.224)	(285.078)	-	(1.918.302)
	(1.967.330.677)	(416.101.005)	48.735	(2.383.382.947)
Net book value	18.304.784.854			18.175.865.799

(*) 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 495.485. As of 30 June 2023, the total amount of accumulated depreciation of related land improvement is TL 84.754.

(**) 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 49.219.854. As of 30 June 2023, the total amount of accumulated depreciation of the related machinery and equipment is TL 31.992.905.

Current period depreciation expense amounting to TL 415.109.353 has been included in cost of sales and TL 991.652 has been included in general administrative expenses.

AKENERJİ ELEKTRİK ÜRETİM A.Ş.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 4 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2022	Additions	Disposals	30 June 2022
Cost				
Lands	477.108	-	-	477.108
Land improvements (*)	5.697.107.633	3.582.304	-	5.700.689.937
Buildings	1.488.895.630	3.555.828	-	1.492.451.458
Machinery and equipment (**)	5.576.803.115	16.236.830	-	5.593.039.945
Motor vehicles	3.403.627	778.996	-	4.182.623
Furnitures and fixtures	15.699.486	874.699	(49.160)	16.525.025
Leasehold improvements	5.508.880	22.700	-	5.531.580
Construction in progress	57.531.476	24.516.476	-	82.047.952
	12.845.426.955	49.567.833	(49.160)	12.894.945.628
Accumulated depreciation				
Land improvements	(547.938.338)	(95.572.453)	-	(643.510.791)
Buildings	(104.809.321)	(21.699.326)	-	(126.508.647)
Machinery and equipment	(796.804.228)	(132.952.770)	-	(929.756.998)
Motor vehicles	(1.317.430)	(374.255)	-	(1.691.685)
Furnitures and fixtures	(9.949.645)	(764.965)	2.731	(10.711.879)
Leasehold improvements	(1.332.327)	(143.370)	-	(1.475.697)
	(1.462.151.289)	(251.507.139)	2.731	(1.713.655.697)
Net book value	11.383.275.666			11.181.289.931

(*) 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 495.485. As of 30 June 2022, the total amount of accumulated depreciation of related land improvement is TL 71.715.

(**) 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 49.219.854. As of 30 June 2022, the total amount of accumulated depreciation of the related machinery and equipment is TL 27.070.919.

Current period depreciation expense amounting to TL 250.887.678 has been included in cost of sales and TL 619.461 has been included in general administrative expenses.

AKENERJİ ELEKTRİK ÜRETİM A.Ş.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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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 30 June 2023 (30 June 2022: None).

Details of the guarantees, pledges and mortgages on property, plant and equipment as of 30 June 2023 and 31 December 2022 are disclosed in Note 6.

NOTE 5 - INTANGIBLE ASSETS

	1 January 2023	Additions	30 June 2023
Costs			
Rights	8.464.616	10.194.515	18.659.131
Licenses	173.638.880	-	173.638.880
	182.103.496	10.194.515	192.298.011
Accumulated amortisation			
Rights	(7.064.400)	(295.342)	(7.359.742)
Licenses	(25.452.944)	(961.877)	(26.414.821)
	(32.517.344)	(1.257.219)	(33.774.563)
Net book value	149.586.152		158.523.448
	1 January 2022	Additions	30 June 2022
Costs			
Rights	8.045.421	109.575	8.154.996
Licenses	126.819.925	24.810	126.844.735
	134.865.346	134.385	134.999.731
Accumulated amortisation			
Rights	(6.686.334)	(203.864)	(6.890.198)
Licenses	(23.528.344)	(962.679)	(24.491.023)
	(30.214.678)	(1.166.543)	(31.381.221)
Net book value	104.650.668		103.618.510

Current period amortisation expense amounting to TL 164.969 (30 June 2022: TL 196.588) has been included in cost of sales and remaining TL 1.092.250 (30 June 2022: TL 969.955) 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 30 June 2023, there are various lawsuits against or in favor of the Group. These lawsuits are mainly action of debt and business cases. 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 30 June 2023 is TL 48.974.187 (31 December 2022: TL 48.553.907).

