

AKSA ENERJİ ÜRETİM A.Ş.
AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE THREE-MONTH PERIOD
ENDED 31 MARCH 2023

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AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
Unaudited Condensed Consolidated Statement of Financial Position
As At 31 March 2023
(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)

| ASSETS | Note | Not reviewed/ Current period 31 March 2023 | Audited/ Prior period 31 December 2022 |
|--|------|--|--|
| Current assets | | | |
| Cash and cash equivalents | | 1,476,892,632 | 937,345,047 |
| Financial investments | 5 | 9,601,470 | 306,413,932 |
| Trade receivables | | 8,769,868,494 | 9,217,429,677 |
| - Trade receivables from related parties | 4 | 1,736,420,487 | 2,434,575,270 |
| - Trade receivables from third parties | 6 | 7,033,448,007 | 6,782,854,407 |
| Other receivables | | 59,576,417 | 58,309,339 |
| - Other receivables from third parties | | 59,576,417 | 58,309,339 |
| Derivative instruments | | 19,368,750 | 22,578,966 |
| Inventories | | 427,479,727 | 244,345,731 |
| Prepaid expenses | | 346,844,484 | 282,516,925 |
| Current tax assets | | 69,901,600 | 148,313,121 |
| Other current assets | | 367,632,530 | 198,850,061 |
| Total current assets | | 11,547,166,104 | 11,416,102,799 |
| Non-current assets | | | |
| Financial investments | 5 | 412,408 | 412,408 |
| Other receivables | | 13,428,190 | 13,421,090 |
| - Other receivables from third parties | | 13,428,190 | 13,421,090 |
| Property, plant and equipment | 8 | 21,629,033,007 | 21,295,294,157 |
| Right-of-use assets | 9 | 123,847,613 | 98,236,844 |
| Intangible assets | | 370,897,707 | 345,839,331 |
| - Other intangible assets | | 370,897,707 | 345,839,331 |
| Prepaid expenses | | 10,169,451 | 21,061,830 |
| Deferred tax asset | 15 | 47,539,077 | 42,138,947 |
| Total non-current assets | | 22,195,327,453 | 21,816,404,607 |
| TOTAL ASSETS | | 33,742,493,557 | 33,232,507,406 |

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
Unaudited Condensed Consolidated Statement of Financial Position
As At 31 March 2023
(Amounts expressed in Turkish Liras (“TL”), unless otherwise stated)

| LIABILITIES | Note | Not reviewed/ Current period | Audited/ Prior period |
|---|------|---------------------------------|--------------------------|
| | | 31 March 2023 | 31 December 2022 |
| Current liabilities | | | |
| Short-term borrowings | 7 | 2,130,595,222 | 2,393,385,155 |
| Current portion of long-term borrowings | 7 | 2,429,374,351 | 2,340,517,715 |
| Short-term lease liabilities | 7 | 11,332,285 | 2,735,575 |
| - Lease liabilities from related parties | | 8,042,212 | 617,345 |
| - Lease liabilities from third parties | | 3,290,073 | 2,118,230 |
| Short-term portion of long-term lease liabilities | 7 | 18,623,802 | 6,478,325 |
| Trade payables | | 2,148,028,632 | 2,126,648,274 |
| - Trade payables to related parties | 4 | 95,084,694 | 152,735,060 |
| - Trade payables to third parties | 6 | 2,052,943,938 | 1,973,913,214 |
| Payables related to employee benefits | | 50,921,361 | 23,516,545 |
| Other payables | | 594,441,767 | 473,035,344 |
| - Other payables to third parties | 4 | 22,000 | 22,000 |
| Derivative instruments | | 594,419,767 | 473,013,344 |
| Current tax liabilities | | 299,649,945 | 572,709,698 |
| Short-term provisions | | 27,056,055 | 23,912,401 |
| - Short-term provisions for employee benefits | | 9,042,380 | 5,914,440 |
| - Other short-term provisions | | 18,013,675 | 17,997,961 |
| Other current liabilities | | 22,010,382 | 17,052,526 |
| Total current liabilities | | 7,732,033,802 | 7,979,991,558 |
| Non-current liabilities | | | |
| Long-term borrowings | 7 | 3,302,478,738 | 3,785,386,886 |
| Long-term lease liabilities | 7 | 85,280,490 | 79,967,136 |
| Other payables | | 745,251,851 | 585,719,977 |
| - Other payables to third parties | | 745,251,851 | 585,719,977 |
| Long-term provisions | | 94,109,043 | 87,334,512 |
| - Long-term provisions for employee benefits | | 27,642,263 | 23,317,250 |
| - Other long-term provisions | | 66,466,780 | 64,017,262 |
| Deferred tax liabilities | 15 | 1,661,536,146 | 1,755,543,866 |
| Total non-current liabilities | | 5,888,656,268 | 6,293,952,377 |
| TOTAL LIABILITIES | | 13,620,690,070 | 14,273,943,935 |

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
Unaudited Condensed Consolidated Statement of Financial Position
As At 31 March 2023
(Amounts expressed in Turkish Liras (“TL”), unless otherwise stated)

| | | Not reviewed/ Current period | Audited/ Prior period |
|--|------|---------------------------------|--------------------------|
| EQUITY | Note | 31 March 2023 | 31 December 2022 |
| Equity attributable to owners of the Company | | | |
| Paid-in capital | 11 | 1,226,338,236 | 1,226,338,236 |
| Share premiums | 11 | 10,726,734 | 10,726,734 |
| Accumulated other comprehensive income not to be reclassified in profit or loss | | 6,089,195,798 | 6,142,637,485 |
| - Gains on revaluation of property, plant and equipment | | 6,088,982,132 | 6,142,423,819 |
| - Gains on remeasurements of the defined benefit plans | | 213,666 | 213,666 |
| Accumulated other comprehensive income that will be reclassified in profit or loss | | 3,133,418,413 | 3,048,495,229 |
| - Foreign currency translation differences | | 3,911,460,883 | 3,960,108,475 |
| -Gain / (loss) of hedging reserve | | (778,042,470) | (911,613,246) |
| Restricted reserves appropriated from profit | 11 | 477,549,777 | 332,248,395 |
| Prior years' profit | 11 | 6,350,666,260 | 1,886,122,885 |
| Net profit for the period | | 1,054,324,199 | 4,561,511,070 |
| Total equity attributable to equity holders of the Company | | 18,342,219,417 | 17,208,080,034 |
| Non-controlling interests | 11 | 1,779,584,070 | 1,750,483,437 |
| Total equity | | 20,121,803,487 | 18,958,563,471 |
| TOTAL LIABILITIES AND EQUITY | | 33,742,493,557 | 33,232,507,406 |

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
Unaudited Condensed Consolidated Statement of Profit or Loss
for the Three-Month Period Ended 31 March 2023
(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated.)

| | | <i>Not reviewed</i> | <i>Not reviewed</i> |
|--|-------------|--------------------------------------|--------------------------------------|
| PROFIT OR LOSS: | <i>Note</i> | 1 January - 31 March 2023 | 1 January - 31 March 2022 |
| Revenue | 12 | 8,293,978,859 | 5,892,108,791 |
| Cost of sales (-) | 12 | (6,664,573,584) | (4,465,390,180) |
| Gross profit | | 1,629,405,275 | 1,426,718,611 |
| General administrative expenses (-) | | (119,304,510) | (52,198,913) |
| Sales expenses | | (3,005,760) | (525,004) |
| Other operating income | | 73,622,325 | 15,735,520 |
| Other operating expenses (-) | | (20,319,522) | (70,542,354) |
| Operating profit | | 1,560,397,808 | 1,319,187,860 |
| Expected credit losses in accordance with TFRS 9 (-) | | (144,576,080) | (74,965,028) |
| Gain from investing activities | | 49,352,395 | 74,194 |
| Operating profit before finance expenses | | 1,465,174,123 | 1,244,297,026 |
| Financial income | 13 | 510,245,764 | 516,735,512 |
| Financial expenses (-) | 14 | (478,716,230) | (205,294,094) |
| Financial expenses, net | | 31,529,534 | 311,441,418 |
| Profit before tax from continuing activities | | 1,496,703,657 | 1,555,738,444 |
| Tax expense from continuing activities | | (382,174,416) | (285,492,473) |
| - Current tax expense | | (431,534,907) | (376,616,081) |
| - Deferred tax income | 15 | 49,360,491 | 91,123,608 |
| Profit from continuing operations | | 1,114,529,241 | 1,270,245,971 |
| Profit for the year attributable to | | | |
| - Non-controlling interests | 11 | 60,205,042 | 94,484,716 |
| - Owners of the Company | 16 | 1,054,324,199 | 1,175,761,255 |
| Profit for the period | | 1,114,529,241 | 1,270,245,971 |
| Earnings per share | | | |
| - Attributable to equity holders of the parent | 16 | 0.860 | 0.959 |

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
Unaudited Condensed Consolidated Statement of Other Comprehensive Income
for the Three-Month Period Ended 31 March 2023
(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)

| Other comprehensive income: | Note | <i>Not reviewed</i> 1 January - 31 March 2023 | <i>Not reviewed</i> 1 January - 31 March 2022 |
|---|-------------|--|--|
| Profit for the period | | 1,114,529,241 | 1,270,245,971 |
| Items that will not be reclassified to profit or loss | | | - |
| Revaluation increases on property, plant and equipment | | (6,385,000) | - |
| Loss on remeasurements of the defined benefit obligation | | - | - |
| Tax related to other comprehensive income to be reclassified subsequently to profit or loss: | | | |
| - Deferred tax income/(expense) | 15 | 1,277,000 | - |
| Items that will be reclassified subsequently to profit or loss | | | |
| Foreign currency translation differences | | (79,752,001) | 126,379,934 |
| Loss on cash flow hedging | | 139,136,225 | (5,824,080) |
| Tax related to other comprehensive income to be reclassified subsequently to profit or loss: | | | |
| - <i>Deferred tax income</i> | 15 | (5,565,449) | 161,538 |
| Other comprehensive income | | 48,710,775 | 120,717,392 |
| Total comprehensive income | | 1,163,240,016 | 1,390,963,363 |
| Total comprehensive income attributable to | | | |
| Non-controlling interests | 11 | 29,100,633 | 104,744,430 |
| Equity holders of the parent | | 1,134,139,383 | 1,286,218,933 |
| Total | | 1,163,240,016 | 1,390,963,363 |

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
Unaudited Condensed Consolidated Statement of Changes in Equity
For the Three-Month Period Ended 31 March 2023
(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)

| | | | Other comprehensive income and expenses not to be reclassified in profit or loss | | Other comprehensive income and expenses to be reclassified in profit or loss | | Retained earnings | | | Attributable to equity holders of the parent | Non-controlling interests | Total equity |
|-------------------------------------|----------------------|-------------------|--|---|--|--|--|----------------------------|---------------------------|--|---------------------------|-----------------------|
| | | | Gain/(loss) on remeasurements of defined benefit plans | Gains on revaluation of property, plant and equipment | Gain / (loss) of hedging reserve | Foreign currency translation differences | Restricted reserves appropriated from profit | Prior years' profit/(loss) | Net profit for the period | | | |
| Balance as of 1 January 2022 | 1,226,338,236 | 10,726,734 | 3,611 | 3,740,064,349 | (535,290,006) | 2,514,679,438 | 82,931,556 | 932,614,285 | 1,679,749,785 | 9,651,817,988 | 932,390,226 | 10,584,208,214 |
| - Total comprehensive income | - | - | - | - | (5,662,542) | 116,120,220 | - | - | 1,175,761,255 | 1,286,218,933 | 104,744,430 | 1,390,963,363 |
| -Transfers (*) | - | - | - | (46,568,527) | - | - | 73,376,059 | 1,652,942,253 | (1,679,749,785) | - | - | - |
| Balance as of 31 March 2022 | 1,226,338,236 | 10,726,734 | 3,611 | 3,693,495,822 | (540,952,548) | 2,630,799,658 | 156,307,615 | 2,585,556,538 | 1,175,761,255 | 10,938,036,921 | 1,037,134,656 | 11,975,171,577 |
| Balance as of 1 January 2023 | 1,226,338,236 | 10,726,734 | 213,666 | 6,142,423,819 | (911,613,246) | 3,960,108,475 | 332,248,395 | 1,886,122,885 | 4,561,511,070 | 17,208,080,034 | 1,750,483,437 | 18,958,563,471 |
| - Total comprehensive income | - | - | - | (5,108,000) | 133,570,776 | (48,647,592) | - | - | 1,054,324,199 | 1,134,139,383 | 29,100,633 | 1,163,240,016 |
| -Transfers (*) | - | - | - | (48,333,687) | - | - | 145,301,382 | 4,464,543,375 | (4,561,511,070) | - | - | - |
| Balance as of 31 March 2023 | 1,226,338,236 | 10,726,734 | 213,666 | 6,088,982,132 | (778,042,470) | 3,911,460,883 | 477,549,777 | 6,350,666,260 | 1,054,324,199 | 18,342,219,417 | 1,779,584,070 | 20,121,803,487 |

(*) The transfer amount of TL 48,333,687 represents the depreciation difference for the period in which the Group has incurred due to the value increase in property, plant and equipment. (31 March 2022: TL 46.568.527).