	30 June 2023	31 December 2022
Litigation provision	48.974.187	48.553.907
Periodical maintenance provisions	28.616.038	22.993.418
	77.590.225	71.547.325

The movements of litigation provision are as follows:

	2023	2022
1 January	48.553.907	38.674.310
Current period charges	601.600	51.250
Interest charges of litigation provision	80.344	137.266
Released provisions	(261.664)	(1.872.689)
30 June	48.974.187	36.990.137

b) Contingent liabilities**- Guarantees given**

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

		30 June 2023		31 December 2022	
	Original currency	Original Amount	TL equivalent	Original Amount	TL Equivalent
Letters of guarantees given	TL	207.478.358	207.478.358	184.134.136	184.134.136
	USD	2.693.232	69.547.599	624.456	11.676.266
	EUR	4.200.000	118.246.800	4.200.000	83.726.580
			395.272.757		279.536.982

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.

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

Guarantees, pledges, mortgages (“GPM”) given by the Group as of 30 June 2023 and 31 December 2022 are as follows:

	Currency	30 June 2023		31 December 2022	
		Original currency	TL equivalent	Original currency	TL equivalent
GPMs given by the Group					
A. GPMs given					
for companies' own legal entity	TL	6.625.939.201	6.625.939.201	6.602.594.980	6.602.594.980
	USD	920.208.832	23.762.644.690	918.140.056	17.167.658.209
	EUR	4.200.000	118.246.800	4.200.000	83.726.580
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.		-	-	-	-
			30.506.830.691		23.853.979.769

Details of the guarantees given by Akenerji for its own legal entity as of 30 June 2022 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. (“Bank”), 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 30 June 2023, GPMs given by the Group to equity ratio is 923% (31 December 2022: 416%).

- 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 1.108.473 MWh of energy physically in 2023, and within the scope of the related commitment, 1.086.393 MWh of energy has been sold as of 30 June 2023.

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2023

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

The Group has committed to purchase 173.526 MWh of physical electricity energy within the scope of electricity energy purchase agreements with energy companies in 2023 and as of 30 June 2023, 129.366 MWh of the electricity enerji was committed to be purchased is completed.

As of 30 June 2023, 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

The Group has a 550 mcm take-or-pay commitment for 2023. In the first half year period of 2023, approximately 52% of the commitment amount has been completed. In the light of current market conditions, water levels and general consumption estimations, it is foreseen that the take-or-pay obligations for 2023 will be completed.

Other matters

Kemah Hydroelectric Power Plant project in the Group, which is 198 MW of installed power higher, reservoir capacity, and also with Turkey's leading locations of 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 currently working Kemah HPP passes through the lake area 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. As of June 30, 2023, the carrying value of the related investment in the statement of financial position of the Group is TL 85.558.050.

c) Contingent assets

Guarantees received

	Currency	30 June 2023		31 December 2022	
		Original Currency	TL Equivalent	Original currency	TL Equivalent
Letters of guarantees received	TL	281.091.035	281.091.035	505.277.251	505.277.251
	EURO	305.171	8.591.793	17.750	353.844
	USD	4.000	103.292	5.194.000	97.118.970
Notes of guarantees received	TL	1.752.432	1.752.432	1.752.432	1.752.432
	USD	745.824	19.259.488	590.544	11.042.169
	EURO	33.800	951.605	33.800	673.800
Cheques of guarantees received	GBP	5.675	186.183	5.675	127.626
	TL	106.000	106.000	106.000	106.000
Mortgages received	USD	16.650	429.955	16.650	311.327
	TL	3.242.000	3.242.000	3.242.000	3.242.000
			315.713.783		620.005.419

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

	30 June 2023		31 December 2022	
	Contract amount	Fair value	Contract amount	Fair value
Forward contracts				
- Short - term	261.026.151	23.824.074	-	-
Derivative financial assets	261.026.151	23.824.074	-	-
Interest rate swaps				
- Short - term	532.614.349	5.075.445	771.323.573	7.339.152
Forward contracts				
- Short - term	-	-	273.127.981	13.394.040
- Long - term	-	-	12.828.646	1.634.321
Derivative financial liabilities	532.614.349	5.075.445	1.057.280.200	22.367.513

Movement of derivative instruments during the period is as follows:

	2023	2022
1 January	22.367.513	21.669.943
To be reclassified to profit or loss	(41.116.142)	(12.522.525)
- Financial (income)/expense	(41.116.142)	(12.617.344)
- Other operating (income)/expensxe	-	94.819
30 June	(18.748.629)	9.147.418

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2023

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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 30 June 2023 and 31 December 2022 the share capital held is as follows:

	30 June 2023	31 December 2022
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 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023		31 December 2022	
	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		101.988.910		101.988.910
Total paid-in capital		831.152.910		831.152.910

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.

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.

Reserves

	30 June 2023	31 December 2022
Legal reserves	12.053.172	12.053.172
	12.053.172	12.053.172

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.

AKENERJİ ELEKTRİK ÜRETİM A.Ş.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated.)

NOTE 9 - TAX ASSETS AND LIABILITIES

	30 June 2023	31 December 2022
Current income tax expenses	16.314.132	3.398.460
Prepaid taxes	(9.739.122)	(3.797.614)
Current income tax liabilities/ (Current income tax assets), net	6.575.010	(399.154)

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 20% (31 December 2022: 23%). 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 for 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 accordance with the Law No. 7440 on the "Restructuring of Certain Receivables and Amending Certain Laws" published in the Official Gazette on 12 March 2023, with the exceptions and deductions subject to deduction from corporate income in accordance with the regulations in the laws, by being shown in the corporate tax return for the year 2022. An additional tax of 10% should be calculated over the bases subject to reduced corporate tax, without being associated with the period income, and at the rate of 5% over the exempted earnings. As of 30 June 2023, the Company's accrued amount for the related tax in addition to the corporate tax is TL 811.888. The aforementioned tax has been settled in May 2023.

Tax Advantages Obtained Under the Investment Incentive System

Earnings of the Group that are derived from investments linked to an investment incentive certificate are subject to corporate tax at discounted rates for a certain period, which starts when the investment starts to partly or fully operate, and ends when the maximum investment contribution amount is reached. Within this scope, the Group has accounted for TL 115.722.475 (December 31, 2022: TL 100.786.441) of tax advantages as deferred tax assets which are expected to be recovered in the foreseeable future in the consolidated financial statements as of June 30, 2023. TL 14.936.034 of deferred tax income is recognized in the consolidated profit or loss statement for the first half period of 2023.

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

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(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated.)

NOTE 9 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax assets are recognized for deductible temporary differences, carry forward tax losses and indefinite-life investment incentives which allows payment of corporate tax at discounted rates, as long as it is probable that sufficient taxable income will be generated in the future. In this context, the Group recognizes deferred tax assets from investment incentives based on long-term plans, including taxable profit projections derived from business models, which are re-evaluated at each balance sheet date to assess recoverability of such deferred tax assets. The Group expects to recover such deferred tax assets within 5- 7 years from the balance sheet date.

Income tax withholding

Limited taxpayer that earn income through by a permanent establishment or permanent representative and paid 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 30 June 2023 and 2022 are as follows:

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Current income tax expense	(16.314.132)	(213.318)	(8.683.525)	(213.318)
Deferred tax income	329.498.753	223.556.954	272.508.898	166.215.578
	313.184.621	223.343.636	263.825.373	166.002.260

Deferred taxes

	30 June 2023	31 December 2022
Deferred tax assets	5.343.296	5.814.865
Deferred tax liabilities	(1.682.144.123)	(2.014.005.753)
Deferred tax assets, net	(1.676.800.827)	(2.008.190.888)

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 20% (31 December 2022: 23%)

AKENERJİ ELEKTRİK ÜRETİM A.Ş.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated.)

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)	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Investment incentives (*)	(578.612.374)	(503.932.204)	115.722.475	100.786.441
Provisions for lawsuits	(530.200)	(530.200)	106.040	106.040
Provision for employment termination benefit	(30.178.319)	(23.675.671)	6.035.664	4.735.133
Adjustments to property, plant and equipment	8.976.972.326	10.529.679.217	(1.795.394.465)	(2.105.935.843)
Adjustments to borrowings	44.884.689	34.726.504	(8.976.937)	(6.945.283)
Other	(7.433.483)	4.686.877	5.706.396	(937.376)
Deferred tax assets/(liabilities), net			(1.676.800.827)	(2.008.190.888)

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

In accordance with the Group's assessments as of 30 June 2023, 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:

Year incurred	Year can be used	30 June 2023	31 December 2022
2018	2023	148.406.201	148.406.201
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	220.741.281	221.355.115
2023	2028	1.072.621.170	-
		3.019.618.923	1.947.611.587