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

AKSA ENERJİ ÜRETİM A.Ş. ITS SUBSIDIARIES
Unaudited Condensed Consolidated Statement of Cash Flow
For the Three-Month Period Ended 31 March 2023
(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated.)

| | <i>Note</i> | <i>Unaudited 1 January - 31 March 2023</i> | <i>Unaudited 1 January - 31 March 2022</i> |
|---|-------------|--|--|
| A. Cash flows from operating activities | | 1,608,082,976 | (298,841,714) |
| Profit for the period | | 1,114,529,241 | 1,270,245,971 |
| Adjustments to reconcile net profit/loss to net cash: | | 582,215,378 | 256,588,159 |
| Adjustments related to depreciation and amortization expenses | | 255,481,024 | 262,850,016 |
| Adjustments related to provision for employee benefits | | 8,794,956 | 3,641,520 |
| Adjustments related to interest expenses | 14 | 250,887,608 | 172,455,807 |
| Adjustments related to interest income | 13 | (144,364,621) | (132,043,309) |
| Adjustments related to expected provision expenses on trade receivables | | 144,576,080 | 74,965,028 |
| Adjustments related to provisions for legal cases | | - | 754,485 |
| Adjustments related to impairment on inventories | | 6,368,064 | 1,959,503 |
| Adjustments related to tax expense | | 382,174,416 | 285,492,473 |
| Adjustments related to derivative transactions (income)/expense | | (19,809,817) | (39,139,137) |
| Adjustments related to loss/(gain) on disposal of property, plant and equipment | | (39,150,055) | - |
| Unrealized currency (profit)/losses and translation differences | | (262,742,277) | (374,348,227) |
| Adjustments related to other increase/(decrease) in working capital | | 2,062,662 | (1,374,594,483) |
| Decrease/ (increase) in inventories | | (144,828,840) | 34,697,846 |
| Increase in trade receivables from third parties | | (388,020,061) | (550,862,423) |
| Increase/(decrease) in trade receivables from related parties | | 698,154,783 | (694,587,768) |
| Decrease in other operating receivables from related parties | | -- | 11,000,000 |
| Decrease in other operating receivables from third parties | | (1,274,178) | (20,047,116) |
| Decrease in trade payables to third parties | | 79,030,724 | (415,380,403) |
| Increase in other operating payables to third parties | | 280,938,297 | 264,954,473 |
| Increase in trade payables to related parties | | (57,650,366) | 129,640,600 |
| (Decrease)/increase in other liabilities related to operations | | (650,283,402) | (88,221,754) |
| Increase in prepaid expenses | | (110,816,757) | (45,787,938) |
| Financial investment in increase | | 296,812,462 | - |
| Cash flows generated from operations | | (90,724,305) | (451,081,361) |
| Taxes paid | | (89,299,503) | (450,989,690) |
| Payments related to provision for employee benefits paid | | (1,424,802) | (91,671) |
| B. Cash flows from investing activities | | (183,458,639) | (907,690,930) |
| Proceeds from sale of property, plant and equipment and intangible assets | | 40,043,424 | - |
| Cash outflows from purchases of property, plant and equipment | 7 | (195,817,997) | (906,557,323) |
| Cash outflows from purchases of intangible assets | | (27,684,066) | (1,133,607) |
| C. Cash flows from financing activities | | (879,179,810) | 964,122,999 |
| Cash inflows from borrowings | 20 | 565,000,000 | 1,016,000,000 |
| Cash outflows from borrowings | 20 | (1,234,089,710) | (429,281,440) |
| Cash outflows related to debt payments arising from Lease Contracts | | (9,533,078) | (12,230,130) |
| Interest paid | | (344,921,643) | (167,193,523) |
| Interest received | | 144,364,621 | 132,043,309 |
| Other disposals | | - | 424,784,783 |
| Net increase/(decrease) in cash and cash equivalents before foreign currency translation differences (A+B+C) | | 545,444,527 | (242,409,645) |
| D. Cash and cash equivalents at the beginning of the period | | 943,897,582 | 527,522,186 |
| Cash and cash equivalents at the end of the period (A+B+C+D) | | 1,489,342,109 | 285,112,541 |

As at 31 March 2023, the Group calculated expected credit loss amounting to TL 12,450,797 on cash and cash equivalents within the scope of TFRS 9 (31 March 2022: TL 3.186.946).

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

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES

Notes to the Unaudited Condensed Consolidated Financial Statements

As At 31 March 2023

(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated)

1 Organization and operations of the Group

Aksa Enerji Üretim A.Ş. ("Aksa Enerji" or "the Company") was established on 12 March 1997 to engage in constructing, lending and operating of electricity power plant, production and sale of electricity and/or energy production capacity to the customers.

The Company has been registered in Istanbul Trade Registry Office and the shares of the Company have been traded in the Borsa İstanbul A.Ş. ("BIST") on 21 May 2010 under the name "AKSEN". As of 31 March 2023, the Company's share in actual circulation is 20.58% (31 December 2022: 20.58%).

The main shareholder of the Company is Kazancı Holding A.Ş. ("Kazancı Holding"). The Company's registered office address is Rüzgarlıbahçe Mahallesi, Özalp Çıkmazı, No:10, Kavacık-Beykoz, Istanbul / Turkey.

Aksa Enerji and its subsidiaries are collectively referred to as "the Group" in this report. As of 31 March 2023 and 31 December 2022, the details of the subsidiaries included in the consolidation are as follows:

| Name of subsidiary – Foreign Branch | Principal activity | Place of operation | Group's effective share ratio (%) | Group's effective share ratio (%) |
|--|------------------------|--------------------|-----------------------------------|-----------------------------------|
| | | | 31 March 2023 | 31 December 2022 |
| Aksa Yenilenebilir Enerji Üretim A.Ş. ("Aksa Yenilenebilir") | Electricity production | Turkey | 100,00 | 100,00 |
| Aksa Energy Company Ghana Limited ("Aksa Enerji Gana") | Electricity production | Ghana | 75,00 | 75,00 |
| Aksa Enerji Üretim A.Ş.-Y.Ş. ("Aksa Enerji – Y.Ş.") | Electricity production | TRNC | 100,00 | 100,00 |
| Aksa Ghana B.V. | Holding company | Netherlands | 100,00 | 100,00 |
| Aksa Uzbekistan Investment B.V. | Holding company | Netherlands | 100,00 | 100,00 |
| Aksa Uzbekistan Bukhara B.V. | Holding company | Netherlands | 100,00 | 100,00 |
| Aksa Global Investment B.V. ("Aksa Global B.V.") | Holding company | Netherlands | 100,00 | 100,00 |
| Aksa Göynük Enerji Üretim A.Ş. ("Aksa Göynük Enerji") | Electricity production | Turkey | 99,99 | 99,99 |
| Aksa Madagascar B.V. | Holding company | Netherlands | 100,00 | 100,00 |
| Aksa Madagascar SAU | Electricity production | Madagascar | 100,00 | 100,00 |
| Aksa Mali S.A. | Electricity production | Mali | 100,00 | 100,00 |
| Aksaf Power Ltd. ("Aksaf Power") | Electricity production | Mauritius | 100,00 | 100,00 |
| İdil İki Enerji Sanayi ve Ticaret A.Ş. ("İdil İki Enerji") | Electricity production | Turkey | 99,99 | 99,99 |
| Overseas Power Ltd. ("Overseas Power") | Supply trade | Mauritius | 100,00 | 100,00 |
| Rasa Enerji Üretim A.Ş. ("Rasa Enerji") | Electricity production | Turkey | 99,99 | 99,99 |
| Aksa Energy Company Congo ("Aksa Enerji Kongo") (*) | Electricity production | Congo | 100,00 | 100,00 |
| Aksa Energy Cameroon PLC ("Aksa Enerji Kamerun") (*) | Electricity production | Cameroon | 75,00 | 75,00 |
| Aksa Energy Tashkent FE LLC | Electricity production | Uzbekistan | 100,00 | 100,00 |
| Aksa Energy Bukhara FE LLC | Electricity production | Uzbekistan | 100,00 | 100,00 |
| Aksa Enerji Üretim A.Ş. Kazakistan Branch (*) | Electricity production | Kazakhstan | 100,00 | 100,00 |
| Aksa Kyzylorda Investment B.V. (*) | Electricity production | Netherlands | 100,00 | 100,00 |
| Aksa Energy Kyzylorda LLP (*) | Electricity production | Kazakhstan | 100,00 | 100,00 |
| Aksa Taboth IPP | Electricity production | Ivory Coast | 80,00 | 80,00 |

(*) The relevant companies are in the investment period; as of 31 March 2023, electricity generation has not started.

As of 31 March 2022, the number of employees of the Group is 1,207 (31 December 2022: 1,234).

AKSA ENERJİ ÜRETİM A.Ş. AND ITS SUBSIDIARIES
Notes to the Unaudited Condensed Consolidated Financial Statements
As At 31 March 2023

(Amounts expressed in Turkish Liras ("TL"), unless otherwise stated.)

1 Organization and operations of the Group (cont'd)

Aksa Yenilenebilir Enerji Üretim A.Ş. ("AksaYenilenebilir") :

Aksa Yenilenebilir Enerji Üretim A.Ş., Aksa Aksen Enerji Ticaret A.Ş. was founded on 8 July 2015 by the Aksa Enerji with an ownership percent of 100.00% for the purpose of selling the electricity produced by the Group companies. As of 6 March 2023, its name was changed to Aksa Yenilenebilir Enerji Üretim A.Ş. has been.

Aksa Energy Ghana:

Aksa Energy Ghana was founded on 15 July 2015 by the Aksa Enerji in accordance with the electricity production and sale agreement signed with the Government of Ghana Republic. As of the reporting date, unit of power plant with a capacity 192.5 MW of the fuel oil power plant with a total 370 MW capacity was temporarily approved and it started its operations on 10 April 2017. The installed power of the power plant has increased from 192.5 MW to 35 MW with a reserve capacity of total 280 MW as of 1 August 2017. As of 19 November 2018, the installed capacity of Ghana Fuel Oil Power Plant has increased from 280 MW to 370 MW and thus the guaranteed capacity has been increased from 223.5 MW to 332 MW. Aksa Energy Ghana, sells all of the electricity generated during the agreement to the Ghana Electricity Authority (ECG) on a tariff basis determined in terms of US Dollars ("USD"). As of 3 October 2022, the electricity sales contract was extended for 15 years.

Aksa Enerji – Cyprus ("Aksa Enerji Y.Ş.")

On 10 June 2009, Aksa Enerji- Y.Ş. made an electricity sale agreement with Electricity Distribution Company of Turkish Northern Cyprus ("KIB-TEK") by providing service through lending the power plant constituting of diesel generator groups established in Kalecik-TRNC. The contract period is 15+3 years and extended until 2027 on 1 April 2009. Kıbrıs Türk Elektrik Kurumu commits to purchase all of the electricity produced during the contract period on a tariff basis determined in terms of US Dollars.

In accordance with the capacity increase investments of Kalecik Power Plant in TRNC, the installed capacity has been increased by the instalment of two units with the same engine specifications from the power plants whose licenses were cancelled. The installed capacity of our TRCN Kalecik Power Plant has increased to 153 MW.

Aksa Uzbekistan Investment B.V.:

Aksa Indonesia BV company changed its title in 2020 and continues its activities as Aksa Uzbekistan Investment BV. Aksa Uzbekistan Investment B.V. is the partner of Aksa Energy Tashkent LLC Company.

Aksa Uzbekistan Bukhara B.V.:

Aksa Uzbekistan Bukhara B.V. is the partner of Aksa Energy Bukhara FE LLC Company.

Aksa Ghana B.V.:

On 24 November 2016, Aksa Ghana B.V. was established in Holland as a holding Company of Aksa Energy Ghana.

Aksa Global B.V.:

On 24 November 2016, Aksa Global was established in Holland to coordinate the foreign investments as a holding Company. Aksa Ghana B.V., Aksa Madagascar B.V., Aksa Uzbekistan Investment B.V. and Aksa Energy Company Cameroon Plc are affiliated companies of Aksa Global B.V.

Aksa Göynük Enerji:

Aksa Göynük Enerji has a royalty agreement with General Directorate of Turkish Coal for the use of coal in Bolu-Göynük reservoir and Aksa Enerji has a licence for the utilisation of this coal in its power plant with 270 MW capacity.

On 28 October 2011, Aksa Enerji acquired 99.99% of all shares of Aksa Göynük Enerji from Kazancı Holding, the ultimate parent company. The main operations of Aksa Göynük Enerji are constructing, lending and operating of electricity power plant, production and sale of electricity and all kind of exploration and production of natural gas and petroleum resources and mining. First unit of the power plant with 135 MW has started its operations as of 15 July 2015 and second unit of the power plant with 135 MW has started its operations as of 29 January 2016.

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1 Organization and operations of the Group (cont'd)

Aksa Madagascar B.V:

On 19 October 2016, Aksa Madagascar B.V. was established as a holding company of Aksaf Power.

Aksa Mali S.A.:

On 6 February 2017, Aksa Mali SA was established for operating and maintenance coordination of Mali plant. On 4 August 2017, 10 MW powered portion from the first phase has been put in use. On 28 September 2017, the remaining 30 MW portion of 40 MW installed powered plant in total has been put in use. As of 27 January 2021, in accordance with the agreement signed between EDM and Aksa Enerji Üretim A.Ş, and its 100% subsidiary Aksa Mali SA, on top of existing power plant, Aksa Enerji Üretim A.Ş. will initiate a power plant with an installed capacity of 20 MW. Thus, the installed power of the Financial Power Plant increased from 40 MW to 60 MW. The guaranteed capacity cost increased from 30 MW to 50 MW. Power generated by 50 MW installed capacity will also be purchased by EDM for 3 years based on a guaranteed EUR denominated price.

Aksaf Power:

Aksa Enerji established Aksaf Power with participation by Aksa Enerji and a local partner with an ownership interest of 58.35% and 41.65%, respectively, in Mauritius for the purpose of constructing a Heavy Fuel Oil ("HFO") power plant with a capacity of 120 MW in Republic of Madagascar and guarantee sale of the electricity produced for 20 years. Aksaf Power started the construction of power plant upon receipt of the advances and guarantees in accordance with the agreement with Jiro Sy Rano Malagasy ("Jirama"), a public company in Republic of Madagascar providing water and electricity services in this country. On 22 October 2019, Aksa Energy acquired the entire company by purchasing 41.65% of the shares belonging to the local partner.

The first engines of the power plant with an installed power of 25 MW, whose construction started in the last quarter of 2016, were put in use on 10 July 2017, earlier than the planned period and on 4 August 2017, installed power of power plant has increased to 50 MW and the remaining 16 MW powered portion from the first phase of 66 MW installed powered in total, has been put in use on 5 September 2017. In the guaranteed electricity sales agreement, the tariff was determined in USD, and the field, fuel supply, all licenses and permissions related to the project were provided by Jirama.

İdil İki Enerji:

In 2001, İdil İki Enerji was acquired by Koni İnşaat Sanayi A.Ş. ("Koni İnşaat"), a related party, from Bilkent Group. İdil İki Enerji has a fuel oil fired power plant located in Şırnak with a capacity of 24 MW. The power plant was established and started electricity production in 2001. On 5 March 2010, Aksa Enerji acquired 99.99% of all shares of İdil İki İnşaat from Koni İnşaat. License of power plant has been cancelled on 7 February 2017 by the Company.

Rasa Enerji:

Rasa Enerji was established in 2000 for production and distribution of electricity. Rasa Enerji's 99.99% shares have been acquired by Aksa Enerji on 5 June 2010 from Koni İnşaat, one of the related parties of the Group. Rasa Enerji started to generate electricity in August 2011 with an installed capacity of 129 MW and the investment to transform the plant into a combined cycle engine driven technology was completed on 8 October 2012. As of 18 November 2015, the installed capacity of Şanlıurfa Natural Gas Power Plant is has been increased by 18 MW to 147 MW.

Aksa Enerji Kongo:

It was established in Republic of Congo in 2019 to develop projects. On 2 December 2022, the completed 25 MW section of the power plant started operation.

Aksa Energy Company Cameroon Plc:

It was established in Cameroon in 2019 to develop projects.

Overseas Power:

Overseas Power was established on 18 November 2016 in Mauritius in order to carry out the procurement of raw materials and goods mainly related to the activities of Aksaf Power.

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1 Organization and operations of the Group (cont'd)

Aksa Energy Tashkent FE LLC:

Aksa Energy has established a company named Aksa Energy Tashkent LLC located in Uzbekistan which is 100% owned by Aksa Energy, in order to establish two natural gas combined cycle power plant with an installed capacity of 470 MW respectively 240 and 230 in Uzbekistan and sale of the energy generated in plant based on a guaranteed capacity payment for a duration of 25 years. As of 14 January 2022, commercial production started gradually at the Tashkent A power plant with an installed power of 240 MW. As of 30 March 2022, test production started at the Tashkent B power plant with an installed power of 230 MW.