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

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Electricity sales revenue	4.483.441.097	2.378.832.335	1.496.690.615	856.118.085
Revenue on sharing of instability savings	3.105.370.682	1.040.091.697	1.285.135.262	484.785.470
Revenue on loading instructions	752.471.190	295.170.617	267.060.897	250.122.939
Revenue on seconder frequency control	276.408.162	122.031.395	111.791.258	54.619.175
Revenue on capacity mechanism	79.149.432	36.606.384	39.778.126	17.342.993
Other	199.812.885	15.284.104	104.827.880	9.511.235
	8.896.653.448	3.888.016.532	3.305.284.038	1.672.499.897

b) Cost of sales

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Direct raw materials consumed and cost of electricity purchased (*)	7.383.250.115	2.944.510.531	2.489.543.731	1.348.642.676
Depreciation and amortisation expenses	416.345.805	251.838.261	208.333.001	125.891.429
Personnel expenses	157.891.218	36.458.553	81.423.160	19.941.378
Maintenance and repair expenses	116.946.945	21.360.364	63.515.330	(2.501.587)
Insurance expenses	44.140.314	11.093.329	22.389.870	5.649.661
Other materials and spare parts consumed	41.045.261	9.826.043	24.891.764	7.382.413
Other	72.104.131	25.287.884	22.799.587	14.106.320
	8.231.723.789	3.300.374.965	2.912.896.443	1.519.112.290

(*) 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 - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Direct raw materials consumed and cost of electricity purchased	7.383.250.115	2.944.510.531	2.489.543.731	1.348.642.676
Depreciation and amortization expenses (*)	421.782.630	255.325.838	211.287.172	127.676.779
Personnel expenses (**)	224.554.629	65.912.321	115.706.682	36.024.288
Maintenance and repair expenses	116.946.945	21.360.364	63.515.330	(2.501.587)
Insurance expenses (***)	44.749.875	11.354.740	22.720.507	5.796.671
Other materials and spare parts consumed	41.045.261	9.826.043	24.891.764	7.382.413
IT expenses	9.525.853	4.441.028	6.234.203	2.450.390
Taxes and duties	9.346.096	8.363.010	4.588.782	4.573.971
Consultancy expenses	8.529.099	3.255.991	4.707.117	2.091.135
Office expenses	4.642.687	2.779.766	2.350.728	1.560.917
Travel expenses	3.739.544	1.354.264	3.174.554	1.202.020
Vehicle expenses	3.400.148	1.291.861	2.573.401	817.708
Advertising expenses	504.447	690.522	267.525	476.025
Other expenses	82.613.157	32.164.932	30.834.368	19.579.302
	8.354.630.486	3.362.631.211	2.982.395.864	1.555.772.708

(*) Depreciation and amortization expenses amounting to TL 416.345.805 TL (30 June 2022: TL 251.838.261) is classified in cost of sales, TL 5.436.825 (30 June 2022: TL 3.487.577) of amortization and depreciation expenses is classified in general administrative expenses.

(**) Personnel expenses amounting to TL 157.891.218 (30 June 2022: TL 36.458.553) is classified in cost of sales, TL 66.663.411 (30 June 2022: TL 29.453.768) is classified in general and administrative expenses.

(***) Insurance expenses amounting to TL 44.140.314 (30 June 2022: TL 11.093.329) is classified in cost of sales, TL 609.561 (30 June 2022: TL 261.411) is classified in general and administrative expenses.

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

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Income from insurance compensation	98.941.079	-	86.007.820	-
Delay interests charged	60.523.923	7.254.261	15.971.980	6.580.122
Gain on futures and options markets	56.681.999	2.619.129	53.826.432	864.673
Foreign exchange gains from trading activities	42.884.901	51.817.114	35.385.738	28.918.521
Provisions no longer required (*)	261.664	2.258.269	124.349	1.111.084
Gain on risk sharing contracts	-	255.062.817	-	81.110.781
Other income	8.431.756	7.914.512	5.633.643	7.546.589
	267.725.322	326.926.102	196.949.962	126.131.770

(*) As of 30 June 2023, all of the provisions consist of litigation provisions (30 June 2022: 1.872.689). In the current period, there are no premium provisions (30 June 2022: 298.938 TL) and no other provisions (30 June 2022: 86.642 TL).