Aksa Energy Bukhara FE LLC:

Aksa Energy has established a company named Aksa Energy Bukhara FE LLC located in Uzbekistan which is 100% owned by Aksa Energy, in order to establish a natural gas combined cycle power plant in Uzbekistan and sale of the energy generated in the plant based on a guaranteed capacity payment for a duration of 25 years. As of 14 January 2022, commercial production started gradually at the Bukhara power plant with an installed power of 270 MW.

Aksa Enerji Üretim A.Ş. Branch of the Republic of Kazakhstan in Almaty:

Aksa Enerji Üretim A.Ş. Kazakhstan Branch was established to develop projects.

Aksa Kyzylorda Investment B.V.

Kyzylorda Investment B.V is the partner of Aksa Energy Kyzylorda LLP Company.

Aksa Energy Kyzylorda LLP

Aksa Enerji, in order to establish a natural gas combined cycle power plant with an installed capacity of 240 MW in Kızılorda, Kazakhstan and to sell the electricity produced for a period of 15 years, established a company called Aksa Energy Kyzylorda LLP located in Kazakhstan, 100% owned by Aksa Enerji.

Aksa Taboth IPP

Aksa Taboth IPP was established in Ivory Coast for project development.

As of 31 December 2022, electricity production licenses held by the Group are as follows:

| Licence Owner | Region/country | Type of facility | Date of licence | Licence Duration | The installed capacity (MWh) |
|----------------------|----------------|------------------|-------------------|------------------|------------------------------|
| Aksa Enerji | KKTC | Fuel oil | 1 April 2009 | 15+3 years | 153 |
| Aksa Enerji | Antalya | Natural gas | 13 November 2007 | 30 years | 900 |
| Aksa Göynük Enerji | Bolu | Thermal | 25 June 2008 | 30 years | 270 |
| Aksa Enerji Gana | Ghana | Fuel Oil | 1 November 2017 | 15 years | 370 |
| Aksa Enerji Congo | Congo | Natural gas | 2 December 2022 | 30 years | 25 |
| Aksa Mali S.A | Mali | Fuel Oil | 28 September 2017 | 3+3 years | 60 |
| Aksaf Power | Madagascar | Fuel Oil | 5 September 2017 | 20 years | 66 |
| Rasa Enerji | Şanlıurfa | Natural gas | 12 May 2011 | 49 years | 147 |
| Aksa Energy Bukhara | Bukhara | Natural gas | 20 January 2021 | 25 years | 270 |
| Aksa Energy Tashkent | Tashkent | Natural gas | 24 October 2020 | 25 years | 470 |
| Total | | | | | 2.731 |

| License owner | Location | Name of facility | Type of facility | Date of license | License Duration | Type of license | The capacity of the plant (MWe) |
|--|------------|------------------|------------------|-----------------|------------------|-------------------------|---------------------------------|
| Societe Jiro Sy Rano Malagasy (Jirama) | Madagascar | CTA-2 | Fuel oil | 8 January 2019 | 5 years | Maintenance & Operating | 24 |

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2 Basis of presentation of the condensed consolidated financial statements

2.1 Basis of Presentation

a) Preparation of Financial Statements

Statement of compliance to TFRS

The accompanying financial statements have been prepared in accordance with the provisions of the Capital Markets Board ("CMB") "Communiqué on Principles Regarding Financial Reporting in the Capital Market" No:14.1 published in the Official Gazette No: 28676 of 13 June 2013. Pursuant to Article 5 of the Communiqué, the financial statements are based on Turkish Financial Reporting Standards ("TFRS") and exhibits, and interpretations associated which were enacted by the Public Oversight Accounting and Auditing Standards Authority ("POA").

In addition, the financial statements are presented in accordance with the formats determined in the "Announcement on TFRS Taxonomy" published by the POA on 7 June 2019 and the Financial Statement Examples and User Guide published by the CMB.

The financial statements have been prepared on the historical cost basis except for revaluation of certain property, plant and equipment and financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The consolidated financial statements of the Group as of 30 September 2022 were approved by the Company's Board of Directors on 7 November 2022. The Company's General Assembly and the relevant regulatory bodies have the right to request the change of the consolidated financial statements after the publication.

b) Adjustment of Financial Statements in Hyperinflationary Periods

In accordance with the decision numbered 11/367 and dated 17 March 2005 issued by CMB, for companies that operate in Turkey and prepare their financial statements applying Turkish Financial Reporting Standards, it is decided not to apply inflation accounting from 1 January 2005. Accordingly, as of 1 January 2005, No:29 "Financial reporting in Hyperinflationary Economies" ("TAS 29") was not applied.

POA made an announcement on 20 January 2022 regarding the application of TAS 29, "Financial Reporting in Hyperinflationary Economies" (IAS 29 Financial Reporting in Hyperinflationary Economies) for entities adopting Turkish Financial Reporting Standards ("TFRS") for the year ended 2021. The announcement stated that, entities that apply TFRS should not adjust their financial statements in accordance with TAS 29 - Financial Reporting in Hyperinflationary Economies for the year ended 2021. As of the date of this report, POA has not made any further announcements regarding the scope and application of TAS 29. As a result, no inflation adjustment was made to the accompanying 31 March 2023 condensed consolidated financial statements in accordance with TAS 29.

c) Basis of Measurement

The condensed consolidated financial statements have been prepared on the historical cost basis and for the Group's Turkish entities as adjusted for the effects of inflation that lasted by 31 December 2004, except for the followings

- derivative financial instruments,
- financial investments,
- land and building and land improvements and machinery and equipment in property, plant and equipment are measured at fair value.

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2 Basis of presentation of the condensed consolidated financial statements (cont’d)

2.1 Basis of Presentation (cont’d)

d) Functional and presentation currency

The financial statements of each business of the Group are presented in the currency of the main economic environment in which they operate (the functional currency). The financial position and operating results of each business are expressed in TL, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

The functional currencies of the Group companies are summarized in the table below.

| Company | Functional currency |
|---|----------------------------|
| Aksa Enerji – Y.Ş. | USD |
| Aksa Göynük Enerji | TL |
| İdil İki Enerji | TL |
| Rasa Enerji | TL |
| Aksa Yenilenebilir Enerji Üretim A.Ş. | TL |
| Aksa Enerji Gana | USD |
| Aksa Gana B.V. | USD |
| Aksa Global B.V. | USD |
| Aksa Uzbekistan Investment B.V. | USD |
| Aksa Uzbekistan Buhara B.V. | USD |
| Aksa Madagascar B.V. | USD |
| Aksa Mali S.A. | EUR |
| Aksaf Power | USD |
| Overseas Power | USD |
| Aksa Enerji Tashkent | USD |
| Aksa Buhara | USD |
| Aksa Enerji Kongo | USD |
| Aksa Madagaskar SAU | USD |
| Aksa Energy Kamerun | USD |
| Aksa Enerji Üretim A.Ş. Kazakistan Branch | USD |

Functional currencies are used to a significant extent in or have a significant impact on the operations of the related Group entities and reflect the economic substance of the underlying events and circumstances relevant to these entities. All currencies other than the currencies selected for measuring items in the condensed consolidated financial statements are treated as foreign currencies. Accordingly, transactions and balances not already measured in the functional currencies have been re-measured to the related functional currencies.

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2 Basis of presentation of the condensed consolidated financial statements (cont'd)

2.1 Basis of Presentation (cont'd)

e) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognized in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls a business when exposure, or rights, to variable returns due to its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns. The financial statements of subsidiaries are included in the condensed consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

The Group measures any non-controlling interests in the acquiree at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognized in profit or loss.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any NCI and other components of equity related to the subsidiary. Any resulting gain or loss arising on the loss of control is recognized in profit or loss. Any interest retained in the former subsidiary, then such interest is measured at fair value at the date when control is lost.

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2 Basis of presentation of the condensed consolidated financial statements (cont'd)

2.1 Basis of Presentation (cont'd)

e) Basis of consolidation (cont'd)

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the condensed consolidated interim financial statements.

Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment. Carrying value of shares owned by the Group and dividends arising from these shares has been eliminated in equity and profit or loss accounts.

f) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising hedge instruments recognized in other comprehensive income.

The EUR/TL, USD/TL, GHS/USD and TL/USD as of the end of the reporting periods are as follows:

| | <u>31 March 2023</u> | <u>31 December 2022</u> |
|----------|-----------------------------|--------------------------------|
| EUR / TL | 20.8021 | 19.9349 |
| USD / TL | 19.1460 | 18.6983 |
| GHS/ USD | 11.0083 | 8.5717 |
| TL / USD | 0.0522 | 0.0535 |

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to TL at exchange rates at the reporting date. The income and expenses of foreign operations are translated to TL at average exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income and presented in the foreign currency translation difference in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportion of the translation difference is allocated to the non-controlling interests.

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2 Basis of presentation of the condensed consolidated financial statements (cont'd)

2.1 Basis of Presentation (cont'd)

f) Foreign currency (cont'd)

Foreign operations (cont'd)

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operations is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income and presented within equity in the foreign currency translation difference.

2.2 Summary of the accounting policies

According to CMB, the entities have option to prepare interim financial statements prepared according to TAS 34 "Interim Financial Statements" as condensed or full set. Therefore, the Company decided to prepare its interim financial statements as of 31 March 2023 as condensed.

Some of the disclosures and notes that are required to be included in TAS/IFRS financial statements under the CMB are summarized in accordance with TAS 34 or not included in the financial statements. The accompanying condensed financial statements should be presented with the audited financial statements and accompanying notes prepared as of 31 December 2022. The results of interim financial statements cannot be solely considered as the results of the entire financial period.

Accounting policies and accounting estimates disclosed in the 31 March 2023 consolidated financial statements are applied in the current period.

2.3 Standards issued but not yet effective and not early adopted

a) Amendments that are mandatorily effective from 2023

| | |
|-----------------------|---|
| Amendments to TAS 1 | <i>Disclosure of Accounting Policies</i> |
| Amendments to TAS 8 | <i>Definition of Accounting Estimates</i> |
| Amendments to TAS 12 | <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> |
| Amendments to TFRS 17 | <i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)</i> |

Amendments to TAS 1 *Disclosure of Accounting Policies*

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

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2 Basis of presentation of the condensed consolidated financial statements (cont’d)

2.3 Standards issued but not yet effective and not early adopted (cont’d)

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

Amendments to TAS 8 Definition of Accounting Estimates

With this amendment, the definition of “a change in accounting estimates” has been replaced with the definition of “an accounting estimate”, sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TFRS 17 Insurance Contracts and Initial Application of TFRS 17 and TFRS 9 — Comparative Information

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application.

The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before.

Amendments are effective with the first application of TFRS 17.

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

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

| | |
|-----------------------|--|
| TFRS 17 | <i>Insurance Contracts</i> |
| Amendments to TFRS 4 | <i>Extension of the Temporary Exemption from Applying TFRS 9</i> |
| Amendments to TAS 1 | <i>Classification of Liabilities as Current or Non-Current</i> |
| Amendments to TFRS 16 | <i>Lease Liability in a Sale and Leaseback</i> |
| Amendments to TAS 1 | <i>Non-current Liabilities with Covenants</i> |

TFRS 17 Insurance Contracts

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

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2 Basis of presentation of the condensed consolidated financial statements (cont'd)

2.3 Standards issued but not yet effective and not early adopted (cont'd)

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

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

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

Amendments to TAS 1 *Classification of Liabilities as Current or Non-Current*

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

Amendments to TFRS 16 *Lease Liability in a Sale and Leaseback*

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

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

Amendments to TAS 1 *Non-current Liabilities with Covenants*

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

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

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

2.4 Significant accounting judgements, estimates and assumptions

Useful life of plant, property and equipment

Items of property, plant and equipment are depreciated from the date that they are available for use, or in respect of self-constructed assets, from the date that the asset is completed and ready for use. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

After initial recognition, the stripping activity asset is initially measured at its cost less depreciation and less impairment losses. Stripping activity asset is depreciated on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.

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2 Basis of presentation of the condensed consolidated financial statements (cont'd)

2.4 Significant accounting judgements, estimates and assumptions (cont'd)

Useful life of plant, property and equipment (cont'd)

The estimated useful lives for the current and comparative periods are as follows:

| | <u>Year</u> |
|--------------------------------|-------------|
| Buildings | 10 - 50 |
| Plant, machinery and equipment | 3 - 43 |
| Furnitures and fixtures | 5 - 15 |
| Vehicles | 5 - 8 |
| Land improvements | 5 |
| Leasehold improvements | 5 |

Power generation plants depreciated over shorter of license term and their useful lives. The Group depreciates its power generation plants in different useful lives in accordance to their different useful lives

| | <u>Year</u> |
|--------------------------|-------------|
| Fuel oil power plants | 4 - 22 |
| Natural gas power plants | 33 - 40 |
| Coal plants | 43 |

Overhaul costs related to power generation plants have different useful lives, then they are accounted as separate items (major components) of power generation plants.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Calculation of loss allowance

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

2.5 Comparative information and restatement of prior periods' consolidated financial statements

The consolidated financial statements of the Group are prepared in comparison with the prior period in order to allow the determination of financial position and performance trends. In order to comply with the presentation of the current period consolidated financial statements, comparative information is reclassified when necessary and significant differences are disclosed. No classification has been made in the consolidated financial statements in the current period.

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3 Operating Segments

The geographical information presented below analyzes the Group's revenue, profit before interest, tax, depreciation and amortization (EBITDA), assets and liabilities, taking into account the country where the Group is located and the African region. In the presentation of this information, segment revenue and EBITDA are presented according to the geographical location of the customers, and the segment assets and liabilities are presented according to the geographical location.

| | 1 January – 31 March 2023 | | | |
|---|---------------------------|-------------|-------------|---------------|
| | Turkey (*) | Africa | Asia | Total |
| Total segment income | 6,991,030,528 | 790,064,790 | 512,883,541 | 8,293,978,859 |
| Profit before interest, tax, depreciation and amortization (EBITDA) | 872,284,994 | 411,276,679 | 387,741,079 | 1,671,302,752 |

| | 1 January – 31 March 2022 | | | |
|---|---------------------------|-------------|-------------|---------------|
| | Turkey (*) | Africa | Asia | Total |
| Total segment income | 5,023,098,055 | 709,755,597 | 159,255,139 | 5,892,108,791 |
| Profit before interest, tax, depreciation and amortization (EBITDA) | 910,675,139 | 520,680,310 | 75,717,399 | 1,507,072,848 |

| | 1 January – 31 March 2023 | | | |
|--|---------------------------|--------------------|--------------------|----------------------|
| | Turkey (*) | Africa | Asia | Total |
| EBITDA of reportable segments | 872,284,994 | 411,276,679 | 387,741,079 | 1,671,302,752 |
| Depreciation and amortisation | (93,767,702) | (91,619,498) | (70,093,824) | (255,481,024) |
| Finance income/(expenses), net | (233,494,572) | 290,303,711 | (25,279,605) | 31,529,534 |
| Income/(expenses) from investing activities, net | 49,352,395 | - | - | 49,352,395 |
| Profit before tax | 594,375,115 | 609,960,892 | 292,367,650 | 1,496,703,657 |

| | 1 January – 31 March 2022 | | | |
|-------------------------------|---------------------------|-------------|------------|---------------|
| | Turkey (*) | Africa | Asia | Total |
| EBITDA of reportable segments | 910,675,139 | 520,680,310 | 75,717,399 | 1,507,072,848 |

| | | | | |
|--|--------------------|--------------------|-------------------|----------------------|
| Depreciation and amortisation | (62,316,698) | (176,248,903) | (24,284,415) | (262,850,016) |
| Finance income/(expenses), net | 84,882,843 | 223,485,930 | 3,072,645 | 311,441,418 |
| Income/(expenses) from investing activities, net | 74,194 | - | - | 74,194 |
| Profit before tax | 933,315,478 | 567,917,337 | 54,505,629 | 1,555,738,444 |

| | 31 March 2023 | | | |
|---------------------|----------------|---------------|---------------|----------------|
| | Turkey (*) | Africa | Asia | Total |
| Segment assets | 14,251,221,606 | 9,682,317,042 | 9,808,954,909 | 33,742,493,557 |
| Segment liabilities | 8,282,203,650 | 2,075,618,251 | 3,262,868,169 | 13,620,690,070 |

| | 31 December 2022 | | | |
|---------------------|------------------|---------------|---------------|----------------|
| | Turkey (*) | Africa | Asia | Total |
| Segment assets | 14,484,874,019 | 9,857,793,414 | 8,889,839,973 | 33,232,507,406 |
| Segment liabilities | 9,584,390,274 | 3,030,430,099 | 1,659,123,562 | 14,273,943,935 |

(*) Including the TRNC.

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4 Related party disclosures

(a) Related party balances

Short-term receivables from related parties as of 31 March 2023 and 31 December 2022 are as follows:

| | 31 March 2023 | | 31 December 2022 | |
|------------------------|----------------------|-----------|----------------------|-----------|
| | Trade | Non-trade | Trade | Non-trade |
| Short-term receivables | 1.736.420.487 | - | 2.434.575.270 | |
| Total | 1.736.420.487 | - | 2.434.575.270 | |

i) Receivables from related parties:

| | 31 March 2023 | | 31 December 2022 | |
|--|----------------------|-----------|----------------------|-----------|
| | Trade | Non-trade | Trade | Non-trade |
| Aksa Elektrik Satış A.Ş. | 1,176,687,036 | - | 1,949,681,174 | - |
| Fırat Elektrik Perakende Satış A.Ş. | 341,541,511 | - | 325,639,684 | - |
| Koni İnşaat Sanayi A.Ş. | 76,020,983 | - | 76,215,424 | - |
| Çoruh Elektrik Perakende Satış A.Ş. | 74,748,159 | - | 72,265,180 | - |
| Aksa Doğalgaz Toptan Satış A.Ş. | 37,426,024 | - | - | - |
| Rasa Endüstriyel Radyatörler San. A.Ş. | 20,000,000 | - | 1,046,397 | - |
| Aksa Doğalgaz Toptan Satış A.Ş. | 9,617,345 | - | 9,441,686 | - |
| Other | 379,429 | - | 285,725 | - |
| Total | 1,736,420,487 | - | 2,434,575,270 | - |

Maturity difference is calculated by taking into account the legal interest rate for the receivables from related parties.

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4 Related party disclosures (cont'd)

(a) Related party balances (cont'd)

Short-term payables to related parties as of 31 March 2023 and 31 December 2022 are as follows:

| | 31 March 2023 | | 31 December 2022 | |
|-----------------------|-------------------|---------------|--------------------|---------------|
| Short-term payables | Trade | Non-trade | Trade | Non-trade |
| Short-term payables | 95,084,694 | 22,000 | 152,735,060 | 22,000 |
| Total payables | 95,084,694 | 22,000 | 152,735,060 | 22,000 |

ii) Payables to related parties:

| | 31 March 2023 | | 31 December 2022 | |
|--|-------------------|---------------|--------------------|---------------|
| | Trade | Non-trade | Trade | Non-trade |
| Atk Sigorta Aracılık Hiz. A.Ş. | 24,992,117 | - | 12,235,697 | - |
| Aksa Elektrik Satış A.Ş. | 23,999,278 | - | 16,175,487 | - |
| Aksa Jeneratör Sanayi A.Ş. | 19,482,967 | - | - | - |
| Aksa Servis ve Kiralama A.Ş. | 5,128,678 | - | 13,090,542 | - |
| Rasa Endüstriyel Radyatörler San. A.Ş. | 1,190,504 | - | 1,834,808 | - |
| Kazancı Holding A.Ş. | 697,185 | - | 721,100 | - |
| Koni İnşaat Sanayi A.Ş. | 611,147 | - | 411,791 | - |
| Aksa Şanlıurfa Doğalgaz Dağıtım A.Ş. | - | - | 81,586,217 | - |
| Other | 18,982,818 | 22,000 | 26,679,418 | 22,000 |
| Total | 95,084,694 | 22,000 | 152,735,060 | 22,000 |

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4 Related party disclosures (cont'd)

(b) Related party transactions

i) Purchases and sales from/to related parties:

1 January - 31 March 2023

| | Electricity Sales | Electricity Purchases | Natural Gas Purchases | Interest Income | Interest Expense | Rent Expenses | General Administrative Expenses | Reflection of Common Expenses | Material Purchases | Material Sales | Other (Expense) / Income, Net |
|--|----------------------|--------------------------|--------------------------|--------------------|---------------------|------------------|---------------------------------------|-------------------------------------|-----------------------|-------------------|-------------------------------------|
| Aksa Elektrik Satış A.Ş. | 2,223,548,819 | 316,134,758 | - | 21,342,674 | 3,935,714 | - | 6,848 | - | - | - | - |
| Aksa Doğal Gaz Toptan Satış A.Ş. | - | - | - | 595,850 | - | - | - | - | - | - | - |
| Kazancı Holding A.Ş. | - | - | - | - | 197,856 | - | - | 27,304,762 | - | - | - |
| Koni İnşaat Sanayi A.Ş. | - | 3,446 | - | 3,072,631 | 3,459 | 6,371,633 | 2,765 | - | - | 9,650 | - |
| Aksa Jeneratör Sanayi A.Ş. | - | - | - | - | 458,570 | - | - | - | - | - | (50,240) |
| Aksa Doğal Gaz Dağıtım A.Ş. | - | - | - | 883,293 | - | - | - | - | - | - | - |
| Aksa Jeneratör Sanayi A.Ş. | - | - | - | 45,159 | 143,781 | - | - | - | - | - | - |
| Aksa Ankara Makine Sat. ve Servis A.Ş. | - | - | - | - | 1,512 | - | - | - | - | - | (105,223) |
| Çoruh Elektrik Perakende Satış A.Ş. | - | - | - | 2,852,760 | - | - | - | - | - | - | - |
| Fırat Elektrik Perakende Satış A.Ş. | 328,309 | - | - | 6,609,103 | - | - | - | - | - | - | - |
| Fırat Elektrik Dağıtım A.Ş. | - | - | - | 6,291,315 | - | - | - | - | - | - | - |
| Aksa Satış ve Pazarlama A.Ş. | - | - | - | - | 64,321 | - | - | - | - | - | - |
| Aksa Turizm İşletmeleri A.Ş. | - | - | - | - | 7,230 | - | - | - | - | - | - |
| Özcan Turizm ve Seyahat A.Ş. | - | - | - | 2,273 | - | - | - | - | - | - | - |
| Koni Teknik Mühendislik A.Ş. | - | - | - | 42,205 | - | - | - | - | - | - | - |
| Aksa Servis ve Kiralama A.Ş. | - | - | - | - | - | - | - | - | 2,710,508 | - | - |
| | 2,223,877,128 | 316,138,204 | - | 41,737,263 | 4,812,443 | 6,371,633 | 9,613 | 27,304,762 | 2,710,508 | 9,650 | (155,463) |

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4 Related party disclosures (cont'd)

(b) Related party transactions (cont'd)

i) Purchases and sales from/to related parties: (cont'd)

1 January – 31 March 2022

| | Electricity Sales | Electricity Purchases | Natural Gas Purchases | Interest Income | Interest Expense | Rent Expenses | General Administrative Expenses | Reflection of Common Expenses | Material Purchases | Material Sales | Other (Expense) / Income, Net |
|--|----------------------|--------------------------|--------------------------|--------------------|---------------------|------------------|---------------------------------------|-------------------------------------|-----------------------|-------------------|-------------------------------------|
| Aksa Elektrik Satış A.Ş. | 731,674,642 | 165,405,475 | - | 33,115,651 | 331 | - | - | - | - | -- | - |
| ATK Sigorta Aracılık Hizmetleri A.Ş. | - | - | - | - | - | - | 1,472,334 | - | - | - | - |
| Aksa Doğal Gaz Toptan Satış A.Ş. | - | - | 141,625,704 | 797,441 | 60,682 | - | - | - | - | - | - |
| Kazancı Holding A.Ş. | - | - | - | - | 359,795 | - | - | 7,210,398 | - | - | - |
| Koni İnşaat Sanayi A.Ş. | - | - | - | 515,705 | 190,560 | 2,270,693 | 251,335 | - | 113,410 | - | - |
| Aksa Jeneratör Sanayi A.Ş. | - | - | - | - | - | - | - | - | - | - | (4,521) |
| Aksa Doğal Gaz Dağıtım A.Ş. | - | - | - | - | - | - | - | - | - | - | 60,043 |
| Flamingo Biyokıym Üretim Sanayi A.Ş. | - | - | - | 214,558 | - | - | - | - | - | - | - |
| Aksa Jeneratör Sanayi A.Ş. Servis | - | - | - | 153,903 | - | - | - | - | - | - | - |
| Aksa Power Generation (Dubai) | - | - | - | - | 470,287 | - | - | - | - | - | - |
| Aksa Ankara Makine Sat. ve Servis A.Ş. | - | - | - | - | - | - | - | - | - | - | (187,485) |
| Çoruh Elektrik Perakende Satış A.Ş. | 228,720,036 | 5,981,650 | - | 1,296,739 | 381,508 | - | - | - | - | - | - |
| Fırat Elektrik Perakende Satış A.Ş. | 328,414,632 | 23,435,297 | - | 4,435,102 | 44 | - | - | - | - | - | - |
| Aksa Generators Ghana LTD. | - | - | - | - | - | - | - | - | - | - | - |
| Aksa Satış ve Pazarlama A.Ş. | - | - | - | - | 1,695 | - | 573,922 | - | - | - | - |
| Aksa Şanlıurfa Doğal Gaz Dağıtım A.Ş. | - | - | - | - | 60,043 | - | - | - | - | - | - |
| Aksa Turizm İşletmeleri A.Ş. | - | - | - | - | - | - | - | - | - | - | (20,075) |
| Aksa Servis ve Kiralama A.Ş. | - | - | - | - | 15,912 | - | - | - | - | 5,025 | - |
| | 1,288,809,310 | 194,822,422 | 141,625,704 | 40,529,099 | 1,540,857 | 2,270,693 | 2,297,591 | 7,210,398 | 113,410 | 5,025 | (152,038) |

ii) Guarantees and other liabilities given by the related parties in favor of the Group:

The total amount of guarantees given by the partners and related parties in favor of the Group within the framework of the general loan agreements made against the loans used by the Group is TL 32,261,936,582 as of 31 March 2023 (31 December 2022: TL 37,447,003,316).

iii) Total salaries and benefits provided to key management personnel:

The Company's key management team consists of the members of the Board of Directors. Benefits provided to senior executives include benefits such as wages, premiums, health insurance and transportation. The total amount of benefits provided to senior managers during the period is TL 4,638,922 (31 December 2022: TL 10,006,142).

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5 Financial investments

| Short-term financial investments | 31 March 2023 | 31 December 2022 |
|---|----------------------|-------------------------|
| Time deposits (*) | 9,601,470 | 306,413,932 |
| Total | 9,601,470 | 306,413,932 |

(*) The Group has conservative financial deposit assets amounting to TL 9,412,700 with an expected interest rate of 12% as of 2 May 2023 (As of 31 December 2022, the Group has conservative financial deposit assets amounting to TL 8,980,900 with an expected interest rate of 14% as of 30 January 2023 and TL 278,427,000 with an interest rate of 15% as of 29 March 2023.)

| Long-term financial investments | Acquisition % | 31 March 2023 | 31 December 2022 |
|--|----------------------|----------------------|-------------------------|
| Enerji Piyasaları İşletme A.Ş. (*) | 0.67 | 412,408 | 412,408 |
| Total | | 412,408 | 412,408 |

(*) As of 20 November 2014, 412,408 Group C shares have been purchased by the Group in order to participate in the capital of Enerji Piyasaları İşletme A.Ş.

Financial assets are accounted for at cost, as they best reflect the fair value estimation of cost within the scope of TFRS 9.

6 Trade receivables and payables

(a) Short-term trade receivables

As of 31 March 2023 and 31 December 2022, trade receivables from third parties consist of the following items:

| Short-term trade receivables | 31 March 2023 | 31 December 2022 |
|---|----------------------|-------------------------|
| Trade receivables | 7,346,428,490 | 6,958,408,429 |
| Receivables from related parties (Note 4) | 1,736,420,487 | 2,434,575,270 |
| Provision for expected credit losses (-) | (312,980,483) | (175,554,022) |
| Total trade receivables from third parties | 8,769,868,494 | 9,217,429,677 |

Details on credit risk, foreign currency risk and impairment of the Group's short-term trade receivables are explained in Note 17.

Movements of provision for expected credit loss for the periods ended 31 March as follows:

| | 2023 | 2022 |
|---|--------------------|--------------------|
| Balance as at 1 January | 175,554,022 | 73,919,260 |
| Provision made/(reversed) during the period | 138,679,138 | 74,599,673 |
| Foreign currency translation difference | (1,252,677) | 8,040,172 |
| Balance as at 31 December | 312,980,483 | 156,559,105 |

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6 Trade receivables and payables (cont'd)

(b) Short-term trade payables

As of 31 March 2023 and 31 December 2022, trade payables to third parties consist of the following items:

| Short-term trade payables | 31 March 2023 | 31 December 2022 |
|--|----------------------|----------------------|
| Trade payables | 2,052,943,938 | 1,973,913,214 |
| Payables from related parties (Note 4) | 95,084,694 | 152,735,060 |
| Total trade payables to third parties | 2,148,028,632 | 2,126,648,274 |

The foreign currency and liquidity risk regarding the short-term trade payables of the Group is explained in Note 17.