b) Other operating expense

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Losses on futures and options markets	109.238.507	4.991.428	104.018.755	1.394.407
Foreign exchange losses from trading activities	35.989.160	21.268.149	30.047.028	10.058.041
Delay interests charged	8.194.703	-	1.305.810	-
Provisions for litigations	601.600	51.250	10.194	50.000
Losses on risk sharing contracts	-	255.036.399	-	81.100.220
Other expenses	3.878.340	2.911.896	1.641.489	1.467.255
	157.902.310	284.259.122	137.023.276	94.069.923

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

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Fair value difference gain on exchange rate protected deposit accounts	7.969.165	-	1.978.777	-
Profit on sale of property, plant and equipment	9.300	-	5.781	-
Dividend income	-	17.991	-	-
	7.978.465	17.991	1.984.558	-

b) Expenses from investing activities

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Loss on sale of property, plant and equipment	508.157	-	508.157	-
Fair value difference losses on exchange rate protected deposit accounts	28.755	-	28.755	-
	536.912	-	536.912	-

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

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Foreign exchange gain	294.780.007	173.989.739	268.518.282	116.200.253
Interest income	52.417.618	15.091.608	29.578.314	3.873.040
Gain on derivative financial instruments	46.406.241	60.718.671	41.722.986	34.356.791
	393.603.866	249.800.018	339.819.582	154.430.084

b) Financial expenses

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Foreign exchange losses	3.021.940.465	1.549.786.536	2.822.397.963	939.832.153
Interest and commission expenses	678.634.415	510.768.675	412.991.757	283.420.327
Losses on derivative financial instruments	6.588.443	30.987.404	3.902.536	13.929.212
Other financial expenses (*)	72.663.759	166.130.359	41.276.417	86.296.270
	3.779.827.082	2.257.672.974	3.280.568.673	1.323.477.962

(*) For the period 1 January - 30 June 2023, TL 67.483.371 (1 January - 30 June 2022: TL 162.342.968) of the respective amount is comprised of the indexation difference of the liability due to Uluabat DSİ Water Use Agreement calculated by WPT.

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NOTE 15 - RELATED PARTY DISCLOSURES**a) Transaction with related parties***- Purchases from related parties*

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Sakarya Elektrik Perakende Satış A.Ş. ("Sepaş") (1) (****)	322.276.041	167.642.830	139.554.841	105.261.033
Aksa Akrilik Kimya Sanayi A.Ş. ("Aksa") (2) (**)	16.319.144	8.982.867	9.256.482	5.529.084
Cez a.s. (3) (*)	13.542.331	151.347.914	4.844.657	79.423.852
Dinkal Sigorta Acenteliği A.Ş. ("Dinkal") (4) (**)	9.235.159	3.167.563	558.286	260.778
Aktek Bilgi İlet. Tekn. San. ve Tic. A.Ş. ("Aktek") (5) (**)	9.099.362	5.807.139	5.765.820	3.746.933
Ak-Han Bak.Yön.Serv.Hiz.Güv.Mal. A.Ş. ("Ak-Han") (6) (**)	6.876.303	3.815.213	3.510.957	2.421.672
Akkök Holding A.Ş. ("Akkök") (7) (*)	2.977.509	431.896	1.155.844	215.948
Other	771.679	-	771.679	-
	381.097.528	341.195.422	165.418.566	196.859.300

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

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

(3) Comprised of sharing of instability savings.

(4) Comprised of IT services received.

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

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

(7) Comprised of rent service received.

- Sales to related parties

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Sepaş (1) (****)	2.847.733.967	2.015.504.276	1.042.021.106	909.160.092
Aksa (2) (**)	20.196.459	11.064.793	8.948.856	6.448.396
Cez a.s (3) (*)	18.299.787	277.837.629	3.682.316	165.607.708
Akkök (4) (*)	300.470	-	300.470	-
Akcez Enerji Yat. San. ve Tic. A.Ş. ("Akcez") (5) (****)	63.504	64.106	31.752	31.752
Cez a.s. Turkey Daimi Tem. (6) (***)	55.115	35.629	27.558	17.814
Other	46.657	255.268	-	100.296
	2.886.695.959	2.304.761.701	1.055.012.058	1.081.366.058

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

(2) Comprised of sharing of instability.

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

(4) Comprised of expense reflections

(5) Comprised of consultancy services

(6) Comprised of rent reflections

(*) Shareholder.

(**) Akkök Holding group company.

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

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

AKENERJİ ELEKTRİK ÜRETİM A.Ş.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated.)