7 Financial borrowings

| Short-term | 31 March 2023 | 31 December 2022 |
|--|----------------------|----------------------|
| Short-term bank loans | 2,130,595,222 | 2,393,385,155 |
| Short-term portion of long-term bank loans | 2,429,374,351 | 2,340,517,715 |
| Total Short-Term Borrowings | 4,559,969,573 | 4,733,902,870 |
| Long-term | | |
| Long-term bank loans | 3,302,478,738 | 3,785,386,886 |
| Total Borrowings | 7,862,448,311 | 8,519,289,756 |

The maturities and terms for the open loans as of 31 March 2023 and 31 December 2022 are as follows:

| Currency | Interest rate | 31 March 2023 |
|--------------|-------------------------------|----------------------|
| TL | TLREF +3.00 7.50% - 23.46% | 3,053,910,921 |
| USD | Libor6M +5.50%, 3.6% - 10.31% | 4,808,537,390 |
| Total | | 7,862,448,311 |
| Currency | Interest rate | 31 December 2022 |
| TL | 7.50% - 36.00% | 3,510,863,359 |
| USD | 3.60% - Libor6M 6.35% | 5,008,426,397 |
| Total | | 8,519,289,756 |

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7 Financial borrowings (cont'd)

| 31 March 2023 | | | |
|----------------------|-----------------|------------------------|----------------------|
| Maturity | Currency | Currency amount | TL Equivalent |
| Less than 1 year | USD | 114,650,118 | 2,195,091,155 |
| | TL | 2,364,878,418 | 2,364,878,418 |
| 1-2 Years | USD | 64,453,976 | 1,234,035,826 |
| | TL | 433,155,786 | 433,155,786 |
| 2-3 Years | USD | 33,264,309 | 636,878,456 |
| | TL | 215,501,292 | 215,501,292 |
| 3-4 Years | USD | 25,304,182 | 484,473,874 |
| | TL | 40,375,425 | 40,375,425 |
| 4-5 Years | USD | 13,478,433 | 258,058,079 |
| Total | | | 7,862,448,311 |

| 31 December 2022 | | | |
|-------------------------|-----------------|------------------------|----------------------|
| Maturity | Currency | Currency amount | TL Equivalent |
| Less than 1 year | USD | 114,701,679 | 2,144,726,401 |
| | TL | 2,589,176,469 | 2,589,176,469 |
| 1-2 Years | USD | 67,432,800 | 1,260,878,726 |
| | TL | 484,552,543 | 484,552,543 |
| 2-3 Years | USD | 45,699,025 | 854,494,075 |
| | TL | 353,395,363 | 353,395,363 |
| 3-4 Years | USD | 24,782,339 | 463,387,617 |
| | TL | 83,738,984 | 83,738,984 |
| 4-5 Years | USD | 15,238,796 | 284,939,578 |
| Total | | | 8,519,289,756 |

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7 Financial borrowings (cont'd)

Details of the liquidity and exchange rate risk regarding the borrowings of the Group are explained in Note 17.

The details of payables from leases are as follows:

The Group's lease obligations represent the present value of the future payables of the power plant land, vehicle and building leased from third parties during the useful life of the asset.

As of 31 March 2023 and 31 December 2022, the TL equivalent values and the repayment schedule of financial lease payables as of the balance sheet date are as follows:

| Currency | Interest Type | Agreement Date | Interest Rate | 31 March 2023 |
|--------------|---------------|-----------------|-----------------|--------------------|
| TL | Fixed | 25 March 2038 | 19.37% - 31.54% | 104,379,134 |
| USD | Fixed | 20 October 2038 | 1.77% - 8.97% | 9,492,634 |
| EUR | Fixed | 1 June 2023 | 3.43% - 7.43% | 1,364,809 |
| Total | | | | 115,236,577 |

| Currency | Interest Type | Agreement Date | Interest Rate | 31 December 2022 |
|--------------|---------------|-----------------|-----------------|-------------------|
| TL | Fixed | 25 March 2038 | 19.37% - 31.54% | 82,034,465 |
| USD | Fixed | 20 October 2038 | 1.77% - 8.97% | 6,689,308 |
| EUR | Fixed | 1 June 2023 | 3.43% - 7.43% | 457,263 |
| Total | | | | 89,181,036 |

8 Property, plant and equipment

As of 31 March 2023 and 31 December 2022, property, plant and equipment consists of other tangible assets and mining assets.

| | 31 March 2023 | 31 December 2022 |
|-------------------------------------|-----------------------|-----------------------|
| Other property, plant and equipment | 21,571,510,092 | 21,236,458,717 |
| Mining assets | 57,522,915 | 58,835,440 |
| Total | 21,629,033,007 | 21,295,294,157 |

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8 Property, plant and equipment (cont'd)

a) Other property, plant and equipment

| | Land | Land improvements | Buildings | Plant, machinery and equipment | Motor vehicles | Furniture and fixtures | Leasehold improvements | Construction in progress | Total |
|---|--------------------|--------------------|--------------------|--------------------------------|-------------------|------------------------|------------------------|--------------------------|-----------------------|
| Cost value | | | | | | | | | |
| Opening balance as of 1 January 2023 | 146,036,772 | 206,962,096 | 487,045,201 | 27,422,071,611 | 33,443,743 | 50,224,327 | 26,843,085 | 50,407,806 | 28,423,034,641 |
| Additions | 634,138 | 3,437,957 | 41,050,149 | 62,539,855 | 360,476 | 3,519,887 | - | 99,477,619 | 211,020,081 |
| Disposals | (7,160,000) | (307,843) | - | (291,253) | - | (330,335) | - | - | (8,089,431) |
| Transfers | - | (7,666,920) | 7,666,920 | 78,935,618 | - | - | - | (78,979,827) | (44,209) |
| Effect of foreign currency translation | - | 3,443,057 | 9,779,230 | 497,964,641 | 918,366 | 1,035,837 | - | 3,216,193 | 516,357,324 |
| Closing balance as of 31 March 2023 | 139,510,910 | 205,868,347 | 545,541,500 | 28,061,220,472 | 34,722,585 | 54,449,716 | 26,843,085 | 74,121,791 | 29,142,278,406 |
| Accumulated depreciation | | | | | | | | | |
| Opening balance as of 1 January 2023 | - | 13,006,298 | 155,408,525 | 6,954,254,896 | 18,531,815 | 35,061,730 | 10,312,659 | - | 7,186,575,923 |
| Depreciation for the period | - | 2,509,649 | 7,023,431 | 224,065,846 | 774,239 | 1,208,743 | 308,144 | - | 235,890,052 |
| Disposals | - | (307,843) | - | (291,253) | - | (211,966) | - | - | (811,062) |
| Effect of foreign currency translation | - | 261,074 | 4,144,497 | 145,523,366 | (1,454,040) | 638,504 | - | - | 149,113,401 |
| Closing balance as of 31 March 2023 | - | 15,469,178 | 166,576,453 | 7,323,552,855 | 17,852,014 | 36,697,011 | 10,620,803 | - | 7,570,768,314 |
| Net book value | 139,510,910 | 190,399,169 | 378,965,047 | 20,737,667,617 | 16,870,571 | 17,752,705 | 16,222,282 | 74,121,791 | 21,571,510,092 |

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8 Property, plant and equipment (cont'd)

a) Other property, plant and equipment (cont'd)

| | Land | Land improvements | Buildings | Plant, machinery and equipment | Motor vehicles | Furniture and fixtures | Leasehold improvements | Construction in progress | Total |
|--|-------------|-------------------|-------------|--------------------------------|----------------|------------------------|------------------------|--------------------------|----------------|
| Cost value | | | | | | | | | |
| Opening balance as of 1 January 2022 | 134,304,805 | 23,052,219 | 238,863,205 | 16,784,735,395 | 20,039,316 | 29,027,897 | 26,843,084 | 258,843,680 | 17,515,709,601 |
| Additions | - | 179,348 | - | 814,940,214 | 887,801 | 2,380,903 | - | 88,169,057 | 906,557,323 |
| Transfers | - | - | - | 85,275,330 | - | - | - | (85,275,330) | - |
| Effect of foreign currency translation | - | 1,264,296 | 17,914,979 | 1,068,880,182 | 1,845,807 | 304,614 | - | 4,817,464 | 1,095,027,342 |
| Closing balance as of 31 March 2022 | 134,304,805 | 24,495,863 | 256,778,184 | 18,753,831,121 | 22,772,924 | 31,713,414 | 26,843,084 | 266,554,871 | 19,517,294,266 |
| Accumulated depreciation | | | | | | | | | |
| Opening balance as of 1 January 2022 | - | 6,675,076 | 107,090,065 | 4,383,308,737 | 9,853,762 | 25,205,844 | 9,092,163 | - | 4,541,225,647 |
| Depreciation for the period | - | 530,285 | 3,239,097 | 244,388,547 | 539,148 | 740,574 | 314,334 | - | 249,751,985 |
| Effect of foreign currency translation | - | 379,431 | 9,891,984 | 312,509,208 | 985,739 | 1,440,562 | - | - | 325,206,924 |
| Closing balance as of 31 March 2022 | - | 7,584,792 | 120,221,146 | 4,940,206,492 | 11,378,649 | 27,386,980 | 9,406,497 | - | 5,116,184,556 |
| Net book value | 134,304,805 | 16,911,071 | 136,557,038 | 13,813,624,629 | 11,394,275 | 4,326,434 | 17,436,587 | 266,554,871 | 14,401,109,710 |

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8 Property, plant and equipment (cont'd)

a) Other property, plant and equipment (cont'd)

As of 31 March 2023 and 31 December 2022, the details of the expenditures classified under the construction in progress item of the projects under construction are as follows:

| Proje | 31 March 2023 | 31 March 2022 |
|--------------|-------------------|--------------------|
| Other (*) | 74,121,791 | 266,554,871 |
| Total | 74,121,791 | 266,554,871 |

(*) It consists of ongoing investments in Africa.

b) Mining assets

As of 31 March 2023 and 31 March 2022, mining assets consist of mine site development and deferred mining costs.

| Cost: | 31 March 2023 | 31 December 2022 |
|----------------------------------|--------------------|--------------------|
| Stripping costs | 115,799,383 | 115,799,383 |
| Mining development assets | 5,477,772 | 5,477,772 |
| | 121,277,155 | 121,277,155 |
| Accumulated amortization: | | |
| Stripping costs | 63,521,907 | 62,209,382 |
| Mining development assets | 232,333 | 232,333 |
| | 63,754,240 | 62,441,715 |
| Carrying amount | 57,522,915 | 58,835,440 |

9 Right-of-Use Assets

| | Land of Power Plants | Buildings | Vehicles | Total |
|-------------------------------------|----------------------|-------------------|-------------------|--------------------|
| Balance as of 1 January 2023 | 85,845,267 | 2,604,715 | 9,786,862 | 98,236,844 |
| Additions | 2,883,103 | 10,545,247 | 5,212,877 | 18,641,227 |
| Changes in leases | 18,192,619 | 1,396,078 | 571,368 | 20,160,065 |
| Disposals | (3,212,674) | - | - | (3,212,674) |
| Depreciation and amortization | (4,389,694) | (3,950,818) | (1,637,337) | (9,977,849) |
| Balance as of 31 March 2023 | 99,318,621 | 10,595,222 | 13,933,770 | 123,847,613 |

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9 **Right-of-use Assets (cont'd)**

| | Land of Power Plants | Buildings | Vehicles | Total |
|-------------------------------------|----------------------------|------------------|------------------|-------------------|
| Balance as of 1 January 2022 | 57,422,283 | 5,943,676 | 1,228,031 | 64,593,990 |
| Additions | 3,959,909 | 1,094,114 | - | 5,054,023 |
| Changes in leases | 9,024,020 | 2,209,170 | 2,479,197 | 13,712,387 |
| Disposals | (2,751,122) | (218,814) | - | (2,969,936) |
| Depreciation and amortization | (2,319,600) | (3,882,551) | (2,791,540) | (8,993,691) |
| Translation differences | - | 434,060 | 88,347 | 522,407 |
| Balance as of 31 March 2022 | 65,335,490 | 5,579,655 | 1,004,035 | 71,919,180 |

The Group, as a lessee, has included the right-of-use asset representing the right to use the underlying asset and the lease payables representing the lease payments for which the rent is required to be paid in the condensed consolidated financial statements.

10 **Commitments**

(a) **Guarantees, pledges and mortgages given**

As of 31 March 2023 and 31 December 2022, the table regarding the Group's guarantee, pledge and mortgage (GPM) position is as follows:

| GPM Given by the Group | 31 March 2023 | 31 December 2022 |
|--|-----------------------|-------------------------|
| A. GPM given for companies own legal personality | 8,172,940,544 | 6,879,579,315 |
| B. GPM given in behalf of fully consolidated companies | 12,658,104,763 | 12,645,346,425 |
| C. GPM given for continuation of its economic activities on behalf of third parties | - | - |
| D. Total amount of other GPM's | - | - |
| i. Total amount of GPM's given on behalf of majority shareholder | - | - |
| ii. Total amount of GPM's given on behalf of other Group companies which are not in scope of B and C | - | - |
| iii. Total amount of GPM's given on behalf of third parties which are not in scope of C | - | - |
| Total CPM | 20,831,045,307 | 19,524,925,740 |

The details of the letters of guarantee given by the Group as of 31 March 2023 and 31 December 2022 are as follows:

| 31 March 2023 | TL | USD | EUR | CHF | TL Equivalent |
|---|--------------------|-------------------|----------------|----------------|----------------------|
| Republic of Turkey Energy Market Regulatory Authority | 607,598,111 | - | - | - | 607,598,111 |
| Electricity Distribution Companies | 228,323 | 14,498,486 | - | - | 277,816,344 |
| Turkey Electricity Transmission Inc. | 63,432,744 | - | 200,000 | - | 67,593,164 |
| Turkish Coal Enterprises Institution(TKI) | 29,623,883 | - | - | - | 29,623,883 |
| Botaş-Petroleum Pipeline Corporation | 665,042 | - | - | - | 665,042 |
| Enforcement Offices | 8,851,943 | - | - | - | 8,851,943 |
| Other | 25,380,617 | 4,060,740 | 370,000 | 800,000 | 127,505,999 |
| | 735,780,663 | 18,559,226 | 570,000 | 800,000 | 1,119,654,486 |

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10 Commitments (cont'd)

(a) Guarantees, pledges and mortgages given (cont'd)

| 31 December 2022 | TL | USD | EUR | CHF | TL Equivalent |
|---|----------------------|-------------------|----------------|----------------|----------------------|
| Republic of Turkey Energy Market Regulatory Authority | 926,900,111 | - | - | - | 926,900,111 |
| Turkey Electricity Transmission Company (TEIAS) | 37,939,095 | - | 200,000 | - | 41,926,075 |
| Turkish Coal Enterprises Institution(TKI) | 13,130,573 | - | - | - | 13,130,573 |
| Botaş-Petroleum Pipeline Corporation | 665,042 | - | - | - | 665,042 |
| Enforcement Offices | 6,029,310 | - | - | - | 6,029,310 |
| Electricity Distribution Companies | 9,343,545 | 15,586,859 | - | - | 300,791,310 |
| Other | 25,561,697 | 3,061,212 | 370,000 | 800,000 | 106,338,598 |
| | 1,019,569,373 | 18,648,071 | 570,000 | 800,000 | 1,395,781,019 |

(b) Guarantees received

The details of the letters of guarantee received by the Group as of 31 March 2023 and 31 December 2022 are as follows:

| Type of Guarantees Received | TL | USD | EUR | 31 March 2023 TL Equivalent |
|-------------------------------|--------------------|-------------------|-------------------|--------------------------------|
| Letter of guarantee | 169,700,563 | 38,004,158 | 12,570,004 | 1,158,810,657 |
| Notes taken for collaterals | 26,345,405 | 1,034,174 | 1,184,169 | 70,778,894 |
| Cheques taken for collaterals | 8,400,000 | 28,000 | 3,456,000 | 80,828,146 |
| Mortgage | 700,000 | - | - | 700,000 |
| Total | 205,145,968 | 39,066,332 | 17,210,173 | 1,311,117,697 |

| Type of Guarantees Received | TL | USD | EUR | 31 December 2022 TL Equivalent |
|-------------------------------|--------------------|-------------------|-------------------|-----------------------------------|
| Letter of guarantee | 381,407,578 | 49,478,906 | 6,388,484 | 1,424,309,148 |
| Notes taken for collaterals | 26,345,405 | 1,034,174 | 1,184,169 | 69,087,836 |
| Cheques taken for collaterals | 8,400,000 | 28,000 | 3,456,000 | 77,813,121 |
| Mortgage | 700,000 | - | - | 700,000 |
| Total | 416,852,983 | 50,541,080 | 11,028,653 | 1,571,910,105 |

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11 Share capital, reserves and other equity items

(a) Issued capital

The Company has switched to the registered capital system with the permission of the CMB dated 16 April 2010 and numbered 10/330, and the registered capital ceiling is TL 4,750,000,000 (31 December 2022: TL 4,750,000,000). The registered capital ceiling permission given by the Capital Markets Board is valid for the years 2021-2025 (5 years).

As of 31 March 2023, the issued capital of the Company is TL 1,226,338,236 (31 December 2022: TL 1,226,338,236). The issued capital consists of 1,226,338,236 shares each with a nominal value of 1 TL (31 December 2022: 1,226,338,236).

The capital structure of the Group as of 31 March 2023 and 31 December 2022 is as follows:

| Hissedar | 31 March 2023 | | 31 December 2022 | |
|------------------|----------------|----------------------|------------------|----------------------|
| | Share rate (%) | Share Amount | Share rate (%) | Share Amount |
| Kazancı Holding | 79.415 | 973,901,660 | 79.415 | 973,901,660 |
| Public share (*) | 20.582 | 252,398,076 | 20.582 | 252,398,076 |
| Other | 0.003 | 38,500 | 0.003 | 38,500 |
| Total | 100.00 | 1,226,338,236 | 100.00 | 1,226,338,236 |

(*) The shares acquired by Kazancı Holding from publicly traded shares in 2012, 2013 and 2018 are presented in the publicly traded shares in the table above. Together with the shares purchased by Kazancı Holding among the publicly traded shares, its shareholding portion in our partnership is 79.415%. As of 31 March 2023 these shares are 9,917,924 (31 December 2022: 9,917,924).

The details of the shares on a group basis as of 31 March 2023 and 31 December 2022 are as follows:

| Group | 31 March 2023 | | 31 December 2022 | |
|----------------------------|----------------|----------------------|------------------|----------------------|
| | Share rate (%) | Share Amount | Share rate (%) | Share Amount |
| A Group (Registered Share) | 47.93 | 587,792,440 | 47.93 | 587,792,440 |
| B Group (Bearer Share) | 52.07 | 638,545,796 | 52.07 | 638,545,796 |
| Paid-in Capital | 100.00 | 1,226,338,236 | 100.00 | 1,226,338,236 |

TL 262,316,000 of the bearer B group shares are traded on BIST.

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11 Share capital, reserves and other equity items (cont'd)

(a) Issued capital (cont'd)

Under the leadership of Garanti Bank and İşbank, a new loan agreement with a total amount of USD 800 million ("the New Loan") was signed between the consortium consisting T.C. Ziraat Bankası A.Ş., Türkiye Halk Bankası A.Ş., Türkiye Vakıflar Bankası T.A.O., Odea Bank A.Ş. and Türkiye Sınai Kalkınma Bankası A.Ş. and Kazancı Holding and Akso Doğal Gaz Dağıtım A.Ş. on 2 August 2016. As a guarantee for this loan, Akso Enerji shares, representing the total capital of 78.6% of Akso Enerji shares owned by Kazancı Holding, were pledged to İşbank, the Collateral Representative, by Kazancı Holding.

(b) Share premium

The difference between the nominal value of each share and the selling price is recorded as share premium in equity. As of 31 March 2023, the Group's total shares are TL 10,726,734 (31 December 2022: TL 10,726,734).

(c) Loss on Remeasurement of Defined Benefit Plans:

It consists of actuarial gains and losses recognized as other comprehensive income as a result of the adoption of TAS 19 (2011) standard.

(d) Hedging reserve:

The hedging reserve consists of the effective portion of the accumulated net change in the fair value of the cash flow hedging instrument related to the transaction subject to hedging, which has not yet been realized.

(e) Foreign currency translation differences:

Foreign currency translation differences consist of all foreign currency exchange differences arising from the conversion of foreign currency based financial statements to TL, which is the Company's functional currency.

(f) Valuation increase of property, plant and equipment:

Valuation increases of property, plant and equipment consist of revaluation differences in land, buildings, land improvements and plant, machinery and equipment.

(g) Restricted reserves appropriated from profit:

i) Legal reserves:

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's historical paid-in share capital. The second legal reserve is appropriated at the rate of 1/10 of all cash dividend distributions exceeding 5% of the company's capital in cases where profit distribution is made according to CMB regulations, and in cases where dividends are distributed according to legal records, it is appropriated at the rate of 1/11 per annum of all cash distributions in excess of 5% of the historical paid-in share capital. The legal reserves are not available for distribution unless they exceed 50% of the historical paid-in share capital but may be used to offset losses in the event that historical general reserve is exhausted. As of 31 March 2023, the Group's total legal reserves are TL 477,549,777 (31 December 2022: TL 332,248,395).

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11 Share capital, reserves and other equity items (cont'd)

ii) Dividend:

It has been decided that the profit distribution will be realized within the framework of the principles in the "Dividend Communiqué" Serial: II-19,1 of the CMB, the provisions in the articles of association of the partnerships and the profit distribution policies disclosed to the public by the companies. In addition, in the aforementioned Communiqué, companies that are obliged to prepare consolidated financial statements are required to calculate the net distributable profit amount, as long as it can be covered from the resources in their legal records, by taking into account the net profit for the period in their consolidated financial statements that they will prepare and publicly disclose in accordance with the Communiqué Serial: II-14,1.

In publicly held partnerships, dividends are distributed equally to all of the existing shares as of the date of distribution, regardless of their issue and acquisition dates.

(h) Non-controlling interests:

The parts of the net assets of the subsidiaries, which correspond to the shares not in the direct and/or indirect control of the parent company, are classified under the "Non-controlling interests" item under equity in the consolidated statement of financial position. As of 31 March 2023 and 31 December 2022, the amounts classified under the line item "Non-controlling interests" in the consolidated statement of financial position are positive TL 1,779,584,070 and positive TL 1,750,483,437 respectively.

In addition, the parts of the net assets of the subsidiaries, which correspond to the shares not in the direct and/or indirect control of the parent company, are classified under the "Non-controlling interests" item in the consolidated statement of profit or loss and other comprehensive income. As of the period ended 31 March 2023 and 31 March 2022, the profit and loss of non-controlling interests out of the total comprehensive income is TL 29,100,633 and TL 104,744,430 respectively, within the item "Non-controlling interests".

(i) Prior years' profit/(loss):

Accumulated profits/losses other than net profit for the period are offset in this item. Extraordinary reserves that are in the nature of accumulated profit/loss are also considered as accumulated profit and presented in this item. As of 31 March 2023, the Group's prior years' profit is TL 6,350,666,260 (31 December 2022: prior years' profit is TL 1,886,122,885).

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12 Revenue

Revenue for the three-month accounting period 1 January - 31 March is as follows:

| | 1 January- 31 March 2023 | 1 January- 31 March 2022 |
|-------------------------|-------------------------------------|-------------------------------------|
| Domestic sales | 6,991,030,528 | 5,023,098,055 |
| Foreign sales | 1,302,948,331 | 869,010,736 |
| Net sales income | 8,293,978,859 | 5,892,108,791 |
| Cost of sales (-) | (6,664,573,584) | (4,465,390,180) |
| Total | 1,629,405,275 | 1,426,718,611 |

The details of the Group's sales revenue and gross profit are as follows:

| | 1 January- 31 March 2023 | 1 January- 31 March 2022 |
|-------------------------|-------------------------------------|-------------------------------------|
| Revenue – Amount | | |
| Electricity | 8,293,917,808 | 5,891,935,302 |
| Other | 61,051 | 173,489 |
| Total | 8,293,978,859 | 5,892,108,791 |
| Gross profit | | |
| Electricity | 1,629,374,095 | 1,426,676,602 |
| Other | 31,180 | 42,009 |
| Total | 1,629,405,275 | 1,426,718,611 |

13 Finance income

Finance income for the three-month accounting period 1 January - 31 March is as follows:

| Finance income | 1 January- 31 March 2023 | 1 January- 31 March 2022 |
|-------------------------------------|-------------------------------------|-------------------------------------|
| Foreign exchange income | 337,538,658 | 335,830,645 |
| Interest income | 144,364,621 | 132,043,309 |
| Income from derivative transactions | 28,342,485 | 48,861,558 |
| Total | 510,245,764 | 516,735,512 |

(*) Foreign exchange gains and expenses are offset on company basis in subsidiaries of the consolidation.

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14 Finance expenses

Financial expenses for the three accounting period 1 January - 31 March are as follows:

| Finance expenses | 1 January- 31 March 2023 | 1 January- 31 March 2022 |
|---------------------------------------|-----------------------------|-----------------------------|
| Interest and interest expenses | 250,887,608 | 172,455,807 |
| Foreign exchange losses | 203,793,692 | 8,144,160 |
| Bank commission expenses | 15,502,262 | 14,971,706 |
| Expenses from derivative transactions | 8,532,668 | 9,722,421 |
| Total | 478,716,230 | 205,294,094 |

(*) Foreign exchange gains and expenses are offset on company basis in subsidiaries of the consolidation.

15 Taxation

Turkey

Corporate tax

The Group is subject to taxation in accordance with the tax procedures and the legislation effective in the countries in which the Group companies operate.

The corporate tax rate for the fiscal year is 20% in Turkey (2022: 23%). Corporate tax returns are required to be filed until the twenty-fifth of the fourth month following the balance sheet date and paid in one installment until the end of the related month. The tax legislation provides for a provisional tax of 20% (2022: 23%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the fiscal year.

According to the Turkish Tax Law, corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years. In Turkey, the tax legislation does not permit to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

Income tax withholding

There is a withholding tax obligation on dividend distributions, and this withholding obligation is accrued in the period when the dividend payment is made. A business or a corporate taxpayer who earns revenue through permanent representative in Turkey and dividend payments to non-resident institutions other than those made in Turkey are subject to withholding at the rate of 15%. In the application of the withholding rates regarding the dividend distributions made to non-resident companies and real persons, the withholding rates included in the related Double Taxation Agreements are also taken into consideration. Allocation of prior years' profit to the capital is not considered as profit distribution, therefore it is not subject to withholding tax.

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15 Taxation (cont'd)

Transfer pricing regulations

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing, such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

Tax applications for foreign subsidiaries of the Group

Turkish Republic of Northern Cyprus ("TRNC")

The applicable corporate tax rate in TRNC is 23.5% (31 December 2022: 23.5%).

Republic of Ghana

The applicable corporate tax rate in Republic of Ghana is 25% (31 December 2022: 25%).

Netherlands

Corporate income tax is levied at the rate of 20% (31 December 2022: 20%) on the worldwide income of resident companies, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes for the year 2020. A unilateral decree for the avoidance of double taxation provides relief for resident companies from Dutch tax on income, such as foreign business profits derived through a permanent establishment abroad, if no tax treaty applies, there is an additional dividend tax of 5% computed only on the amounts of dividend distribution at the time of such payments.

Under the Dutch taxation system, tax losses can be carried forward to be offset against future taxable income for nine years. Tax losses can be carried back to offset profits up to one year. Entities must file their tax returns within six months following the close of the tax year to which they relate, unless the company applies for an extension (normally an additional three months). Tax returns are open for five years from the date of final assessment of the tax return during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Republic of Mauritius

There is no corporate tax in Mauritius (31 December 2022: none)

Republic of Mali

The applicable corporate tax rate in Mali 25% (31 December 2022: 25%).

Madagascar

The applicable corporate tax rate in Madagascar 20% (31 December 2022: 25%).

Uzbekistan

The applicable corporate tax rate in Uzbekistan 15% (31 December 2022: 15%). The corporate tax rate for 2022 is applied to the tax base to be calculated by adding the expenses that are not accepted as deductible in accordance with the tax laws to the trade income of the institutions and deducting the exemptions in the tax laws.

Deferred tax assets and liabilities

Deferred tax is calculated over the temporary differences between the carrying values of assets and liabilities in the financial statements and the values used in the tax base, except for the goodwill not subject to tax deduction and the differences in the first recorded assets and liabilities that are not subject to accounting and tax.