NOTE 15 - RELATED PARTY DISCLOSURES (Continued)**b) Balances with related parties**

- *Short-term trade receivables from related parties*

	30 June 2023	31 December 2022
Sepaş ^{(1) (****)}	94.001.805	507.553.855
Aksa ^{(2) (**)}	2.462.558	3.807.294
CEZ a.s. Turkey Daimi Tem. ^{(3) (***)}	21.677	10.839
Akcez ^{(4) (****)}	12.489	12.489
CEZ a.s. ^{(5) (*)}	-	56.840.901
Other	-	95.185
	96.498.529	568.320.563

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

(2) Comprised of receivables from sharing of instability.

(3) Comprised of receivables from sales of rental income.

(4) Comprised of receivables from comprised of consultancy services provided.

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

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

- *Short-term trade payables to related parties*

	30 June 2023	31 December 2022
Dinkal ^{(1) (**)}	31.778.554	81.100.936
CEZ a.s. Turkey Daimi Tem. ^{(2) (****)}	4.256.469	4.198.184
Aksa ^{(3) (**)}	3.301.256	2.971.709
Akkök ^{(4) (*)}	2.966.270	1.787.289
CEZ a.s. ^{(5) (*)}	1.403.299	46.977.870
Ak-Han ^{(6) (**)}	1.397.422	985.350
Aktek ^{(7) (**)}	1.393.596	2.456.992
Sepaş ^{(8) (****)}	30.151	80.539.877
	46.527.017	221.018.207

(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 electricity and sharing of instability.

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

(5) Comprised of purchase of risk sharing contracts.

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

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

(8) 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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(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated.)

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 - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Salaries and benefits	9.981.674	4.297.877	4.394.371	2.273.749
Bonus payment	8.082.535	4.575.002	-	-
Attendance fee	937.881	538.010	596.005	318.497
	19.002.090	9.410.889	4.990.376	2.592.246

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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.

The details of the foreign currency assets and liabilities as of 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
Assets	1.213.962.960	1.101.040.226
Liabilities	(11.415.364.796)	(8.687.143.057)
Net financial position	(10.201.401.836)	(7.586.102.831)
Net position of derivative instruments	261.026.151	(285.956.628)
Foreign currency position (net)	(9.940.375.685)	(7.872.059.459)

AKENERJİ ELEKTRİK ÜRETİM A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD BETWEEN 1 JANUARY - 30 JUNE 2023**

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated.)

NOTE 16 - FINANCIAL RISK MANAGEMENT (Continued)

As of 30 June 2023 and 31 December 2022, assets and liabilities denominated in foreign currency and their TL equivalent held by the Group are as follows:

			30 June 2023				31 December 2022	
	TL Equivalent	USD	Euro	Other	TL Equivalent	USD	Euro	Other
Trade receivables	87.464.182	3.387.052	-	-	69.223.686	613.713	2.896.844	-
Monetary financial assets	1.093.417.828	38.348.774	3.663.101	81	1.000.809.797	48.182.833	5.009.945	(1)
Current assets	1.180.882.010	41.735.826	3.663.101	81	1.070.033.483	48.796.546	7.906.789	(1)
Monetary financial assets	33.080.950	-	1.175.000	-	31.006.743	-	1.555.400	-
Non-current assets	33.080.950	-	1.175.000	-	31.006.743	-	1.555.400	-
Total assets	1.213.962.960	41.735.826	4.838.101	81	1.101.040.226	48.796.546	9.462.189	(1)
Trade payables	127.562.451	3.886.746	965.918	5	189.264.305	6.914.230	3.008.787	4
Financial liabilities	1.026.346.170	38.384.667	1.247.960	-	696.710.883	35.994.565	1.187.550	-
Other monetary liabilities	18.854.349	730.135	-	-	12.731.616	680.897	-	-
Short-term liabilities	1.172.762.970	43.001.548	2.213.878	5	898.706.804	43.589.692	4.196.337	4
Financial liabilities	10.179.320.331	388.206.201	5.492.391	-	7.748.414.225	407.946.823	6.044.783	-
Other monetary liabilities	63.281.495	2.450.577	-	-	40.022.028	2.140.410	-	-
Long-term liabilities	10.242.601.826	390.656.778	5.492.391	-	7.788.436.253	410.087.233	6.044.783	-
Total liabilities	11.415.364.796	433.658.326	7.706.269	5	8.687.143.057	453.676.925	10.241.120	4
Net Asset(Liability) Position of Statement of Financial Position Derivative Instruments	261.026.151	10.108.242	-	-	(285.956.628)	(15.293.189)	-	-
Off statement of financial position foreign currency derivative assets	261.026.151	10.108.242	-	-	-	-	-	-
Off statement of financial position foreign currency derivative liabilities	-	-	-	-	(285.956.628)	(15.293.189)	-	-
Net foreign currency asset(liability) position	(9.940.375.685)	(381.814.258)	(2.868.168)	76	(7.872.059.459)	(420.173.568)	(778.931)	(5)
Net foreign currency asset(liability) position of monetary items	(10.201.401.836)	(391.922.500)	(2.868.168)	76	(7.586.102.831)	(404.880.379)	(778.931)	(5)
Total fair value of financial instruments used for foreign currency hedging	23.824.074	922.588	-	-	(15.028.361)	(803.729)	-	-
Export	275.875.573	45.000	12.754.372	-	753.443.168	71.215	42.480.086	-
Import	206.377.961	4.715.584	5.604.311	1.408	613.051.729	8.200.748	27.063.909	1.123