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15 Taxation (cont'd)

Deferred tax assets and liabilities recognized

As of 31 March 2023 and 31 December 2022, items of deferred tax assets and deferred tax liabilities consist of the following:

| | 31 March 2023 | 31 December 2022 |
|--|------------------------|------------------------|
| | Asset / (Liability) | Asset / (Liability) |
| The difference between carrying values of property, plant and equipment and intangible assets and tax base | (1,740,022,123) | (1,792,008,945) |
| Adjustments under TFRS 9 | 80,536,025 | 41,059,736 |
| Provision for impairment of inventory | 3,593,638 | 2,022,012 |
| Provision for employment termination benefit | 5,047,658 | 4,420,110 |
| Provision for unused vacation | 816,314 | 868,642 |
| Provision for legal cases | 2,180,112 | 2,175,325 |
| Derivative transactions | 31,638,536 | 26,076,879 |
| Adjustment related to interest discount for bank loans | 3,233,026 | 4,776,014 |
| Other | (1,020,255) | (2,794,692) |
| Net deferred tax asset/(liabilities) | (1,613,997,069) | (1,713,404,919) |
| Deferred tax assets | 47,539,077 | 42,138,947 |
| Deferred tax liability | (1,661,536,146) | (1,755,543,866) |
| | (1,613,997,069) | (1,713,404,919) |

The movement of deferred tax for the years 31 March 2023 and 2022 is as follows:

| | 1 January 2023 | Effects of foreign currency translation | Recognized in profit or loss | Recognized in other comprehensive income | 31 March 2023 |
|---|------------------------|---|---------------------------------|---|------------------------|
| Total deferred tax asset/(liabilities) | (1,713,404,919) | 54,335,808 | 49,360,491 | (4,288,449) | (1,613,997,069) |

| | 1 January 2022 | Effects of foreign currency translation | Recognized in profit or loss | Recognized in other comprehensive income | 31 March 2022 |
|---|----------------------|---|---------------------------------|---|----------------------|
| Total deferred tax asset/(liabilities) | (832,515,363) | (20,645,765) | 91,123,608 | 161,538 | (761,875,982) |

16 Earning per share

Earnings per share calculations are made by dividing the net profit/(loss) for the period in the profit or loss statement given in this report by the weighted average number of shares issued.

| | 1 January- 31 March 2023 | 1 January- 31 March 2022 |
|---|-----------------------------|-----------------------------|
| Profit attributable to parent company | 1,054,324,199 | 1,175,761,255 |
| Weighted average number of published shares | 1,226,338,236 | 1,226,338,236 |
| Earnings per share of nominal value of TL 1 | 0.860 | 0.959 |

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17 Financial instruments

The Group's risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included in Note 17 and 18.

Risk management framework

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established an Early Detection of Risk Committee responsible for developing and monitoring the Group's risk management policies.

The risk management policies of the Group are determined in order to identify and analyze the risks to be encountered, to determine the appropriate risk limits and to establish their controls, and to observe the risks and the dependency of the risks to the limits. Risk management policies and systems are regularly reviewed to reflect changes in the Group's activities and market conditions. The Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and responsibilities through training and management standards and procedures.

Aksa Energy Audit Committee audits the management in terms of compliance with the risk management policies and procedures of the Group and provides support during the fulfillment of the risk management framework depending on the risks exposed by the Group. The internal audit department makes regular and specific evaluations of risk management policies and procedures and reports the results to the Audit Committee.

Credit risk

The Group closely monitors customer credit risks in order to eliminate possible risks that may arise in the collection of trade receivables. Certain credit control procedures, credit rating system and internal control policies are used in the management of credit risk. The Group management covers these risks by limiting the average risk for the counterparty in each agreement and by obtaining guarantees if necessary. Foreign customer credit risks are related to public institutions and organizations with low collection risk, and guarantees are received for these customer credit risks.

Credit risk is the risk of financial loss to the other party as a result of one of the parties in a mutual relationship not fulfilling its obligations regarding a financial instrument.

Holding financial instruments also bears the risk of failure of the counterparty to fulfill the requirements of the agreement. The collection risk of the Group mainly arises from its trade receivables. Trade receivables are evaluated by taking into account the Group's policies and procedures, and accordingly, they are presented as net in the consolidated statement of financial position after making provision for doubtful receivables.

A significant proportion of the Group's trade receivables are receivables from TEİAŞ, and similarly, it has receivables arising from agreements with the governments or ministries of the countries in its operations in foreign countries. The Group takes part in a sector with low collection risk.

The Group manages the liquidity risk by maintaining the continuation of sufficient funds by regularly monitoring the cash flows and matching the maturities of financial assets and liabilities.

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17 Financial instruments (cont'd)

Liquidity risk

Liquidity risk is the possibility of the Group not meeting its net funding liabilities. Occurrence of events that cause a decrease in fund resources such as deterioration in the markets or a decrease in credit score, cause liquidity risk. The Group management manages the liquidity risk by distributing the fund resources and keeping sufficient cash and similar resources to fulfill its current and possible liabilities.

The Group uses activity-based costing in costing its products and services, which helps to monitor cash flow needs and makes effective cash return on investments, The Group generally ensures that it has sufficient cash to cover financial and operational expenses, including the fulfillment of financial liabilities, excluding the potential impact of unreasonably foreseeable events such as natural disasters.

Market risk

Market risk is the changes that will occur in interest rates, exchange rates or the value of securities and other financial agreements and will affect the Group negatively, The main important risks for the Group are changes in foreign currency and interest rates.

Foreign currency risk

Foreign currency risk arises from the Group's liabilities in US Dollars and Euro and the changes in the value of Turkish Lira against US Dollars and Euro.

The Group also has a foreign currency risk arising from its transactions. These risks arise from the Group's purchase and sale of goods in a currency other than the functional currency and using bank loans in foreign currency.

The Group aims to balance the exchange rate risk against foreign currency through derivative financial contracts.

The basis of the sensitivity analysis made in order to measure the currency risk is to make the total currency statement throughout the Group. Total foreign currency position includes all short-term and long-term foreign currency-based purchase and sale contracts and all assets and liabilities.

The Group is exposed to foreign exchange risk due to various income and expense items in foreign currencies and foreign currency payables, receivables and financial borrowings arising from these.

Interest rate risk

Within the scope of fund management, sensitivity analysis is performed in measuring the interest risk of interest sensitive assets in the portfolio, By determining the average maturity and interest rate of interest-sensitive assets, the sensitivity to changes in market interest rates is calculated, and the interest risk arising from the securities portfolio created within the scope of fund management by monitoring the markets is managed within the framework of the decisions taken to move, increase or decrease the existing securities portfolio in accordance with market interest rates expectations.

Capital management

The main purpose of the capital management of the Company is to provide a strong capital ratio in order to continue the operations of the Company and to increase the value it provides to the Company partners.

The Company manages the capital structure and makes the necessary arrangements according to the market competition conditions, economic conjuncture and growth strategy. In order to strengthen and regulate the capital structure, shareholders can make direct cash payments according to their working capital needs.

During the period, there has been no change in the Group's perspective on capital management.

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18 Nature and level of risks arising from financial instruments

Credit risk

Carrying value of financial assets shows the maximum credit risk of the Group. The table below shows the details of the values exposed to maximum credit risk as of 31 March 2023 and 31 December 2022:

| | Receivables | | | | Deposits at banks | Other |
|---|--------------------|---------------|--------------------|------------|----------------------|-----------|
| 31 March 2023 | Trade receivables | | Other receivables | | | |
| | Related Parties | Other | Related Parties | Other | | |
| | | | | | | |
| Maximum credit risk exposed as of the reporting date (A+B+C+D+E) | 1,736,420,487 | 7,033,448,007 | - | 73,004,607 | 1,474,135,866 | 9,602,790 |
| A. Carrying amount of financial assets not overdue or not impaired | 1,736,420,487 | 4,882,114,683 | - | 73,004,607 | 1,474,135,866 | 9,602,790 |
| B. Carrying amount of financial assets with rediscussed conditions that are considered overdue or impaired if not rediscussed | - | - | - | - | - | - |
| C. Carrying amount of financial assets overdue but not impaired | | 2,151,333,324 | - | - | - | - |
| D. Carrying amount of assets impaired | - | - | - | - | - | - |
| - Overdue (gross book value) | - | 312,980,483 | - | - | 12,450,797 | - |
| - Impairment (-) | - | (312,980,483) | - | - | (12,450,797) | - |
| E. Off balance sheet items with credit risk | - | - | - | - | - | - |

| | Receivables | | | | Deposits at banks | Other |
|---|--------------------|---------------|--------------------|------------|----------------------|-------------|
| 31 December 2022 | Trade receivables | | Other receivables | | | |
| | Related Parties | Other | Related Parties | Other | | |
| | | | | | | |
| Maximum credit risk exposed as of the reporting date (A+B+C+D+E) | 2,434,575,270 | 6,782,854,407 | - | 71,730,429 | 934,767,538 | 306,415,252 |
| A. Carrying amount of financial assets not overdue or not impaired | 2,434,575,270 | 4,212,211,763 | - | 15,682,815 | 934,767,538 | 306,415,252 |
| B. Carrying amount of financial assets with rediscussed conditions that are considered overdue or impaired if not rediscussed | - | | - | - | - | - |
| C. Carrying amount of financial assets overdue but not impaired | - | 2,570,642,644 | - | 56,047,614 | - | - |
| D. Carrying amount of assets impaired | - | - | - | - | - | - |
| - Overdue (gross book value) | - | 175,554,022 | - | - | 6,553,855 | |
| - Impairment (-) | - | (175,554,022) | - | - | (6,553,855) | |
| E. Off balance sheet items with credit risk | - | | - | - | - | - |

(*) Deposits and guarantees are not included in other receivables.

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18 Nature and level of risks arising from financial instruments (cont'd)

Liquidity risk

The maturities of the financial liabilities determined according to the payment schedule of the Group, including the estimated interest payments as of 31 March 2023 and 31 December 2022, are as follows:

| 31 Marxh 2023 | Carrying amount | Contractual cash flows (=I+II+III+IV) | Less than 3 months (I) | 3-12 months (II) | 1-5 years (III) | More than 5 years (IV) |
|---|----------------------|---------------------------------------|------------------------|----------------------|----------------------|------------------------|
| Non-derivative financial liabilities | 7,977,684,888 | 9,132,073,753 | 870,130,402 | 4,004,686,389 | 4,127,167,143 | 130,089,819 |
| Financial liabilities | 7,862,448,311 | 8,847,219,440 | 855,723,743 | 3,967,865,695 | 4,023,630,002 | - |
| Leases | 115,236,577 | 284,854,313 | 14,406,659 | 36,820,694 | 103,537,141 | 130,089,819 |
| Derivative financial assets, net | (19,368,750) | (18,575,979) | - | (13,016,374) | (5,559,605) | - |
| Cash inflow | - | 920,259 | - | 644,835 | 275,424 | - |
| Cash outflow | - | (19,496,238) | - | (13,661,209) | (5,835,029) | - |

| Expected maturity | Carrying amount | Total expected cash flows (=I+II+III+IV) | Less than 3 months (I) | 3-12 months (II) | 1-5 years (III) | More than 5 years (IV) |
|---|----------------------|--|------------------------|------------------|--------------------|------------------------|
| Non-derivative financial liabilities | 3,487,722,250 | 3,487,722,250 | 2,742,470,399 | - | 745,251,851 | - |
| Trade payables to related parties | 95,084,694 | 95,084,694 | 95,084,694 | - | - | - |
| Trade payables to third parties | 2,052,943,938 | 2,052,943,938 | 2,052,943,938 | - | - | - |
| Other payables to related parties | 22,000 | 22,000 | 22,000 | - | - | - |
| Other payables to third parties | 1,339,671,618 | 1,339,671,618 | 594,419,767 | - | 745,251,851 | - |

| 31 December 2022 | Carrying amount | Contractual cash flows (=I+II+III+IV) | Less than 3 months (I) | 3-12 months (II) | 1-5 years (III) | More than 5 years (IV) |
|---|----------------------|---------------------------------------|------------------------|----------------------|----------------------|------------------------|
| Non-derivative financial liabilities | 8,608,470,792 | 9,766,394,165 | 2,075,686,688 | 2,885,916,656 | 4,714,025,309 | 90,765,512 |
| Financial liabilities | 8,519,289,756 | 9,546,606,999 | 2,057,330,785 | 2,860,595,169 | 4,628,681,045 | - |
| Leases | 89,181,036 | 219,787,166 | 18,355,903 | 25,321,487 | 85,344,264 | 90,765,512 |
| Derivative financial assets, net | (22,578,966) | (27,157,917) | (9,016,309) | (7,213,048) | (10,928,560) | - |
| Cash inflow | - | 1,345,411 | 446,671 | 357,336 | 541,404 | - |
| Cash outflow | - | (28,503,328) | (9,462,980) | (7,570,384) | (11,469,964) | - |

| Expected maturity | Carrying amount | Total expected cash flows (=I+II+III+IV) | Less than 3 months (I) | 3-12 months (II) | 1-5 years (III) | More than 5 years (IV) |
|---|----------------------|--|------------------------|------------------|--------------------|------------------------|
| Non-derivative financial liabilities | 3,185,403,595 | 3,185,403,595 | 2,599,683,618 | - | 585,719,977 | - |
| Trade payables to related parties | 152,735,060 | 152,735,060 | 152,735,060 | - | - | - |
| Trade payables to third parties | 1,973,913,214 | 1,973,913,214 | 1,973,913,214 | - | - | - |
| Other payables to related parties | 22,000 | 22,000 | 22,000 | - | - | - |
| Other payables to third parties | 1,058,733,321 | 1,058,733,321 | 473,013,344 | - | 585,719,977 | - |

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18 Nature and level of risks arising from financial instruments (cont'd)

Market risk

Foreign currency risk

As of 31 March 2023, the Group's foreign currency position arises from foreign currency-based assets and liabilities stated in the table below. Since the reporting currency is TL, the currency risk table shows **the foreign currency position of companies whose functional currency is TL. Companies whose functional currency is foreign currency stated in section 2 article 1.d. are not presented in the foreign currency risk table.**

| FOREIGN CURRENCY POSITION | | | | | |
|--|----------------------|--------------------|-------------------|-----------------|----------------|
| | 31 March 2023 | | | | |
| | TL Equivalent | USD | EUR | GBP | CHF |
| 1. Trade receivables | 8,362,207,724 | 360,041,433 | 70,288,253 | 1,937 | 319,654 |
| 2a. Monetary financial assets (including cash, bank accounts) | 438,514,300 | 22,051,556 | 781,190 | 2,730 | 20 |
| 2b. Non-monetary financial assets | 539,199 | 1,000 | 25,000 | - | - |
| 3. Other | 211,832,197 | 1,331,740 | 8,955,859 | - | - |
| 4. Current assets (1+2+3) | 9,013,093,420 | 383,425,729 | 80,050,302 | 4,667 | 319,674 |
| 5. Trade receivables | - | - | - | - | - |
| 6a. Monetary financial assets | - | - | - | - | - |
| 6b. Non-monetary financial assets | - | - | - | - | - |
| 7. Other | - | - | - | - | - |
| 8. Non-current assets (5+6+7) | - | - | - | - | - |
| 9. Total assets (4+8) | 9,013,093,420 | 383,425,729 | 80,050,302 | 4,667 | 319,674 |
| 10. Trade payables | 4,553,039,640 | 228,044,348 | 8,885,867 | 71,573 | 17,703 |
| 11. Financial liabilities | 1,501,335,566 | 78,415,103 | - | - | - |
| 12a. Other monetary liabilities | - | - | - | - | - |
| 12b. Other non-monetary liabilities | - | - | - | - | - |
| 13. Short-term liabilities (10+11+12) | 6,054,375,206 | 306,459,451 | 8,885,867 | 71,573 | 17,703 |
| 14. Trade payables | - | - | - | - | - |
| 15. Financial liabilities | 874,522,097 | 45,676,491 | - | - | - |
| 16a. Other monetary liabilities | - | - | - | - | - |
| 16b. Other non-monetary liabilities | - | - | - | - | - |
| 17. Long-term liabilities (14+15+16) | 874,522,097 | 45,676,491 | - | - | - |
| 18. Total liabilities (13+17) | 6,928,897,303 | 352,135,942 | 8,885,867 | 71,573 | 17,703 |
| 19. Off statement of financial position derivatives net asset/(liability) position (19a-19b) | 967,337,751 | 50,524,274 | - | - | - |
| 20. Net foreign currency asset/ (liability) position (9-18+19) | 3,051,533,868 | 81,814,061 | 71,164,435 | (66,906) | 301,971 |
| 21. Net foreign currency asset / (liability) position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a) | 1,871,824,721 | 29,957,047 | 62,183,575 | (66,906) | 301,971 |

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18 Nature and level of risks arising from financial instruments (cont'd)

Market risk (cont'd)

Foreign currency risk (cont'd)

As of 31 December 2022, the Group's foreign currency position arises from foreign currency-based assets and liabilities presented in the table below. Since the reporting currency is TL, the currency risk table shows **the foreign currency position of companies whose functional currency is TL. Companies whose functional currency is foreign currency stated in section 2 article 1.d. are not presented in the foreign currency risk table.**

| FOREIGN CURRENCY POSITION | | | | | |
|--|----------------------|---------------------|-------------------|------------------|------------------|
| | 31 December 2022 | | | | |
| | TL Equivalent | USD | EURO | GBP | CHF |
| 1. Trade receivables | 7,502,235,252 | 333,947,396 | 63,102,554 | 1,937 | - |
| 2a. Monetary financial assets (including cash, bank accounts) | 444,691,925 | 15,402,707 | 7,856,817 | 2,719 | 73 |
| 2b. Non-monetary financial assets | 517,071 | 1,000 | 25,000 | - | - |
| 3. Other | 39,772,796 | 736,653 | 1,304,177 | - | - |
| 4. Current assets (1+2+3) | 7,987,217,044 | 350,087,756 | 72,288,548 | 4,656 | 73 |
| 5. Trade receivables | - | - | - | - | - |
| 6a. Monetary financial assets | - | - | - | - | - |
| 6b. Non-monetary financial assets | - | - | - | - | - |
| 7. Other | - | - | - | - | - |
| 8. Non-current assets (5+6+7) | - | - | - | - | - |
| 9. Total assets (4+8) | 7,987,217,044 | 350,087,756 | 72,288,548 | 4,656 | 73 |
| 10. Trade payables | 4,546,801,199 | 226,354,135 | 14,667,035 | 118,139 | 956,392 |
| 11. Financial liabilities | 1,435,909,039 | 76,793,561 | - | - | - |
| 12a. Other monetary liabilities | - | - | - | - | - |
| 12b. Other non-monetary liabilities | - | - | - | - | - |
| 13. Short-term liabilities (10+11+12) | 5,982,710,238 | 303,147,696 | 14,667,035 | 118,139 | 956,392 |
| 14. Trade payables | - | - | - | - | - |
| 15. Financial liabilities | 1,123,357,445 | 60,078,052 | - | - | - |
| 16a. Other monetary liabilities | - | - | - | - | - |
| 16b. Other non-monetary liabilities | - | - | - | - | - |
| 17. Long-term liabilities (14+15+16) | 1,123,357,445 | 60,078,052 | - | - | - |
| 18. Total liabilities (13+17) | 7,106,067,683 | 363,225,748 | 14,667,035 | 118,139 | 956,392 |
| 19. Off balance sheet derivative items' net asset/(liability) position (19a-19b) | 1,180,939,807 | 63,157,603 | - | - | - |
| 20. Net foreign currency asset/ (liability) position (9-18+19) | 2,062,089,168 | 50,019,611 | 57,621,513 | (113,483) | (956,319) |
| 21. Net foreign currency asset / (liability) position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a) | 840,859,494 | (13,875,645) | 56,292,336 | (113,483) | (956,319) |

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18 Nature and level of risks arising from financial instruments (cont'd)

Market risk (cont'd)

Foreign currency risk (cont'd)

Sensitivity analysis

The Group's currency risk generally consists of changes in the value of TL against Euro and USD.

The basis of the sensitivity analysis made to measure the currency risk is to make the total currency statement throughout the entity. Total foreign currency position includes all short-term and long-term purchase contracts and all assets and liabilities based on foreign currency. The analysis does not include net foreign currency investments.

The Group realizes its medium and long-term loans in the currency of the project revenues it generates, For short-term loans, borrowings are made in TL, Euro and US Dollars balanced under the pool/portfolio model.

| Statement of foreign currency sensitivity analysis | | | | |
|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| 31 March 2023 | | | | |
| | Profit/loss | | Equity | |
| | The appreciation of foreign currency | The depreciation of foreign currency | The appreciation of foreign currency | The depreciation of foreign currency |
| 20% appreciation / depreciation of TL against the USD | | | | |
| 1 - USD net asset / liability | 114,711,525 | (114,711,525) | 114,711,525 | (114,711,525) |
| 2- Portion secured from USD risk (-) | 193,467,550 | (193,467,550) | 193,467,550 | (193,467,550) |
| 3- USD net effect (1 +2) | 308,179,075 | (308,179,075) | 308,179,075 | (308,179,075) |
| 20% appreciation / depreciation of TL against EUR | | | | |
| 4 - Euro net asset / liability | 258,709,794 | (258,709,794) | 258,709,794 | (258,709,794) |
| 5 - Portion secured from Euro risk (-) | - | - | - | - |
| 6 - Euro net effect (4+5) | 258,709,794 | (258,709,794) | 258,709,794 | (258,709,794) |
| 20% appreciation / depreciation of TL against other currencies | | | | |
| 7- Other foreign currency net asset/liability | 943,625 | (943,625) | 943,625 | (943,625) |
| 8- Portion secured from other currency risk (-) | - | - | - | - |
| 9- Other currency net effect (7+8) | 943,625 | (943,625) | 943,625 | (943,625) |
| Total (3+6+9) | 567,832,494 | (567,832,494) | 567,832,494 | (567,832,494) |
| Statement of foreign currency sensitivity analysis | | | | |
| 31 December 2022 | | | | |
| | Profit/loss | | Equity | |
| | The appreciation of foreign currency | The depreciation of foreign currency | The appreciation of foreign currency | The depreciation of foreign currency |
| 20% appreciation / depreciation of TL against the USD | | | | |
| 1 - USD net asset / liability | (51,890,194) | 51,890,194 | (51,890,194) | 51,890,194 |
| 2- Portion secured from USD risk (-) | 236,187,961 | (236,187,961) | 236,187,961 | (236,187,961) |
| 3- USD net effect (1 +2) | 184,297,767 | (184,297,767) | 184,297,767 | (184,297,767) |
| 20% appreciation / depreciation of TL against EUR | | | | |
| 4 - Euro net asset / liability | 224,436,415 | (224,436,415) | 224,436,415 | (224,436,415) |
| 5 - Portion secured from Euro risk (-) | - | - | - | - |
| 6 - Euro net effect (4+5) | 224,436,415 | (224,436,415) | 224,436,415 | (224,436,415) |
| 20% appreciation / depreciation of TL against other currencies | | | | |
| 7- Other foreign currency net asset/liability | (4,374,322) | 4,374,322 | (4,374,322) | 4,374,322 |
| 8- Portion secured from other currency risk (-) | - | - | - | - |
| 9- Other currency net effect (7+8) | (4,374,322) | 4,374,322 | (4,374,322) | 4,374,322 |
| Total (3+6+9) | (404,359,860) | (404,359,860) | 404,359,860 | (404,359,860) |

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18 Nature and level of risks arising from financial instruments (cont'd)

Market risk (cont'd)

Interest rate risk

Profile

The interest structure of the Group's financial items with an interest component at the reporting date is as follows:

| Interest position table | | |
|----------------------------------|---------------|------------------|
| | 31 March 2023 | 31 December 2022 |
| Fixed rate instruments | | |
| Financial assets | 1,037,969,431 | 616,669,695 |
| Financial liabilities | 4,713,881,468 | 5,186,910,291 |
| Financial lease | 115,236,577 | 89,181,036 |
| Variable rate instruments | | |
| Financial liabilities | 3,148,566,843 | 3,332,379,465 |

Fair value risk of financial instruments with fixed interest:

The Group does not have financial assets and liabilities with fixed interest fair value difference reflected on profit or loss and hedging derivatives (forward interest rate swaps) registered under the accounting model for hedging purposes of fair value risk. Therefore, as of the reporting period, changes in interest rates will not affect profit or loss.

Cash flow sensitivity analysis for financial instruments with floating interest:

As of 31 March 2023, how much a 100 basis point change in interest rates will increase (decrease) equity and profit or loss before tax is presented below. This analysis assumes that all other variables, especially foreign exchange rates, remain constant. This analysis was conducted in the same way as of 31 December 2022.

| | Profit or loss | | Equity | |
|------------------------------------|--------------------|-------------|--------------------|-------------|
| | 1% increase | 1% decrease | 1% increase | 1% decrease |
| 31 March 2023 | | | | |
| Variable rate instruments | (31,992,693) | 31,020,152 | (31,992,693) | 31,020,152 |
| Cash flow sensitivity (net) | (972,541) | | (972,541) | |
| 31 December 2022 | | | | |
| Variable rate instruments | (34,956,520) | 28,421,038 | (34,956,520) | 28,421,038 |
| Cash flow sensitivity (net) | (6,535,482) | | (6,535,482) | |

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18 Nature and level of risks arising from financial instruments (cont'd)

Market risk (cont'd)

Interest rate risk

Capital risk management

While managing the capital, the Group's goals are to maintain the Group's continuity of activity in order to maintain the most appropriate capital structure in order to provide return to its partners, benefit to other shareholders and to reduce the cost of capital.

The Group monitors capital using the net financial debt/equity ratio. Net financial debt is calculated by deducting cash and cash equivalents from the total financial debt amount.

Net debt/invested capital ratios as of 31 March 2023 and 31 December 2022 are as follows:

| | 31 March 2023 | 31 December 2022 |
|--|----------------------|----------------------|
| Total financial liabilities | 7,977,684,888 | 8,608,470,792 |
| Cash and banks | (1,486,492,782) | (1,243,757,659) |
| Net financial debt | 6,491,192,106 | 7,364,713,133 |
| Total equity | 20,121,803,487 | 18,958,563,471 |
| Gearing ratio (net financial debt/equity ratio) | 32% | 39% |

19 Financial instruments (fair value disclosures and disclosures within the framework of hedge accounting)

Fair value

Fair value refers to the price of a financial instrument subject to purchase and sale between willing parties in a current transaction, except in cases such as a forced sale or liquidation. Quoted market price, if any, is the value that best reflects the fair value of a financial instrument.

Foreign currency based financial receivables and payables are evaluated at the exchange rates valid on the date of the financial statement.

The following methods and assumptions have been used in estimating the fair values of the Group's financial instruments:

Financial Assets - The fair values of some financial assets include their cost values, cash and cash equivalents in the financial statements, interest accruals on them and other short-term financial assets, and due to their short-term nature, their fair values are considered to approximate their carrying values. The values of trade receivables carried, after deducting the provision for doubtful receivables, is considered to approximate their fair values.

Financial Liabilities - Due to the short-term nature of trade payables and other monetary liabilities, it is considered that their fair values approximate their carrying values. Fixed interest bank loans are expressed with discounted cost and transaction costs are added to the initial carrying values of the loans. Since the interest rates on variable rate loans are updated taking into account the changing market conditions, it is considered that the fair values of the loans represent the value they carry. Due to the short-term nature of trade payables, it is predicted that their fair values approximate their carrying values.

The Group classifies fair value measurements according to the source of the inputs of each financial instrument class, using a three-level hierarchy as follows:

Level 1: Valuation techniques using market prices traded in the active market

Level 2: Other valuation techniques involving direct or indirect observable input

Level 3: Valuation techniques that do not contain observable market inputs

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19 Financial instruments (fair value disclosures and disclosures within the framework of hedge accounting) (cont'd)

Financial instruments at fair value

The table below presents the financial instruments measured with their fair value according to their fair value levels and their values in the statement of financial position.

| 31 March 2023 | Level 1 | Level 2 | Level 3 | Total |
|--|----------------|--------------------|-----------------------|-----------------------|
| Financial assets | | | | |
| Risk management and held for trading | | | | |
| derivative assets | - | 19,368,750 | - | 19,368,750 |
| Financial investments | - | 9,601,470 | - | 9,601,470 |
| Revalued property, plant and equipment | - | 139,510,910 | 21,307,031,833 | 21,446,542,743 |
| | - | 168,481,130 | 21,307,031,833 | 21,475,512,963 |
| Financial liabilities | | | | |
| Risk management and held for trading | | | | |
| derivative assets | - | - | - | - |
| | - | - | - | - |
| 31 December 2022 | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | |
| Risk management and held for trading | | | | |
| derivative assets | - | 22,578,966 | - | 22,578,966 |
| Financial investments | - | 306,413,932 | - | 306,413,932 |
| Revalued property, plant and equipment | - | 146,036,771 | 20,993,409,186 | 21,139,445,957 |
| | - | 475,029,669 | 20,993,409,186 | 21,468,438,855 |
| Financial liabilities | | | | |
| Risk management and held for trading | | | | |
| derivative assets | - | - | - | - |
| | - | - | - | - |

20 Notes to the statement of cash flows

Changes in the Group's obligations resulting from financing activities between 1 January – 31 March 2023 and 1 January 2022 – 31 March 2022 are as follows:

| | 1 January 2023 | Cash inflows | Cash outflows | Other non-cash movements | 31 March 2023 |
|------------------------------------|---------------------------|---------------------|--------------------------|---|----------------------|
| Financial borrowings | 8,608,470,792 | 565,000,000 | (1,243,622,788) | 47,836,884 | 7,977,684,888 |
| Total financial liabilities | 8,608,470,792 | 565,000,000 | (1,243,622,788) | 47,836,884 | 7,977,684,888 |

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20 Notes to the Statement of Cash Flows (cont’d)

| | 1 January 2022 | Cash inflows | Cash outflows | Other non-cash movements | 31 March 2022 |
|------------------------------------|---------------------------|-------------------------|--------------------------|---|----------------------|
| Financial borrowings | 5,662,724,518 | 1,016,000,000 | (441,511,570) | 284,404,360 | 6,521,617,308 |
| Total financial liabilities | 5,662,724,518 | 1,016,000,000 | (441,511,570) | 284,404,360 | 6,521,617,308 |

It represents the change in cash amounts related to the lines “Cash Inflows from Borrowing” and “Cash Outflows from Debt Payments” within the financing activities in the cash flow statement.

21 Events after the reporting period

As Aksa Energy Company Ghana Limited, a subsidiary of Aksa Enerji Üretim A.Ş., signed an agreement of establishment of 350 Mw Kumasi combined natural gas power plant, electricity generation and US Dollars guaranteed sales of the electricity produced for 20 years agreement on 6 April 2023.