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(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated.)

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 30 June 2023 and 31 December 2022, the following table 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.

	30 June 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	(1.012.065.391)	1.012.065.391	(1.012.065.391)	1.012.065.391
2- Part of hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(1.012.065.391)	1.012.065.391	(1.012.065.391)	1.012.065.391
+/- 10% fluctuation of EUR rate				
4- EUR net asset/liability	(8.075.040)	8.075.040	(8.075.040)	8.075.040
5- Part of hedged from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(8.075.040)	8.075.040	(8.075.040)	8.075.040
+/- 10% fluctuation of other currencies rate against to TL				
7- Other currencies net asset/liability	249	(249)	249	(249)
8- Part of hedged from other currencies risk (-)	-	-	-	-
9- Other currencies net effect (7+8)	249	(249)	249	(249)
Total (3+6+9)	(1.020.140.182)	1.020.140.182	(1.020.140.182)	1.020.140.182
	31 December 2022			
	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	(757.057.479)	757.057.479	(757.057.479)	757.057.479
2- Part of hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(757.057.479)	757.057.479	(757.057.479)	757.057.479
+/- 10% fluctuation of EUR rate				
4- EUR net asset/liability	(1.552.791)	1.552.791	(1.552.791)	1.552.791
5- Part of hedged from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(1.552.791)	1.552.791	(1.552.791)	1.552.791
7- Other currencies net asset/liability	(11)	11	(11)	11
8- Part of hedged from other currencies risk (-)	-	-	-	-
9- Other currencies net effect (7+8)	(11)	11	(11)	11
Total (3+6+9)	(758.610.281)	758.610.281	(758.610.281)	758.610.281

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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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 short-term bank borrowings and other monetary liabilities are considered to approximate to their respective carrying values. The carrying values of the long-term bank loans of the Group reflect their fair values due to the repricing of the loans within the scope of the Financial Restructuring made on 11 November 2019.

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 contain observable market inputs

As of 30 June 2023 the Group has short-term liabilities from derivative financial instruments amounting to TL 5.075.445 (31 December 2022: TL 20.733.192) and TL 23.824.074 derivative financial instruments in its current assets (31 December 2022: None), which are categorized as level 2. As of 30 June 2023, the Group does not have long-term liabilities from derivative financial instruments (31 December 2022: TL 1.634.321) (Note 7).

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 2022 through other valuation techniques involving direct and indirect observable inputs (Level 3) (Note 2.6).

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NOTE 18 - SUBSEQUENT EVENTS

According to "A Law on the Establishment of an Additional Motor Vehicle Tax to Compensate for the Economic Losses Caused by the Earthquakes Occurred" published in the Official Gazette on July 15, 2023, The Corporate Tax Rate Law increased from 20% to 25%. The new rate is effective as of the July 2023 payment period. The Group continues to assess the potential impact of the law on its consolidated financial statements as of the date of publication of these financial statements.

In pursuit of expanding the Group's electricity trading endeavors within the electricity market and facilitating the extension of its energy-focused projects to European Union and neighboring nations, a new entity named Aken Europe B.V. was established in the Netherlands on July 31, 2023. This new venture, boasting a capital infusion of 150.000 Euro, stands under the complete ownership of the Akenerji Toptan Company, a fully-owned subsidiary with a 100% stake held by Akenerji.

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